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STATSKONTORET

Joining-up for regional development

How governments deal with a wicked problem, overlapping policies and fragmented responsibilities

STATSKONTORET

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Regeringen
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Kunskapsbild regional tillväxt

Statskontoret fick den 9 mars 2006 i uppdrag av regeringen att kartlägga och bedöma andra länders system för uppföljning och utvärdering av horisontell samverkan mellan myndigheter i processer som sträcker sig över flera politikområden med betydelse för regional tillväxt. I uppdraget ingick att bedöma vad som skulle vara lämpligt för svensk del.

Uppdraget har genomförts genom litteraturstudier och omfattande intervjuer med praktiker och akademiker i tolv länder. Det har genomförts i samverkan med ITPS och Karlstads universitet. Rapporten har skrivits på engelska för att möjliggöra kvalitetsgranskning av internationella bedömare. En redovisning gjordes för Näringdepartementet den 8 november 2006.

Härmed överlämnas rapporten *Joining-up for regional development. How governments deal with a wicked problem, overlapping policies and fragmented responsibilities* (2007:2). En särskild underlagsrapport om horisontell styrning har skrivits av Johan Quist vid Centrum för tjänsteforskning, Karlstads universitet. Den diskuterades vid ett seminarium på Statskontoret den 15 februari 2007.

Generaldirektör Anders L Johansson har beslutat i detta ärende. Utredningschef Maria Wikhall, och utredare Lars Niklasson, föredragande, var närvarande vid den slutliga handläggningen.

Enligt Statskontorets beslut

Lars Niklasson

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Sammanfattning

Statskontoret fick den 9 mars 2006 i uppdrag av regeringen att kartlägga och bedöma andra länders system för uppföljning och utvärdering av horisontell samverkan mellan myndigheter i processer som sträcker sig över flera politikområden med betydelse för regional tillväxt.[1] De länder som har studerats är fyra nordiska länder (Danmark, Finland, Norge, Sverige), fyra andra europeiska länder (Frankrike, Nederländerna, Storbritannien, Tyskland) samt fyra utomeuropeiska länder (Australien, Kanada, Nya Zeeland och USA).

Studien baserar sig på litteratur och omfattande intervjuer med praktiker och akademiker i de berörda länderna. Rapporten har skrivits av Lars Niklasson och en särskild underlagsrapport om horisontell styrning har skrivits av Johan Quist vid Centrum för tjänsteforskning, Karlstads universitet, och återfinns som bilaga 2. En mängd synpunkter på materialet har inhämtats (se ”Interviews and comments”).

Uppdraget innehåller sju specifika frågor om sektorsövergripande uppföljningar och utvärderingar, bland annat om deras fokus och användning. Uppdraget återges i sin helhet i bilaga 1. Uppföljningar och utvärderingar ses i uppdraget som styrinstrument, avsedda att bidra till integrationen av politiska insatser inom olika sektorer (politikområden) med betydelse för regional tillväxt. Skrivningar om förutsättningarna för tillämpning och initiering av sektorsövergripande uppföljningar och utvärderingar pekar på behovet att förstå sammanhangen där systemen verkar. Det är således användningen av systemen för uppföljning och utvärdering snarare än specifika metoder som utgör uppdragets fokus.

För att dra slutsatser om vad som är överförbart till Sverige är det viktigt att förstå de nationella sammanhangen, inklusive ländernas politik för regional utveckling. Därför inleds rapporten med en bred bakgrund för att successivt ringa in de specifika uppdragsfrågorna.

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[1] *Uppdrag att ta fram en samlad kunskapsbild om utvärderingsmetoder för sektorsövergripande processer med strategisk betydelse för regional tillväxt,* Regeringsbeslut 2006-03-09, N2006/1661/RUT, Näringsdepartementet med ändringsbeslut 2006-12-21, N2006/11878/RUT (se bilaga 1)

I uppdraget ingår att bedöma vad som skulle vara lämpligt för svensk del. Det framgår i detta sammanhang att uppdraget är ett led i regeringens arbete med att utveckla, följa upp och utvärdera en stärkt nationell sektorssamordning och en processbaserad horisontell verksamhetsstyrning. Regeringen uttalar att det finns ett ökande behov att reflektera kring samverkan över myndighetsgränser och att det ställs nya krav på kunskapsuppbyggnad för att möta utvärderingsbehov från politikområden med sektorsövergripande karaktär. Den regionala utvecklingspolitiken är ett intressant fall av sektorsövergripande politiska ambitioner eftersom den är beroende av att samordnas med "i princip samtliga politikområden", men främst med 17 uppräknade politikområden.[2] Den grundläggande frågeställningen är således hur insatser inom de 18 politikområdena (17+1) kan styras och följas upp i ett samlat (sektorsövergripande) sammanhang. Den internationella kartläggningen visar hur detta görs i andra länder.

Regeringen har i ett senare beslut kopplat samman detta uppdrag med försöksverksamheten med så kallad horisontell styrning.[3] Sedan april 2006 bedrivs fyra pilotprojekt som beskrivs utförligare i Johan Quists uppsats. De internationella erfarenheterna som inhämtats genom detta uppdrag utgör i sammanhanget underlag för utarbetandet av en modell att utvärdera horisontell styrning.

Statskontorets rapport och Johan Quists uppsats ska ses som två delar i en samlad avrapportering, där uppsatsen anknyter till försöksverksamheten och rapporten anknyter till frågan om regional tillväxt. I uppsatsen förs det således en bredare diskussion om olika varianter av horisontell styrning medan rapporten visar att det, vad gäller regional tillväxt, finns ett antal andra strategier för att koordinera politiken, utöver den ekonomiska styrningen. Rapporten visar också att hindren för samordning av insatserna med betydelse för regional tillväxt är olika, och att Sverige i viktiga avseenden skiljer sig från de andra länderna.

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[2] *Budgetpropositionen för 2007,* Prop. 2006/07:1, volym 10, sid. 15. Se även uppdragets bakgrundsbeskrivning.

[3] *Uppdrag att i ett pilotprojekt samverka kring sektorsövergripande regionförstoring för ökad tillväxt och sysselsättning,* Regeringsbeslut 2006-04-06, N2006/2712/RUT, Näringsdepartementet

Uppdragets specifika frågor

Det finns färre utvecklade system för uppföljning och utvärdering av horisontell samverkan i andra länder än väntat. Det är främst i de anglosaxiska länderna som regeringarna har strävat efter horisontell samverkan och därför också intresserat sig för styrning och utvärdering som går på tvären över politikområden och myndighetsgränser. Delvis beror detta på att det är samma länder som drivit mål- och resultatstyrningen längst och därför har drabbats hårdast av fragmenteringen av den offentliga sektorn. Även Norge och Finland har intressanta exempel att erbjuda.

Uppföljning och utvärdering utgör mekanismer för återkoppling av fakta till regeringen och till de berörda aktörerna. Utvärderingar spelar en nyckelroll eftersom de handlar om att dra slutsatser kring effekterna av regeringens insatser. Uppföljningar beskriver händelseutvecklingen, däremot kan de i sig själva inte ge någon bild av i vilken utsträckning myndigheternas insatser har bidragit till detta utfall i relation till andra förhållanden.

I de länder där samverkan är organiserad av regeringen i specifika projekt är det naturligt att koppla uppföljning och utvärdering direkt till dessa. Det görs bland annat i Kanada (”horizontal management”) av Auditor General och i Finland (de horisontella politikprogrammen) av statsministerns kansli. Projektens egna mål, som är sektorsövergripande, står då i fokus. Det har gjorts vissa uppföljningar och utvärderingar av samverkansprocesser i Storbritannien och Kanada. Även om de sammantaget har en stor omfattning, så är ett intryck att inget av länderna har gjort lika omfattande studier som i Sverige av samverkansprocesser just för regional utveckling.

På Nya Zeeland åläggs myndigheterna att göra självutvärderingar där de ska redovisa vilka former för samverkan med andra aktörer som är betydelsefulla för att uppnå myndighetens långsiktiga effektmål.

De för svenskt vidkommande mest relevanta systemen för sektorsövergripande uppföljningar och utvärderingar är de ”cross-cutting reviews” som avser myndigheternas utgifter i allmänhet snarare än specifika samverkanskonstellationer. I USA ingår det som en del av budgetprocessen att analysera betydelsen av insatser inom en rad politikområden för komplexa problem som omfattar flera myndigheter. En motsvarande aktivitet görs i Storbritannien, där tidsintervallen är längre ju mer komplicerade och övergripande frågeställningarna är. Inriktningen är att analysera de samlade effekterna var tionde år. I Norge har det en gång gjorts en samlad genomgång av alla politikområdens effekter på utvecklingen i regionerna.[4] Det gjordes i mindre skala i Sverige 1993.[5] I Kanada samlas myndigheternas årliga resultat i en skrift med en titel som handlar om myndigheternas bidrag till nationens framgångar.

Samtliga berörda politikområden har inkluderats i dessa uppföljningar. Så var det i den norska studien och så är det i budgetuppföljningarna i USA och Storbritannien. Däremot finns det ingen direkt koppling till det som redovisas inom ramen för sektorsspecifika uppföljningar och utvärderingar. Intrycket är att båda typerna av underlag går in i beredningsprocessen *ad hoc*.

I Storbritannien finns ett indikatorsystem som är utvecklat i flera nivåer, med tillväxt som indikator för de övergripande och långsiktiga målen för berörda myndigheter. I USA finns en uttalad önskan att undvika indikatorer som mäter prestationer. Alla myndigheter styrs istället i förhållande till effektmål. Vi har inte funnit några indikatorer på vinster (synergier) som kan erhållas genom horisontell samverkan, utöver gemensamma effektmål. Däremot mäter man på Nya Zeeland i vilken mån ”systemen” underlättar samverkan och i vilken mån tjänstemännen i sitt beteende underlättar samverkan.

Sambanden mellan resursförbrukning och effekter mäts i USA och Kanada, men huvudsakligen med enkla uppföljningsdata snarare än genom regelrätta utvärderingar. Sambanden mellan mål, kostnad och resultat är komplicerade och hanteras med viss försiktighet, samtidigt som man inte tvekar i Kanada eller USA att använda underlagen när man styr myndigheter. Dock bestäms budgeten i ett spel mellan presidenten och kongressen (USA).

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[4] *Effekter og effektivitet. Effekter av statlig innsats for regional utvikling og distriktspolitiske mål* (NOU 2004:2)
[5] *Sektorsövergripande analyser – förslag till metod,* Statskontoret 1993:25

Hela systemkedjor av vidtagna åtgärder är inte föremål för systematiska studier. Ett undantag är den relativt akademiska studie som gjordes i Norge och som handlade om de samlade effekterna av åtgärder inom 19 politikområden. Ambitionen var att förstå hur dessa sammantaget påverkar regionernas utveckling. De årliga budgetanalyserna som berörts har vanligen fokus på enskilda program och myndigheter men diskussionen av tvärgående (”cross-cutting”) effektmål skapar intresse för länkar och systemkedjor.

Den viktigaste förutsättningen för horisontell styrning förefaller vara en vilja i regeringen och de berörda organisationerna att överbrygga organisationsgränser som hindrar uppnåendet av övergripande samhälleliga mål. Utrymmet för de olika ländernas regeringar att samordna politiska insatser formas av sådant som de konstitutionella möjligheterna att inom regeringen fokusera på teman av frågor som går över sektorsgränserna.

Rapporten i sammanfattning

Alla de av oss studerade länderna brottas med problemet att få fart på tillväxten, särskilt i svaga regioner. Våra intervjupersoner beskriver en spänning mellan de starka regionerna som konkurrerar i ett globalt sammanhang och de svaga regionerna som vill komma ifatt. Många länder har skiftat fokus i regionalpolitiken från omfördelning till ett slags hjälp till självhjälp.

Frågan om hur man kan stimulera tillväxt och regional utveckling är en av de svåraste som finns. Ekonomin är ett komplext system där insatser får oplanerade effekter eftersom de kausala sambanden är invecklade. Individer och företag drivs av en mängd motiv. Det gör det svårt att utforma verksamma strategier och att lära från erfarenheter.

Vägledningen från forskningen är svag och splittrad. Nationalekonomer rör sig vanligen på en hög abstraktionsnivå och ger mycket generella råd. Andra vetenskapliga discipliner har ofta det omvända problemet, att de analyserar specifika situationer. I båda fallen blir det svårt att omsätta teorierna till bestämda råd för specifika svenska situationer.

Bland regionalpolitiska forskare är det en uppfattning att regionalpolitiska stöd är utformade för att döva samveten snarare än för att verkligen lösa problem.

Politik med betydelse för regional tillväxt

Alla de berörda länderna bedriver en stor mängd politiska åtgärder som syftar till att stärka den regionala tillväxten. En paradox är att åtgärder riktade mot mikronivån, t.ex. företagsstöd, har blivit mer betydelsefulla när regeringarna avhänt sig makroekonomiska instrument som devalveringar och handelshinder för att stödja hela eller delar av sitt lands näringsliv.

Vissa åtgärder fokuserar på särskilt utsatta målgrupper i form av svaga individer eller regioner, ofta landsbygdsområden. De innehåller i stor utsträckning åtgärder med samma inriktning som de mer generella insatserna för individer och småföretag. Skillnaden ligger i att de är öronmärkta geografiskt eller för olika grupper. En större grupp av åtgärder är de som används i alla typer av regioner för att stimulera företagens utveckling. Därutöver finns en mängd politiska insatser som är generella och ofta har andra syften än att främja regional utveckling. I många länder kallas detta ”den stora regionalpolitiken” eftersom de största resurserna av betydelse för regionerna finns här. Till denna kategori hör sådant som generella satsningar på FoU, riskkapital, utbildning, arbetsmarknad och infrastruktur.

En sista kategori som bör nämnas i en samlad bild är sådana politiska åtgärder som kommer i konflikt med ambitionen att stimulera tillväxt. Ett typexempel är miljöpolitiken, som är intressant eftersom den kan ha både en begränsande och en utvecklande effekt, bland annat genom att stimulera produktutvecklingen i näringslivet och genom att skapa marknader för nya produkter.

I alla de undersökta länderna är man bekymrade över den oreda som har uppstått när de offentliga insatserna inom olika politikområden med betydelse för den regionala tillväxten utformas i en rad parallella strategier. Den mest omfattande kartläggningen av vilka insatser som görs inom olika politikområden har gjorts i USA, där man har inventerat alla relevanta program i statsbudgeten för att få en helhetsbild. I

Norge gjordes en utredning 2004 av de samlade regionala konsekvenserna av politiken på andra områden (ovan).

Fragmenteringsproblemet

Bristen på koordinering av politikområden för att uppnå tvärsektoriella mål kan beskrivas som en fragmentering, där varje delområde kan vara rationellt utifrån sina utgångspunkter, medan helheten inte är det. I konkret handling yttrar det sig som att komplexa samhällsproblem spänner över ansvarsområden som involverar flera myndigheter och andra organisationer, så att myndigheterna blir beroende av varandra för att lösa ett gemensamt problem.

De två grundläggande fragmenteringsdimensionerna är de samma i alla länder. Dels finns en horisontell uppdelning av politikområden (myndigheter, departement, riksdagsutskott). Dels finns en vertikal uppdelning mellan nationell, regional och lokal nivå. Dessa skiljer sig i viktiga detaljer.

Det tycks som om sammanhållningen i regeringen paradoxalt nog är starkare i de länder som inte fattar konsensusbeslut, utan tillåter en indelning i grupper inom regeringen. I detta sammanhang är det värt att notera att uppdelningen mellan politiker och tjänstemän vanligen är en annan än den vi gör i Sverige. I länder som influerats av det brittiska systemet är det vanligt att tillsättningen av myndighetschefer inte görs av regeringen, för att markera att det är en tjänstemannabefattning. Några ytterligare faktorer påverkar förutsättningarna för integration av politiken. Hit hör relationerna mellan parlament, regering och eventuell president, liksom valsystem och parlamentets sammansättning.

Slutligen bör det nämnas att länderna skiljer sig åt i sin relation mellan privat och offentligt. I Tyskland är sammanflätningen stor och politiken bedrivs ofta genom industriföreningar, obligatoriska handelskamrar och partssammansatta organ. Det finns begränsade motsvarigheter i de andra länderna, inklusive USA, som ofta uppfattas som Tysklands motsats. Korporatismen är under stark debatt, men det finns en akademisk litteratur där man hävdar att näringspolitiken är starkare när den är sammanflätad med företagen än när rollerna är åtskilda.

Åtgärder för sektorsövergripande integration

Det finns i huvudsak fem sätt för en regering att öka integrationen av insatser över organisationsgränser. Den första är att organisera om myndighetsstrukturen, vilket är en ganska ovanlig lösning. Generellt väljer man istället att öka koordineringen av befintliga organisationer.

Den andra lösningen är att styra mer från centrum. Det kan ske genom grupper inom regeringen eller genom starkare direktiv från premiärministrar och finansministrar. Det är också viktigt hur de regionala frågorna organiseras i Regeringskansliet. Ofta finns det departement som har regionerna som huvuduppgift. I Frankrike finns en särskild organisation för koordinering av all nationell politik gentemot regionerna. I Kanada har det funnits departement för de svaga regionerna, dvs. med ett geografiskt definierat uppdrag. Dessa är nu myndigheter med samma uppgifter.

De mest uppmärksammade lösningarna är de generella samordningsinitiativen där regeringen utformat samverkan i ett slags projektform. I Storbritannien är ”joined-up government” en generell modell som tillämpas på många områden där man vill samla aktörer i partnerskap. Motsvarande initiativ i Australien kallas ”whole of government” och i Kanada ”horizontal management”. Samtliga innebär att den centrala regeringen definierar samverkans mål, organisation och viktiga resurser. Partnerskapen blir ett slags ny organisationsstruktur ovanpå den gamla och med omfattande styrning från regeringen.

En tredje lösning är att föra ner besluten till den regionala eller lokala nivån. I Sverige motsvaras detta av att överföra befogenheter till landsting (självstyrelseorgan), kommunala samverkansorgan eller kommuner.

En fjärde lösning är att istället föra ner besluten till organ som företräder den nationella regeringen i regionen. I Sverige är länsstyrelsen ett sådant organ och modellen är vanlig i både enhetsstater och federala stater.

Det femte sättet att öka integrationen är att uppmuntra myndigheterna att söka egna samarbetskonstellationer. Sådan stimulans kan ske genom särskilda anslag men också genom att ge utrymme för samverkan i myndigheternas uppdrag. Myndigheternas uppdrag och resurser bör då utformas så att intresset förstärks att lösa koordineringsproblem som inte lösts på den nationella nivån. Här spelar generella regler och förvaltningspolitiska traditioner en viktig roll.

Styrproblemet

I alla de studerade länderna förs debatt om hur regeringens styrning bör utformas för att uppnå synergier mellan myndigheter. Ofta handlar debatten om huruvida den bristande samordningen är en konsekvens av de senaste decenniernas förvaltningspolitiska mode med fokusering på enskilda myndigheter, inom det som internationellt kallas ”new public management”. Särskilt i de anglosaxiska länderna har det skett en uppdelning av förvaltningen i smala och specialiserade organisationer med större oberoende än tidigare. Styrningen har fokuserat på enskilda mål och resultat.

I USA och på Nya Zeeland finns det en ambition att flytta styrningens fokus från de aktiviteter som myndigheterna förväntas utföra (”output”) till att ange de samhälleliga mål som myndigheternas verksamhet syftar till att uppnå (”outcome”). Tanken är att lämna större utrymme till myndigheterna att utarbeta medlen för att uppnå målen, vilket också ger större utrymme för myndigheterna att samordna sin verksamhet för att uppnå gemensamma mål. Samtidigt sker en motsatt utveckling i Storbritannien, där man tycker att myndigheterna fått för stort utrymme att styra sin verksamhet.

I flera länder kompletteras styrningen med grafiska diagram där man visar hur man tänker sig kausala kedjor som ska leda till tillväxt. De kanadensiska Result-based Management Accountability Framework, RMAF, är de mest utvecklade planerna över hur regeringen tänker sig att en grupp av myndigheter ska bidra till ett gemensamt mål.

När man betraktar den svenska mål- och resultatstyrningen i ljuset av de internationella erfarenheterna framträder ett antal generella utmaningar. Det är inte så att man i de studerade länderna har lösningar för respektive utmaning, men man har i högre grad antagit dem som just utmaningar och för i flera fall en mer tydlig dialog kring dem än i Sverige. De fem utmaningarna är (1) otydlighet avseende uppdrag och roller, (2) otydlig målstruktur, (3) svårt att hantera samverkan i budgetarbetet, (4) avsaknad av ramverk för samverkan samt (5) svagt fokus på resultat och ansvarsutkrävande vid samverkan (se underlagsrapport av Johan Quist, bilaga 2). En utväg kan vara att likt andra länder arbeta med projektliknande horisontella initiativ som skär rakt igenom förvaltningens olika gränser.

Slutsatser och bedömningar

Den så kallade ”regionala röran” av okoordinerade åtgärder som har betydelse för tillväxten är inte unik för Sverige. I många länder beskriver man en röra av överlappande insatser och befogenheter. Man klagar över att resurser för likartade insatser finns i flera departement och myndigheter men att det är svårt att samordna insatserna. Man klagar också över att det saknas en samlad strategi för insatserna, en tydlig idé om hur politiken kan stimulera tillväxten.

Många länder har gjort ungefär samma förändringar som i Sverige för att hantera problemet. Till en del har det handlat om omorganisering av departement och myndigheter. Men det har också handlat om att delegera befogenheter till organ motsvarande länsstyrelser och landsting. Liksom i Sverige finns det mer eller mindre informella regionala partnerskap där åtgärder samordnas.

Sverige är inte heller unikt i svårigheterna att beakta sektorsövergripande mål genom budgetar och regleringsbrev. Vi kan lära av de länder som gått längre i olika avseenden och som har prövat mål- och resultatstyrningen under en längre tid. Intressant nog har man dragit olika lärdomar om hur styrningen bör utformas i t.ex. Storbritannien och USA (ovan).

Det finns relevanta exempel internationellt på uppföljningar och utvärderingar att ta efter i Sverige. Flera länder genomför sektorsövergripande analyser i budgetarbetet. Några gör samlade bedömningar av andra politiska insatsers betydelse för den regionala utvecklingen. Ett viktigt hjälpmedel är att göra tydliga flödesscheman över hur olika åtgärder förväntas leda till önskade resultat (”outcomemapping”) och sedan undersöka hur det fungerar i verkligheten. Det underlättar styrning, uppföljning och utvärdering.

Sverige tycks ha gjort flest studier av processer i utvecklingsarbetet, vilket är centralt för att förstå och påverka hinder och drivkrafter för aktörerna.

En faktor som särskiljer Sverige från de andra länderna är att mekanismerna för samlad styrning och utvärdering är mindre utvecklade. Vi har sannolikt det svagaste Regeringskansliet eftersom vi har den enda regeringen som fattar alla sina formella beslut kollektivt, vid sidan av Holland, som har ett särpräglat samlingsstyre. I andra länder kan man bilda grupper inom regeringen för att fokusera på viktiga teman. I Sverige får alla departement möjlighet att inlägga sitt veto mot kontroversiella förslag i beredningsfasen.

Sverige och de andra nordiska länderna skiljer sig från andra enhetsstater i Europa genom den höga graden av kommunalt självstyre, vilket ger förutsättningar för ett starkt lokalt och regionalt engagemang i tillväxtarbetet. Det ekonomiska självstyret är större än i Australien, som är ett federalt land. Den kommunala beskattningsrätten skapar en viss balans och en mer positiv dynamik i relationen mellan nationella och lokala/regionala intressen.

En genomgående diskussionsfråga i de övriga länderna är hur man kan utkräva ansvar av parter som samverkar. Dåligt utformade uppdrag tycks leda till att många vill tillgodoräkna sig samma vinst, t.ex. skapade jobb. Detta behöver inte vara ett problem för ansvarsutkrävandet, eftersom det går att följa varje anslag från beslut till genomförande. Varje myndighet kan redovisa hur anslagen har använts. Däremot är det en utmaning för analys och avvägning mellan olika typer av åtgärder.

De avslutande avsnitten baserar sig på regeringens uppdrag till Statskontoret att ”bedöma vad som skulle vara lämpligt för svensk del”, utifrån regeringens ambition att utveckla nationell sektorssamordning och processbaserad horisontell verksamhetsstyrning (se bilaga 1). Därmed anger vi vad som kan ligga till grund för en praktisk modell för hur regional utvecklingspolitik kan följas upp och utvärderas. Det ingick inte i uppdraget att utforma en sådan praktisk modell. Istället görs här en bedömning av vad som behöver utvecklas för att sektorssamordningen och den horisontella verksamhetsstyrningen ska fungera bättre.

Samordningen i Regeringskansliet

Samordningen i Regeringskansliet av insatser med betydelse för den regionala tillväxten behöver stärkas. Sverige är ett av de länder som har den svagaste koordineringen av politiska insatser över myndighets- och politikområdesgränser. Det finns små möjligheter att samla delar av regeringen kring övergripande teman som regional tillväxt.

I de här studerade länderna finns det flera exempel på hur denna samordning kan genomföras. En möjlig förebild är den finska regeringens tvärgående politikprogram som innebär att ett statsråd får i uppdrag att bevaka frågor som är gemensamma för flera departement. En annan möjlig förebild för den nationella samordningen är de regionala partnerskapen för tillväxt (i Sverige och vissa andra länder), där berörda myndigheter och organisationer gör en gemensam analys och åtgärdsplan.

Sektorsövergripande utvärderingar

Ett sätt att följa upp den regionala utvecklingspolitiken är att göra samlade analyser av alla offentliga insatser med betydelse för den regionala tillväxten med vissa tidsintervall, t.ex. vart tionde år. Den norska effektutredningen kan tjäna som förebild, där effekter av insatser inom samtliga politikområden på den regionala utvecklingen studerades.

I förhållande till den komplexa samordningsuppgiften finns det ett behov att öka mängden uppföljningar och utvärderingar. I den årliga budgetprocessen kan det skapas utrymme för sektorsövergripande analyser och utvecklas sätt att hantera spänningen mellan politikens territoriella och funktionella dimensioner. Det är också viktigt att regionala aktörer fortsätter bygga upp sin analyskapacitet för att anpassa samordningen till regionala omständigheter.

Mål- och resultatstyrningen

Ett grundläggande problem i alla de studerade länderna med mål- och resultatstyrning är att det ställs stora krav på regeringen att samordna målen för berörda myndigheter. Därför är det angeläget att förenkla styrsystemet så att det fokuserar på samlade strategiska överväganden.

I många länder anses fokuseringen på myndigheters enskilda mål vara en orsak till bristande samordning och effektivitetsförluster i form av suboptimering. Ett sätt att öka samordningen är därför att införa gemensamma effektmål för flera myndigheter.

Ett annat sätt är att frikoppla verksamhetsstyrningen från den ekonomiska styrningen. I praktiken leder den ekonomiska styrningen till en kortsiktig fokusering på myndigheternas egna mål istället för ett intresse för de överordnade problem som delas av många myndigheter.

En tredje möjlighet är att anpassa styrningen efter varje myndighets verksamhetsinriktning. Den sittande utredningen om mål- och resultatstyrningen, Styrutredningen, bör därför uppmärksamma behovet att styra olika typer av myndigheter på olika sätt.

Oavsett vilken teknisk lösning som väljs, så faller ansvaret på regeringen och dess kansli att samordna uppdragen till myndigheterna – och att ändra uppgiftsfördelningen om den inte är rationell – så att man undviker konflikter och bristande ansvar.

Redovisningen från myndigheterna och resultatdialogen med regeringen bör samtidigt bli mer kvalificerad och fokusera på orsakssamband. Regeringen bör bygga upp en kapacitet att bedöma processer för att kunna styra och säkerställa synergier från samverkan. Styrningen bör bygga på en analys av drivkrafter och hinder, även om styrningen endast innefattar mål och resultat. Sådan kapacitet är av avgörande betydelse även i styrningen av enskilda myndigheter.

Executive summary

Regional economic development is a policy area which governments describe as a mess with too many actors and too many uncoordinated initiatives. Programs in areas such as skills development and support for small businesses can be more efficient if resources are pooled and information shared. Collaboration in partnerships and other forms of "joined-up government" are introduced in many countries to bring about coherence and a greater impact of public investments.

This study looks at twelve western countries to learn about their problems and solutions. The ambition is to draw conclusions for the design of public management and especially how systems of monitoring and evaluation could be designed to supply national governments with information to coordinate policies.

The study first looks at three factors which contribute to the fragmentation of government: the complexity of the economic problems, the bundle of policies to solve them and the constitutional fragmentation. Then it looks at strategies for integration and principles of public management. Patterns are discussed and implications are drawn for Sweden.

The starting point is the problem of regional economic growth. It is a “wicked problem”, very difficult for governments to do something about and riddled with attempts to help. The problems of regional growth are largely the same across the twelve countries.

All countries have policies in many different areas. There is a small group of policies specifically aimed at regional development. Other policies support small business development regardless of place. The largest amount of resources is in policies with more general purposes such as education, labor market and infrastructure. All countries report a lack of coordination but there are differences in the design and emphasis of the policies.

The countries differ greatly in the way governments operate and are regulated. A number of features contribute to horizontal fragmentation across policy fields and the means to overcome them by central coordination vary across nations. Vertical fragmentation is more complex than just a division of unitary and federal countries. Public-private integration is also different across countries.

The main strategies for central government to overcome fragmentation are five: stronger central control, predefined projects of “joined-up government”, devolution, deconcentration and encouragement of autonomous coordination. Many governments try several strategies simultaneously but certain paths are closed by traditions and constitutions.

The use of public management tools to integrate governments are mainly found in the Anglo-Saxon countries. Techniques include joint outcome targets, an aligned structure of individual output targets and the setting up of partnerships for collaboration. Each of these can be monitored and evaluated and there is also the possibility of cross-cutting reviews, within yearly spending reviews or as an independent exercise.

There are three main implications from this perspective on Sweden: a need for better integration of the cabinet, a need for more qualified information about causal analyses of issues that cut across sectors, and a need to develop the public management framework to focus more on drivers and barriers for performance, integration and economic growth.

1 Fragmentation and integration in economic development

Government is no omnipotent monolith. It consists of numerous subunits, pushing and pulling in different directions, each trying to elevate its perspective to dominate over other subunits. Under some circumstances, the specialization of smaller units and their narrow policies becomes a problem in terms of fragmentation and waste of resources. In this respect, Swedish policies for regional economic development illustrate a generic problem of overlapping and partly conflicting aims of modern governments. It is a problem where international comparison can bring new perspectives, reduced conflicts and, hopefully, solutions.

The problem has great consequences at a time when globalization makes sub-national specialized regions an important context for the creation of economic growth, especially for small and medium-sized firms. These firms need skilled labor, competent investors, demanding customers, creative suppliers and other firms to learn from. Some of these resources are developed in a regional context where actors interrelate and contribute to a web of trust and tacit knowledge. Governments are involved directly or indirectly in the production of all of the resources. A fundamental question therefore is if the government does the right things to support the economy and whether it has the capacity to design and execute policies in a strategic and coherent manner. The last part of the question is in focus here.

1.1 A mess of policies for regional economic growth

In recent years, much debate in academia and politics has concerned the fragmentation within the public sector and the need to work across organizational boundaries. The public sectors of most countries are divided vertically, between national, regional and local governments. They are also divided horizontally across policy segments, with a number of specialized ministries, a multitude of agencies etc.

Furthermore, international organizations such as the World Trade Organization and the European Union are bringing an increasing amount of international (multi-level) bargaining to national politics.

“Governance” is a term which has captured the imagination of social scientists as well as politicians and civil servants across the world. It describes a new type of ruling arrangement which has made old-fashioned government a mere special case of what is nowadays a fabric of actors and arrangements influencing political decisions and the implementation of those decisions. The image of one neatly organized institution known as government is giving way to an image of a “virtual” or hollowed-out government, where tasks and formal responsibilities overlap while some functions are performed by private contractors of various kinds, including non-profit organizations. Other private interests take part in decision-making in a corporatist manner, which is controversial but still prevalent in many countries.

There is a great interest in ways to overcome fragmentation, to make the best of a situation where programs and turf are separated and missions overlap among public organizations. Social problems such as economic growth and the integration of immigrants in society are very complex and subdivided into segmented parts which are dealt with by specialized organizations, public and private. These organizations are responsible for isolated problems, which are interrelated and addressed by the activities of several organizations. It means that organizations find themselves in a situation of interdependence, where joint efforts are needed to solve problems. For elected politicians and the public at large, responsibility and accountability become difficult to assign to individual organizations, especially when the desired solutions don’t come about. In those cases, it is difficult to point the blame and say who has to change for collaboration to be improved.

Lots of relevant policies

Regional economic development is an example of what is referred to as a “wicked problem”, very difficult to solve and riddled with overlaying attempts to do something about it. It is a problem which all wealthy nations struggle with. To simplify a long and heated debate, the weaker parts of many countries feel left behind and often claim that they have been exploited by the richer parts. At the same time, the richer parts complain because their problems are not given enough attention by the governments and their resources are sent somewhere else, which could reduce their ability to help the poorer regions.

The problem of different economic fortunes is difficult as it is. When governments design instruments which come in conflict with each other, the situation becomes a “regional mess” of ambitions and helping hands. In most countries, some instruments are explicitly designed to support regions or the economy in general. Other instruments are designed for other purposes, but are nevertheless very important for regional economic development. Examples are the funds for universities and active labor market policies, which are important but often not part of the designated set of instruments for regional economic development.

Most governments run relevant programs in many different organizations and under many different ministers, state premiers/governors and local mayors. They support individuals with education and training, job search, public transport, housing and a number of additional programs for target groups such as the unemployed, minorities, rural communities etc. They support firms with research and development (R&D), loans and grants, export promotion and training for management and staff. The list is usually much longer and will be discussed in chapter three. The interventions are so many that it is easy to forget that all regions hold vast (idle) resources in the form of the skills and knowledge of individuals and firms.

Governments usually have ministers for regional development which hold some core instruments in their hands, such as special programs for targeted areas and some programs to support regional leaders in their analysis of the regional economies and in their development of leadership and collaboration. These ministers have to negotiate with other, usually more powerful ministers, to influence higher education, R&D, labor, agriculture, environment, infrastructure and so on. Dick Thornburgh, who chaired a panel on federal economic development policy in the US, made the point that policies like tax laws, science policy and highway funding have a greater influence on market decisions than the development programs he studied (Thornburgh 1998:292, NAPA 1996).

In Sweden and some other countries (Denmark, Finland and Norway), the terms big and small (wide and narrow) regional policy are used, to indicate the tension between the larger set of relevant tools versus the more restricted set that is explicitly referred to as regional policy. “The little regional policy”, described as regional policy in the national budget, is in Sweden, with a population of 9 million, only about the equivalent of approximately 350 million Euro/dollars nationally. It is mainly seed funds to be used for minor regional projects, i.e. to grease collaboration. It has a distributive profile in the sense that the northern (weaker) regions get the most.

“The big regional policy”, on the other hand, is about the equivalent of the same amount spent by the public sector in each of the 21 regions, most of which have a population of less than 300.000. It is used for a number of investments in all parts of the country, which benefit firms and individuals, often distributed on other criteria than regional economic need. They have a large impact on the regional economy but are nevertheless not designated as regional policy. The Swedish government states that there are 17 other policies which are “especially relevant” for regional development. All these contribute to the goal of regional economic growth.

A regional mess

From the perspective of the regional actors, there is a mess of other peoples’ resources and initiatives which are often helpful but also create frustration by its lack of coordination. What the cynics call a regional mess refers to the uncoordinated design and execution of policies. At best, the policies are separated by purpose, while instruments and target groups overlap. Some problems are addressed by several programs while there may even be other problems which get no attention at all. The overlaps often mean conflicting reporting requirements and a feeling of too much paperwork for applications and reports, just to get insufficient funds from programs which are sometimes designed to look good in national media rather than to solve the deeper problems.

The situation is not unique to Sweden. On the contrary, it is the international rule rather than the exception. In the US, rural development faced a similar situation: "Most of the problems facing rural residents called for resources that were beyond the control of a single actor; in many cases, the problems demanded action from government at all levels as well as nongovernmental entities… No single actor was responsible for creating the problems and no single actor could solve them" (Radin et al 1996:47). Similar situations are reported in many other countries.

Put more bluntly, regional economic growth has to some extent become a symbolic area of policy where governments have to look interested without necessarily solving the problems. In worst cases, the policies make it difficult to understand what the fundamental problems are and they also lower the incentives for people in the regions to do something about them. It is tempting to conclude that regional policy is a case of government failure, as disturbing as whatever market failure that was identified as the reason for government intervention in the first place. In a more positive tone, the challenge is for governments to convince that they can actually do something about regional economic growth.

From the central government's perspective there is a need to work with conflicting perspectives: specialization in lean organizations which are efficient in the pursuit of their individual goals, while also encouraging clever integration to reach goals where operations intersect, for regional as well as other purposes. The public sector has become a matrix of crossing perspectives, geographical as well as functional. Under the best of circumstances, synergies will be reached without conflict. In other cases the resulting situation will be conflict, incapacity and waste of resources.

The principles of public management are important framework conditions. Public sector organizations are designed, funded and controlled by national, regional and local governments. The way these regulatory and constitutional frameworks are set up has great influence on the ability of organizations and their staff to relate to other organizations. Modern ("new") public management is much focused on the contributions of individual organizations, which makes it difficult to handle collaboration and complexity. Even if some reorganization and constitutional reform can be done, especially in a long-term perspective, governments need to work with their management strategies to handle complexity. Structural and managerial solutions are partly substitutes and partly complements.

Public management is about giving orders but also about follow-up and understanding the consequences of those orders. Monitoring and evaluation are key instruments to understand the situation and for elected politicians to take control. Needless to say, they are also helpful for media and citizens to hold politicians accountable. One of the fundamental issues for governments is to adjust policies and instructions to agencies and other organizations. Yearly funding decisions are key instruments along with the appointment of directors and other more subtle ways to influence the public sector. The demands on central government as decision maker and integrator of "the mess" are huge, which implies a need to focus the control systems on strategic issues, however defined.

Evaluation is not only concerned with the effects of particular programs or how to change a particular situation, but also with collaboration. Governments need to know what happens in the regions, as well as what happens in each individual organization when those organizations adjust the implementation of policies to make a stronger impact on the regions. Collaboration extends the need for data and for understanding the drivers and barriers of policy implementation. It adds an interest in joint outcomes and the processes that produce those outcomes.

Collaboration is solution and problem

The heart of the problem of fragmentation is overlap and interdependencies of policies and resources. The organizations have a joint problem, in this case to get the regional economies going, and their efforts are likely to be more efficient if resources can be pooled and knowledge shared. There may also be a need to adjust policies to regional circumstances.

A more general definition is to say that a complex problem such as regional economic development is divided up among organizations in a way which creates suboptimal units with only pieces of the solution. It is mainly a problem about the design and separation of agencies from the top down, but it could also refer to very fragmented local governments, where there is a need to create larger organizations from the bottom up. The latter is a common debate in countries with very small local governments, creating a need for larger metropolitan units to take concerted action.

Another way to put it, is that regional economic growth is an issue or a "mega-problem" which contains a number of specific problems such as unemployment, low rates of business start-ups, low tech production etc. Firms and citizens have many of these problems simultaneously, especially in the weaker regions, which makes it rational to pool resources to integrate the efforts in a more coherent manner and aim to solve many of the particular and interrelated problems simultaneously. More business-startups are instrumental in reducing unemployment etc.

This landscape has made networking and partnership buzz-words of modern government. It is through collaboration and coordination that modern bureaucracies work out solutions to the confusion created at the top of the national political systems. A skilful modern bureaucrat is a creature who has little in common with the old-fashioned Weberian image of a rule-following bureaucratic machine, implementing legal prescriptions. Today's bureaucracy works largely in projects to join-up resources wherever they can be found. As a consequence, much of politics is shaped by the skills and ambitions of the "street-level bureaucracy".

Such embracing of new ways of operation is no easy thing for a central government which is used to being in control. "Controlled collaboration" is a difficult steering between the twin dangers of steering too much and too little, when room is left for local adaptation. It challenges the trend of the last two decades of entering quasi-contracts with specific performance targets between the government and individual organizations.

Collaboration is here used as a neutral term for working jointly with others for some end, without assuming that the parties are helpful. The latter situation is implied by the more specific term “cooperation” (Agranoff & McGuire 2003:4). Collaboration at lower levels of administration has become a standardized solution when central government is overloaded. But collaboration also adds to the problem of ungovernability by a weakening of the central control. Collaboration has become a signal of unsolved conflicts among ministries to be handled somewhere else.

As a further consequence, much of the public sector operates with something which begins to look like double bookkeeping. What is from the outside separated and well-organized structures, firmly held together by the central government, looks from the inside increasingly like a patchwork of coping and bargaining bureaucracies. In federal countries, this has always been part of reality. Complex social problems push the unitary states to operate more like the fed.

Reorganization or networking?

A first response to fragmentation is to redesign the public sector to avoid overlaps and blank spots. This is not always easy. The example of Swedish skills development is instructive. Over time, a large number of organizations have come to support skills development. Public colleges and universities have certain programs, as do various kinds of adult schools and other secondary education providers. New programs of post-secondary vocational training – a kind of “polytechnics” – have been introduced, often with more generous funding than similar university programs. These programs are paid by the national government through the Ministry of Education (universities), the Ministry of Labor (labor market programs), the Ministry of Social Affairs (training as rehabilitation) or by the local and regional governments (general adult programs and certain colleges) (Statskontoret 2003:10). Each ministry wants to maintain its organizations and programs in spite of the confusion it creates.

The policy fields and their ministries have often become part of policy networks – iron triangles – which defend their specific programs and constituencies. In one perspective, to ask for coordination and collaboration is a disguised fight for dominance among different interests (Pressman & Wildavsky 1973:133ff). This view implies that coordination in the public sector is a futile goal, that there can never be agreement on the interpretation of the problems and the specification of the solutions. Still, it seems reasonable to ask for techniques which reduce stalemate and make it easier for organizations to exploit potential synergies. Hence, a pressing question in the countries affected by the wave of so called New Public Management, is if there is a way of transforming the contracting relationship between the center and the parts into something which makes the parts more interested in each other, without the center losing all of its control.

When Swedish programs for adult education were expanded in the mid 90s to support the unemployed (and the regional economies), overlaps were identified as a main problem. Most local governments took initiatives to fund joint centers for guidance to prospective students and even joint centers of instruction, where programs can be mixed to suit the needs of the individual. A national commission was eventually set up to describe and encourage collaboration and innovativeness in adult education, especially in economically distressed areas with few higher education institutions. Subsequently, the national government asked local governments to coordinate the wide mix of programs under different funding streams.
eral ones.

The messiness is often an unintended consequence of each policy field trying to work out a rational solution to its perceived problems. The case of skills development in Sweden is instructive. Each program of adult education was introduced to fit a specific purpose within a particular funding stream. It is easy to understand that the systems expanded, since skills development is a tool to support the unemployed as well as people who suffer from work-related health problems and many other needy groups. However, when the total system of education for adults reached a certain volume, the complexities and overlaps became a problem.

Needless to say, there were incentives to take advantage of the overlapping programs to pick the most beneficial offer. To the people involved it seemed like a mystery that certain courses came with paid benefits while some courses – or even the same courses – were available only with a student loan because they were provided through different organizations. In some cases, the providers were competing to the extent that none of them achieved critical mass. In other cases, there were incentives for the providers to shift the financial burden over to others, from the local governments to the nationally funded labor market programs, or vice versa.

Even though there are some potential benefits from competition as a mechanism for coordination, the system wasn't designed to take advantage of these. A more market-like system could have been created in the form of learning accounts ("personal re-employment accounts" in the US), which were passed by parliament but never enacted by the government. Such a model for funding would have created more of a market for private providers by giving the funds to the prospective students.

Interestingly, coordination of this vast system is to an important extent done from the bottom up, by local actors rather than by the designers of the systems at the top. There has always been some collaboration in this field, but not on such a massive scale. The coordination brought some rationality to the functioning of the overall system, but it also meant that the ministries and parliament lost control of some of the spending. Put more dramatically and more provokingly, a large part of the public sector was drawn into a new mode of operation where collaboration rather than neat chains of command may be the best hope for overall effectiveness.

Complementary, cross-cutting and contradictory policies

A further complicating case are the policies which are explicitly cross-cutting, to be implemented by all agencies, such as the policies for sustainable development, known as "horizontal issues" in most public sectors of the world. In a country like Sweden, there are about a dozen explicitly cross-cutting policy areas, from environmental protection to youth policy, which are to be implemented through agencies set up for other purposes (Statskontoret 2006:3). The matrix of core issues and horizontal issues creates confusion and overload at the operative level as well as within the government and parliament. The horizontal issues can be helpful for the operative organizations by highlighting important aspects of their main task, but they nevertheless add complexity in the chains of command, especially if agencies are required to report on different issues and/or to several sources of command.

The cross-cutting policies give each organization at least two different targets, while fragmentation is the situation where one target needs the attention of at least two organizations. Swedish regional development policy is both: a general requirement for all agencies to pay attention to regional consequences and a need for some of them to collaborate to solve complex problems. Sweden is not unique in this respect. Interdependence and fragmentation are rather two facts of life for modern governments, though the detail of the ambitions and the conflicts differ among countries.

In addition to the overlapping and cross-cutting policies, there are some policies which are conflicting with each other. Environmental concerns – a horizontal issue – are typical as contrary ambitions to be traded off against business support. It is often a restriction but it can also be beneficial if it creates markets for new products. Social regulation is more problematic. Some of it is explicitly contrary. Other policies have unintended effects which slow down the economy, while some regulation may be positive for economic development (Streeck 1992).

The important follow-up question is whether these issues can be handled in one organization or if they should be handled by separate organizations. There are regional organizations in many countries which act as integrators of programs from several ministries. They are examples of the bureaucracy handling important trade-offs. An alternative is to have an open debate between specialized organizations with different perspectives. This means that in some countries like Sweden, related issues are divided up among several organizations while contradictory issues are integrated in a single organization. It can set the stage for the development of a competent bureaucracy but it can also mean that synergies are lost.

1.2 Strategies to handle policy complexities

There are several ways for governments to handle the complexity of overlapping and interdependent policies. They can take more control from the center to reorganize relationships in different ways or they can encourage the actors to collaborate and work out their relationships more or less autonomously within the parameters set by the central government. Some of these measures relate to the organizational structure while others relate to the way organizations operate and are managed.

Joined-up government

In recent years, many countries have opted for horizontal collaboration among regional actors as well as vertical collaboration between regional, local and central governments. Some governments have emphasized collaboration in partnerships and other means to integrate resources across organizational boundaries. The concepts of joined-up government (UK), whole of government (Australia) or horizontal management (Canada) refer to situations where the whole of government tries to act like one organization, without "seams".

The most dramatic efforts to integrate the public administration across organizational boundaries has taken place in the UK, where the concept of "joined-up government" has become a leading buzz-word of the past decade. It has been applied to a number of areas, mainly related to social problems (Skelcher & Sullivan 2002).

Several countries have introduced regional partnerships to integrate policies, which is a more loose kind of joined-up government. This has been done in the Nordic countries (Denmark, Finland, Norway and Sweden) as well as in New Zealand and the UK. The federal countries in this study have longer traditions of collaboration for regional development.

Regionalism and territorial integration

A very different way to handle the need for coordination is for central government to give control to someone else. In policies relating to regional economic development an obvious alternative is to give control to the regions themselves by devolution. It doesn't solve all the problems since they can be replicated at the lower level. There may also be disadvantages in handing over control to someone else, especially in areas where it is important to have uniform implementation across the country, for example if certain goods are seen as "social rights" or if the central government provides the funds for the programs.

Several unitary states have established a regional level of government to take greater responsibility for policy, but most resources are still distributed by the central governments. Devolution has been important in the UK as well as in Sweden. It could be seen at least partly as a shift from coordination by policy sector to coordination by territory, a big change in the design of the public sector. Territorial integration makes sense if the problems are related to certain places, but the obvious drawback is that specialized knowledge and skills may not be upheld as well as when the public sector is organized by specializations (functions). This indicates that the choice of organizational principle is a true dilemma, i.e. lacking a solution.

Hollowing-out is a similar strategy in that it turns over operations to someone else. It is a common technique in other policy areas but has not been used as a general tool in regional economic development. Some countries, like the US, have traditions of contracting out services, but it has generally not spread to other countries in this field. Some other countries, like Germany, have a tradition of involving social partners and business associations in the implementation of policies for economic development. This type of making use of other actors has been of interest in other European countries, for example in France.

Limited feasible options

The set of options available for central governments is restricted by constitutions and traditions. Some solutions are more readily available because they are in line with previous policies or paths, as they are called. It is more difficult for governments to redesign the playing field in radical ways, but there are some forces for deeper change operating in the field of economic growth. Hence, solutions are not predetermined. They are rather the outcome of a complex interplay of politics, traditions and pressure for change.

Factors which push governments to reconsider old solutions are the perceived impacts of globalization as well as learning about policy concepts from other countries. In Europe, the European Union functions like a forum for exchange of ideas and pressure to change. One example is the coordination taking place within the so called open method of coordination, where national policies are scrutinized by peers from other countries, creating a peer pressure to change. The way these mechanisms work is beyond the scope of this report, but it should be noted that there is an element of political interpretation and using international reports as it suits domestic actors.

The pressures for change will hit countries differently because of their traditions or paths. The factors which shape fragmentation differ. Some countries are federal and others are unitary, which makes different types of tools feasible. Other constitutional factors affect the horizontal divisions within governments and their relationship with social partners. All of these will support the status quo rather than a change of it. The big question in explaining policy change then is how the forces for change meet the forces for stability.

A dilemma

A dilemma is that collaboration is difficult for national governments. It means by definition that more room is given to the bureaucracy to make priorities. It will make the public sector more difficult to control from the center and make it more difficult to hold the bureaucracy accountable. On the other hand, collaboration takes advantage of information available at the periphery. There is a chance of improving the implementation of policies which almost by definition have to be adjusted to individual circumstances. The problem of control – or rather, how to influence the "street level" – is inherent in a professional public sector. Collaboration only makes the need for strategic leadership more obvious.

Collaboration breaks down the control and hierarchical steering of New Public Management. Autonomous interaction is also loss of accountability but, on the other hand, accountability puts the emphasis on individual contributions rather than joint outcomes, which is part of the problem. Issues such as accountability and devolution are difficult to handle from the perspective of efficiency or from democratic theory. Collaboration and devolution point towards another conception of democracy, the associational model of self-regulation, usually by citizens or politicians but possibly also by professional civil servants across the bureaucracy.

What does it take to make it work?

Even if governments did their best to design a public sector without duplication and overlaps, the problem of interdependencies would almost certainly never go away completely. It is more reasonable to conclude that even unitary states like Sweden will have to learn to live with the problem of inter-governmental relations for complex social problems like economic growth. Some problems can be solved through redesign, but there will almost always be a need for coordination through collaboration or alignment of goals.

Governments, in other words, need to learn about networking, how to make it work and how to avoid its pitfalls. This is a dramatic shift in perception, from a hierarchical machine controlled by the central government, to a nebulous organism of bargaining and local initiatives. How can the two be reconciled in a society like Sweden, with little experience in bargaining among social groups or political parties? The difficult relationships that are now present in policy areas where local governments implement national policies will extend to other areas of policy.

The joining-up of resources creates new needs for information for governments and other organizations within the public sector. Collaboration and coordination imply a need for the national government to focus not only on the outcomes and outputs, but also on the processes taking place. They need to understand joint outcomes and how they are achieved. More specifically, the government needs to be interested in drivers and barriers and, not least, its own role in creating these as cooperation takes place “in the shadow of hierarchy” (Thompson 2003).

A long debate suggests that there is a conflict between an emphasis on outputs and an emphasis on outcomes. Governments are struggling to combine these performance measures (OECD 2005). An emphasis on processes may complicate matters even more. A focus on processes implies a need to let local actors make mistakes and learn over time. Hence, there's a need for a variety of evaluations, of processes of integration as well as the complex causal relationships in regional economic development. Such evaluations can be conducted on its own or related to performance budgeting.

For example, the Swedish government is looking for ways in the budgetary system of setting and monitoring joint performance targets. There is also an ambition that regional partnerships should commission evaluations which will help them improve policy implementation, i.e. to support regional development (primarily economic growth). To some extent, it is a question about evaluation *of* and *by* public policy networks.

Collaboration is only a means to an end

In the field of regional economic development, it should be noted that collaboration is at best a means to reach another goal. The goal is growth, which is a highly aggregate measure of economic aspects of the development of society, affected by a number of actions and policies. There are no simple instruments for governments to use to change the trajectory of the economy. Put differently, the economy is a very complex system and to "grow the economy" by changing its trajectory is extremely complicated for a number of reasons. Many social problems are difficult to handle because the target population adjusts to the measures taken. Subsidies have negative effects, so governments look for more strategic ways to intervene, such as changing the conditions for individuals and firms. There is a long debate on what really works, which will be commented upon in the next chapter. Here the emphasis is on the internal problem for the government, of how to direct efforts to where they are most useful.

The tools to affect the economy are operated through a vast number of public and private organizations, operating on a mandate from national legislatures. Behind these tools are the national government – and other political bodies – which try to guide and redirect efforts to ensure an efficient use of tax funds and regulatory interventions. Hence, there is first a problem of how the government controls its subordinate units to "do the job" and then there's the problem of those tools bringing about the desired effects on the economy. It is a two-step implementation problem from the government's perspective.

The government

↓

Public sector programs and organizations

↓

The economy

Figure: Implementation in two steps

The government faces two uncertainties, within its machinery and in the economy. It needs to learn ways to improve policies without distorting spontaneous forces of coordination. To stimulate economic growth and change the path of a national or regional economy has proven to be among the most difficult tasks, ridden with side-effects. Governments design tools and control their use. Agencies and other organizations develop, adjust and apply those tools, which imply that the regulatory framework for the agencies (the principles of public management) is an important factor for the workings of policies. Too much control by the government may lead to goal displacement, where agencies become more focused on doing what the government asks than solving the original problem. Ideally, government regulation should be an instruction and a help to solve the task, not an end in itself.

A number of factors intervene in this highly abstract chain of events. A complete picture would include a number of actors and interactive causal relationships. Economic actors have their own ambitions and behave like a complex system. Some instruments have obvious short-term effects and more subtle long-term effects. Collaboration isn't enough: a strategy for interventions is needed too.

Behind this is a very political question of when and how governments should intervene. There are different conceptions of what are legitimate reasons for intervention. Are efficiency gains more important than respect for individual choice? Do citizens and regions have rights to certain levels of welfare? And if we look at government capacity for intervention, should the government be strong? Would that make society (firms, individuals) weaker or stronger?

Furthermore, coordination is a good thing, but it is not the only good thing for governments and citizens. There are other values which have to be taken into account or even traded off against increased coordination.

1.3 Focus and methodology

Collaboration for regional development is an issue which many governments struggle with. It raises questions of the design of policies as well as the management of public agencies. All governments are looking for ways to improve the workings of their policies and economies.

Monitoring and evaluation of collaboration

The project is commissioned by the Swedish government to study monitoring and evaluation of collaboration in other countries, with the ambition of drawing conclusions for the integration of policies in Sweden. The language and the style of the text are chosen to make it accessible to an international audience, not least to open up for comments by the people interviewed, as an element of quality assurance.

The government states that the project is part of its attempt to encourage collaboration and the development of cross-cutting reviews. It is commissioned at a time when the structure of the public sector and the principles of public management are under debate and the government has launched four pilots of horizontal management. The field of regional economic development is identified as a difficult area of overlapping policy. Hence, the study can be seen as a pilot for other policy fields, for the issues of fragmentation and integration in general.
There are three potential priorities in the government's request. One is to learn generally about methods of monitoring and evaluation in

situations where actors collaborate and/or are dependent on each other. Another is to study consequences of collaboration, how different kinds of monitoring and evaluation impact on government agencies and, in turn, on the economy. A third priority is to understand the context, how monitoring and evaluation are chosen as instruments for increased coordination and collaboration in different situations and under different models of public management, how they fit as solutions to perceived problems.

The first asks for widest possible search, to find interesting examples, regardless of policy field. The second asks for very deep information about policies and outcomes which isn't available yet. The third asks for descriptions and some understanding of the national contexts of regional development policy. With limited time and resources, the third priority is chosen for this study, where the choice of monitoring and evaluation rather than its methodology or consequences come in focus, to contribute to an understanding of how and why collaboration is encouraged in other countries.

There are most likely other interesting initiatives to coordinate policies and to evaluate collaboration in other countries. However, to look for general examples would be a much more demanding task, because of the complex analysis of contextual factors. It would increase the risk of not understanding any policies at all. Here, the policy field (regional economic development) is more or less constant, while the instruments applied by governments differ. The focus on regional development policy is an important restriction, but also a way to ensure sufficient depth of the analysis, a help to focus the comparison. The obvious drawback with this design is that there may be relevant examples of tools for integration in other fields which would improve regional economic development policy in Sweden.

There are much fewer examples in other countries of systematic evaluation of collaboration than was assumed. This reinforces the need to understand contextual factors such as alternative ways to coordinate policies and alternative ways to organize policies to avoid fragmentation. Such information will be relevant for the Swedish debate.

The context of regional development

It is difficult to understand systems of monitoring and evaluation without placing them in their context, what they are meant to monitor and evaluate. In this case, the two important contexts are the regional economies and the policies for economic development, including public organizations and other instruments. The latter are the means to achieve the first.

This implies an interest in three contextual issues: the regional problems, the bundle of relevant policies and the alternative strategies to achieve integration of uncoordinated policies. There is also a fourth issue underneath these three, namely the question of what causes fragmentation in the first place. The first two issues describe the basic situation of problems and policies for regions. The third and fourth issues describe problems and solutions in fragmentation and integration.

The project is at a crossroads where public administration meets a section of economic policy. Most of the interest is directed at the public administration side, the policies and the strategies to integrate them. The issues to be covered are described in the following diagram, where the large horizontal area represents the total amount of initiatives to collaborate or join-up governments (JUG). It intersects with the vertical area of regional development policies (RDP). The focus of the report is on the intersection of these two issues: how can policies for regional economic development be "joined-up"? The comparative perspective implies a more specific question about causality, how regional development policies influence the way governments try to join-up policies.

The picture shows that there are other issues of joined-up government which relate to other policy fields, as well as issues in regional development policy which are unrelated to joined-up government, such as the question of whether policies work or not.

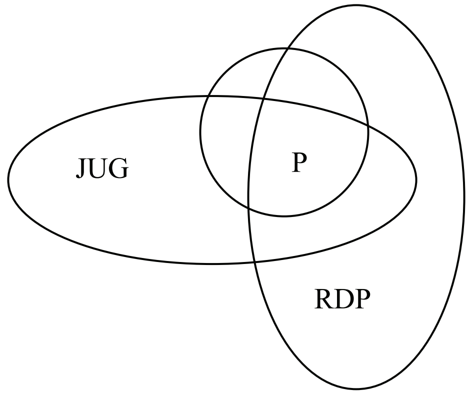

Figure: Three overlapping issues

More specifically, the interest is with a subset of issues, relating to steering, monitoring and evaluation (public management), symbolized by the smallest circle. This subset has implications for the more general issues ("circles") of joined-up government and regional development policy.

This report raises a very instrumental but nevertheless pressing question for governments of how to make the public sector work better. In particular it analyzes one seemingly simple idea: that governments need to embrace collaboration. Collaboration or joined-up government is a solution to the regional mess, in Sweden and elsewhere. The regional mess is also an interesting case for joined-up government. It is a critical case in the sense that the close match implies that any problems in this field are problems for the concept in general. If it doesn't work here it may not work anywhere else.

A comparative perspective

The ambition is to compare the Swedish situation to other unitary European states (Denmark, Finland, Norway, France, the UK, the Netherlands and also to New Zealand) as well as to some federal states (Germany, Australia, Canada and the US). This group includes some countries which have a reputation of trying to integrate resources across organizational boundaries. Australia, Canada, Finland, New Zealand and the UK belong to this category. Germany and the US were included to have a greater variety of federal countries, known for their intertwined policy implementation. The Netherlands, Denmark and Norway help illustrate the situation in small countries, while France is interesting as a case of a centralized country undergoing change. France has devolved power to the regions, like Sweden and the UK have done. This group of countries doesn't exhaust all possible actions but they capture a great variety. Ultimately, the justification is that "…a broad, comparative perspective is highly appropriate to our subject matter", as Pollitt and Bouckaert say in their study of public management reform (Pollitt & Bouckaert 2000:1).

A comparative perspective adds food for thought. It is useful at an exploratory stage to help us understand the variety and complexity of the issues involved. Comparison is intended to understand contexts and come up with hypotheses on causal relationships. The group of countries is used as an inventory for Swedish policies, to see other problems and solutions. Based on this, causal relations will be discussed and conclusions drawn for Sweden. Causal relations are important to understand policies in context before suggestions can be made on appropriate lessons for Sweden.

The study tries to avoid the two fallacies of treating countries as either exchangeable datapoints or as too unique to compare *(sui generis).* The first is the problem with much of economics: the need for big data sets leads to a neglect of the internal dynamics and consistency of each country. The other is the problem of getting stuck in a specific case: the neglect of asking and answering more general questions. The first exaggerates the quantitative while the second exaggerates the narrative.

A comparative approach – especially with the ambition to learn from others – makes it necessary to look more generally at instruments to join-up governments as well as to dig deeper into the peculiarities of each country in terms of their ambitions for regional development policy and their ambitions to join-up resources. The analysis has to be general to understand other countries. The approach is structured to understand the national institutional contexts and their consequences, rather than to start from similar cases or events across nations. One example of an alternative research design would be to see how governments in different countries react to similar events, such as when a locally important factory faces the threat of being closed down, which would say something about the capacity and integration of the public sector. Such a study is conducted at Flinders University, Australia.

The report is based on a large number of interviews which helped explore the issues and provided a general understanding of the situation in the countries in these matters.[6] The people interviewed were selected to represent the academic community as well as practitioners in the field, where the second category consists of people with a national as well as a regional perspective. There is a heavy bias towards people working for the government, in regional and industrial policies, finance and evaluation. This was considered an optimal mix to get to know the basics of public management in the field of regional development. There was an attempt to get the perspectives of several regions in the Anglo-Saxon countries, while some of the European countries are covered very briefly. It was believed that they would primarily be interesting as contrasts to the other countries. Needless to say, the selection is partly based on contacts and people being available at suggested dates. A much larger group of people was identified and contacted for interviews.

The interviews were not extensive enough to develop into case studies. The work is rather exploratory in character and could be seen as a preparatory phase to develop into more in-depth analysis of the consequences of collaboration for individual agencies and for economic growth. To get a more accurate picture of each country an extensive literature search was undertaken and the report is now primarily based on research literature. This would not have been possible without the large amount of discussions with academics and practitioners in the twelve countries and two international organizations.

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[6] Most of the interviews were conducted jointly by Lars Niklasson and Johan Quist, who wrote two separate reports, this report (Lars Niklasson) and the attached report in Swedish (Johan Quist).

Three general questions

This study has three general questions, about options, implications for Sweden and causality. The most basic question is what governments can do about fragmentation in this particular policy field. What strategies are available and what public management options (steering, monitoring and evaluation) are there? Furthermore, what are the implications for Sweden? This is a question which requires some understanding of the causal relationships. Hence, an important question is if and why governments do different things to handle complexity. Is it because of the problems of the regional economies, the policies that are in place, the constitutional limitations or anything else?

This study will not be able to say what has the best impact on the economy, which would be the ultimate test about what works, but it will be able to comment on the logic and consistency of policy design.

Neither is there an ambition to understand how countries change over time, even though that would add important information about politics and the workings of constitutional limits.

The report is explorative in character, aiming to build empirical knowledge in two ways. First it is an inventory of a large number of countries, which is to begin comparing them. Second there is an attempt to connect issues to see if they can explain national strategies.

Five empirical studies…

To come up with implications for Sweden, this study consists of five separate studies and an attempt to connect them (below). The studies cover the four contextual issues and the systems of monitoring and evaluation, as part of a discussion of public management more generally (the steering and evaluation of single agencies as well as groups of agencies). They start from the most basic problem of regional development and moves on to cover policies, causes of fragmentation and strategies of integration before discussing public management.

1. Introduction
Sweden as an example
↓
2. The problem of regional economic development (wickedness)
What is it? Similar across countries? Are there solutions?
↓
3. The problem of the uncoordinated policies (messiness)
Similar policies? Similar lack of coordination?
↓
4. Factors causing public sector fragmentation
What is the role of constitutions etc?
↓
5. Strategies to integrate the public sector
What strategies are pursued?
↓
6. Public management techniques
Barriers and drivers for collaboration?
↓
7. Implications for Sweden
Suggestions from a comparative perspective

Figure: The structure of the report

The starting point of the study is the problems of the regions, with an introduction to the national problems. The regional economy is the subject matter of vast research efforts in economics and other social sciences. The ambitions of the report are limited to pointing out some of the basic issues. Interestingly, there is a great variety of approaches, all of which can be seen as reactions to the simplifications of neoclassical economics. Disciplines such as economic geography and economic history are more interested in the unfolding of economic processes over time, paying attention to differing circumstances of time and place. They are, in short, closer to empirical science than the often deductive approach of economics.

The regional problems are in one sense a given, but they don't enter the political agenda in a neutral fashion. It is a secondary problem to understand what issues and perspectives become the focus of politics.

Much debate – and seemingly neutral discussion of theories – is about the “framing” of the issues. This will be touched upon rather than explained.

The following issue is to understand the bundle of policies that are relevant to affect the regional economies. There is a large literature on instruments governments can use, with a range of typologies. There are also some national studies of messiness. They will largely be taken as given though each of them can be scrutinized further.

The third issue relates to a literature in comparative politics which discusses the effects of various constitutional arrangements. This literature often looks at an issue at a time or focus on the impact on the working of democracy in general rather than the impact on the operation of the bureaucracy. There is a related literature in economics and other parts of political science on how institutions affect the working of the economy. Constitutions set limits to integration and they also structure action. Here, the point is that they define the room for integration of policies for governments and also the incentives for the individuals working with these policies.

The study will look at various ways to stimulate collaboration, either by specific actions top-down or by encouraging initiatives bottom-up through enabling regulation at the center. This part makes use of a general literature on intergovernmental coordination, including the specialized literature on joined-up government in its different guises, and a more specific literature on regional development policy. The choices are deeply political and the comments will be restricted to comparing the national choices with the problems identified in previous chapters. The idea is to look for a rational match of problem with solution.

A following chapter will dig deeper into the issues of how central governments can control its subordinate units through its principles of public management. It is a general discussion of steering, of which monitoring and evaluation are two components. Here the study will add some comments on what one could expect in terms of efficiency of the various solutions.

Lastly conclusions will be drawn for Sweden. It is an answer to the government's questions but it is also a way to find rational solutions or at least hypotheses. Sweden is only one case, but could be useful for other countries too. Such conjectures should help the reader judge the consistency of the analysis across the chapters. There are also general reflections on the issues across the countries.

An obvious alternative would be to turn the structure around, to work backwards from the public management doctrines, via strategies for integration to the three background characteristics, the fragmentation, the policies and the regional economies. It would leave the contextual factors until the end, which would make it a more difficult read.

…and a question of causality

Sweden can choose to adopt any interesting examples from other countries, but to make an informed choice one would ideally have to make a case about the particular Swedish problems and how a proposed action would solve the problems. In this case, the ambition is limited to suggesting actions to look into and develop further. The government has asked for implications which can be the basis for Swedish policies, rather than the new policies themselves. It is necessary to dig at least a little deeper than just reporting what goes on, which implies a need to understand patterns and causality. Are certain problems and solutions related to one another? Are certain solutions impossible in certain situations?

These questions are about a deeper understanding of each country and the political choices that have led to the present situation. Such a task is much too demanding, but some issues can be discussed. Going through all empirical information raises the question why countries chose certain courses of action rather than other courses. There are big differences in public management philosophies (including monitoring and evaluation) and there are also differences in strategies for integration.

The five issues covered in this study can be divided in two groups, where the first three (the complexity of the problem, the overlapping policies and the basic fragmentation) can be seen as background factors, partly explaining the choices governments make in strategies for integration and principles of public management. At least to some extent, the way fragmentation looks in each country leads to certain ways to integrate policies.

Fragmentation ⟶	**Integration**
2. The regional economies	5. Choice of strategy
3. The set of policies	6. Choice of public management principles
4. Constitutional limitations	

Figure: The causal hypothesis

In the language of the social sciences, fragmentation is an independent variable which may explain variation in the dependent variable, i.e the strategies of integration (including public management). Obviously there are other factors which are relevant too, such as political ambitions and agendas, which will not be studied here. Hence, the report is limited to an exploratory ambition, perhaps a foundation for future studies.

The logic of storytelling, from problem to solution, doesn't imply a rational linking of problems to solutions, which is sometimes called a contingency theory to explain policy design. This is only shorthand for a more elaborate theory of how politics intervenes in the framing of problems to empower certain vested interests (including bureaucracies). These issues will only be touched upon by pointing out how fragmentation and integration have a political dimension.

The five issues described above give a picture of fragmentation and integration in the twelve countries even though the causal relations don't include politics. They should be sufficient to come up with tentative implications for public management in Sweden and they should be able to add to the domestic debate on regional growth policy. The causal links say something about feasible strategies in particular countries.

The causal relations are in reality a bit more complex. It is a fair assumption that regional economic problems (chapter 2) influence – if not determine – policy responses (chapter 3). It is also fair to assume that the perceived "messiness" of policies (chapter 3) leads to certain responses to integrate policies (chapter 5 and 6). What is more open and more interesting is how the constitutional factors (chapter 4) influence and limit the strategies pursued by the governments. For simplicity, they are placed between the policy mess and the strategies of integration, as an intermediary factor.

It is important to note that the study doesn't try to explain how collaboration and integration affect economic growth, even though that would be the final test of the policies and the strategies for integration. Regional growth is seen as part of the problems that governments react to. In other words, it is an independent variable, at the start of the causal chain, rather than a dependent variable, at the end. Ideally it should be both.

Weak regional growth

↓

New policies and more integration

↓

Increased regional growth

Figure: Regional growth as cause and effect

It is assumed that the policies will have an impact on growth and that integration of policies is positive for growth, but this is a question which needs to be investigated further since, under some circumstances, coordination of "bad" policies may be worse than an uncoordinated "mess" where some "good" policies survive. It is a much too complicated issue and the study will merely hint at the problems which arise if policies are uncoordinated.

A limited explanatory ambition

The explanatory ambition is limited and in order to point out the limitations of this study, the following sections will briefly point out what a full-scale explanation would entail. Such an explanation could focus on particular decisions by particular individuals or aim at an understanding of why regulatory frameworks ("institutions") change. The two are related and much debate in the social sciences is over the relationship of these two components.

The three main ways to explain political outcomes are in terms of rationality, culture and structure. Each model has a modern variant which focuses on explaining political institutions, referred to as rational choice institutionalism, sociological institutionalism and historical institutionalism, respectively. The first points to individual choice, often assuming a "rational" behavior, the second points to norms which influence individuals while the third points to the conditions under which individuals act (Lichbach & Zuckerman 1997). Individual choice is important, but ideas ("culture") influence individuals over time. Furthermore, individuals are partly constrained by structural circumstances, so which is most important? All three factors are relevant, which has led to several attempts at combining them and specifying under which circumstances they are relevant, a "second movement in institutional analysis" (Campbell 2004:4).

The focus in this study is on factors that are structural, not looking into action by key individuals or how behavior is influenced by cultural factors, including ideas and learning from others. The last is probably very relevant in explaining why certain concepts become influential in many countries. It is less important in explaining variety across nations. Put simply, there are some factors which contribute to persistence, "path dependency", and other factors which make paths change. The report can only comment on the first, but it can show differences, that similar situations have led to different outcomes or vice versa. The comparative perspective opens a chance of identifying puzzles that need to be explained, why paths develop differently.

To summarize, the report can identify variety but it can only explain it in parts, by looking at the structural aspects. The influence of politics or ideas will not be accounted for.

Value added

Going through all five empirical studies in the way described above, rather than just focusing on public management (chapter 6), which the government specifically asks for, adds some important insights. First of all, the discussion in chapter five shows that there are other strategies for coordination than to achieve it through the systems of public management. Structural strategies are as interesting as managerial strategies. This aspect of how governments handle complexity would not have been covered if the study didn't go through the contextual information on how regional problems are dealt with in the twelve countries.

Similarly, chapter four brings out the constitutional and other limitations under which politics operates. This shows how much the situation differs among countries and how Sweden is unique in several ways. Chapter six on the other hand benefits from seeing similar problems of public management across several countries. One interesting observation is that countries have looked for different ways to overcome the shortcomings of New Public Management. Several countries have been more eager than Sweden to make the concept work (the Anglo-Saxon countries, Finland and Norway) while Sweden has put more effort into analyzing the work done in partnerships than most other countries. Lastly, the contextual information (chapter two and three) is interesting in itself as inputs to a discussion of revised strategies and activities in Sweden.

Relevant studies

The context and ambition is to impact the economy. This means that the report will have to make a bridge between two very different sets of policy and theory which seldom meet. People with an interest in economic and regional policy are seldom interested in the workings of the machinery of government. They may understand that the execution of policy is a source of confusion, but they generally stay away from the more detailed issues of policy implementation. In public administration, on the other hand, there is often a similar desire to stay away from economic policy. When political scientists and others do comparative policy analysis they tend to focus on welfare policy and mostly on the design and ambitions rather than on the operations, causality and side-effects.

The topic of the public administration of economic development programs is the specialty of practitioners and a small group of scholars with an interest in the machinery of government and its interactions with specific communities and firms. It is often based on an interest in finding ways to improve the lives of rural communities or countries and regions that are lagging behind (e.g. Radin et al 1996). What is academically stimulating about this perspective is that there is an interest in the work and interaction that goes on among administrators and between them and the recipients. It begins an understanding of processes and mechanisms which can explain why political ambitions turned out the way they did.

The phenomenon of collaboration forces researchers as well as governments to look into the black boxes of agencies and firms to understand what is done. It is very suitable for a comparative perspective which can help us understand what factors cause what outcomes. In this case it is the constitutional rules which make up the most obviously differing background condition for politicians and administrators. The perspective can add an understanding of how the achievements are shaped by the structural setting which actors operate in. Hence, a comparative perspective opens a way to discuss the role of formal frameworks ("institutions"), constitutional as well as managerial.

This study of fragmentation and collaboration covers just a small piece of the public administration of economic policy, but other social sciences are interested in parts of these issues, which means that there is a vast range of literature which is relevant. Regional development policy has it own set of research, as does public management and constitutional design.

This study also builds on the literature on governance by discussing evaluation as a tool for integration. It is an instrument for increased knowledge but it could be designed to favor integration rather than fragmentation. There is also a question of how other public management developments should be evaluated.

Most studies of joined-up government are too general and few study regional development policy. They mainly deal with single countries but with examples from several policy fields. This study does the opposite as it looks at one field across many countries. Ideally one would like to do both, to see national patterns as well as the importance of the special characteristics of each field. By looking across countries, the report will be able to compare the "messiness" and what governments have done about it. This is a foundation for implications for Sweden.

There are several studies which link policy with growth but none of them is concerned with the fragmentation of the public sector. In the literature on the varieties of capitalism, differences in policy (institutions) are seen as causes of economic differences (Hall & Soskice 2001). There is an intuitive link when countries are reduced to two general patterns, exemplified by Germany and the US. When large numbers of countries are divided up in groups the relationships become more difficult. A fundamental element is the idea that there is some kind of consistency across policy fields which make countries coherent. The starting point in this case is rather the reverse, that there are inconsistencies (fragmentation) which likely produce different kinds of influences on the economy.

Colin Crouch and his colleagues (2004) reverse the question and study successful cluster support across industries and countries to determine where the conditions are good for economic development and what such good conditions are. This can give empirical support for certain types of policies. It could also deal with fragmentation and complexity and see how it impacts firms. Braczyk, Cooke and Heidenreich (1998) looked at typologies of regional economies and typologies of governance in what can be described as an attempt to find causal relations, how regional governance supports (or not) the development of certain types of firms. Again, the present study mainly looks at the side of governance, to understand what the situation looks like for governments which want to integrate their resources. One reason to aim for integration is to work out and implement better strategies for economic growth.

2 Regional growth complexities

A natural starting point for a study of policies for regional economic growth (and their fragmentation and integration) is to look at the economic challenges faced by governments and regions. This provides a context for the following discussions of policies, fragmentation and integration. The chapter will start with the concept of a complex system as a general frame of reference for the discussion in this and the following chapters. It will also give a short overview of the kinds of problems which regional economic development policy have to face. This is followed by an overview of achievements and theoretical perspectives to guide and interpret policy. Lastly the chapter will discuss differences between the countries.

The term “region” can mean different things. Economic activity is often described in terms of labor market areas, which is a statistical measure of commuting distances. Other measurements could be applied to describe how firms interact with other firms in regional and other contexts. These patterns of interaction often cross administrative boundaries, which challenges governments to revise the formal jurisdictions.

The focus of this study is primarily on the sub-national level of government and its relations with the national government and local governments. In small countries, “region” generally refers to something which is smaller than a nation but bigger than a local context. There is often a regional level of government. In the bigger countries, formal regions are often a level below the states.

In some countries, like the US, regionalism works mainly upwards, as a merger of fragmented local governments to take concerted actions for what are already economically integrated metropolitan regions (Hamilton, Miller & Paytas 2004). In other countries, the point is to move down from too big provinces and states to work with more coherent regions, perhaps crossing administrative boundaries (state or nation). To make things even more confusing, the term “region” is also used for areas that are bigger than nations, like Europe or South East Asia.

I will treat growth and development as meaning the same thing, bearing in mind that development could also be something more qualified, a measurement of a structural change, moving to a qualitatively higher level, however defined.

2.1 The wickedness of the problem

The fundamental problem with integrating resources for regional development is that regional growth is such a difficult problem to do something about. There is a long tradition of government intervention to support the development of regional economies. Some support is given to weak regions to catch up with the stronger regions. Other support is given to all regions to make them willing and able to adjust to the forces of globalization. There is a sensitive debate in most countries on the relationship between weaker and stronger regions, weather the weak regions stand to gain or loose from the growth of the stronger regions or cities, like Sydney or Toronto.

Regional growth is an example of what is often referred to as a wicked problem (Koppenjan & Klijn 2004:1ff). It is something which is very difficult to solve or even handle in a planned and organized way. Most strategies that have been tried seem to have failed for one reason or another, not least because the problem changes with the development of the world economy. The goal of catching up changes its contents over time when the strong economies develop.

Lots of political goals have this illusive character, like improving health or reducing crime rates. It may be that only the uninteresting goals are easily achievable, that the public sector can run schools and prisons, but has problems in achieving the goals for which schools and prisons are the means: learning, respect for norms, human development etc. Joined-up government is often about these grander ambitions of politics.

Part of the problem of wickedness is that there are too many attempts to solve the problems. Lots of parallel policies have an impact and there may be too much of change over time to build a basis of policy experience.

The regional economy is a complex system

From the perspective of government intervention, the economy is a complex system, which means that it is very difficult to understand and predict how it operates. Complexity in this case means that the components (actors) of the economy affect each other and react to many different things simultaneously. The relationships are no longer "linear" and therefore become difficult to formulate mathematically. One reason for the complexity is that people are driven by a variety of motives and have only partial knowledge of reality.

A complex system (or task) is worse than a system (or task) which is merely complicated, where it is difficult, but possible, to calculate its workings. The two concepts can be illustrated with the example of a space program for a complicated task and the raising of a child as a complex task (Rogers 2006). The child responds much like a complex system and forces the parents to reconsider their strategies and be aware that the child doesn't react the same way every time.

Complexity is an important characteristic in evaluation theory, pointing at the problem of understanding causal relationships. It means that the consequences of an intervention are difficult to calculate and, hence, difficult to build into the design of the intervention. Activities by one actor become dependent on the actions of others. Actions have side-effects and their impact can vary from time to time depending on contextual variables. This has led to an interest in economic development policy to map interrelated outcomes to understand their causal relationships.

The perspective of the economy as a system has gained great interest in parts of Economics. It is mainly about making the point that firms have relations with suppliers and clients which help develop their products beyond what is expected in terms of market contracts (Edquist 1997). It is a way to understand what is important for firms to develop, especially how firms build their capacity for action by learning from relationships outside and inside itself. To some extent, this perspective is developed in criticism of neoclassical Economics, where such issues are abstracted from and firms are treated like production functions and all real activities are handled like uninteresting "black boxes" (Cooke & Morgan 1998).

The literature on innovation systems is about the interaction among firms and their surroundings to find out how knowledge is created and transmitted. It seldom talks about complexity, but it is more or less implicit. In this view, the economy is a web of relationships where firms gain strength by networking with suppliers of key resources, including knowledge in different forms. There are a number of metaphors to describe the way systems function. Firms interrelate in clusters and value chains. Some see the economy as an ecosystem to indicate that the economy doesn't work like a predictable machine.

A further complicating aspect is that the economy isn't a closed system. New resources are created and growth means that the system expands, through an inflow of people or a change in production. As an ecosystem, it grows rapidly enough to transform itself if the circumstances are good. The politically pressing question is why certain ecosystems grow fast while some decline.

Interventions in a complex system

Most governments are concerned with growth, even though other social values can have an equally high priority. In a specific situation, an efficient use of resources is important, but other things may be more important. A difficult question for governments is to make particular trade-offs and it may be helpful to know how the economy will respond, to understand the consequences of actions to achieve other social goals.

Another standpoint is to say that governments are necessary to make the economy work. This is part of a long debate over "market failure" and it is an argument for some types of intervention, but there is still a need to understand the functioning of the complex system to make trade-offs. Some of the most interesting collective goods, such as the benefit of being part of a "cluster", can't be produced by the government, at least not by itself.

If governments decide to go for the muddled middle, to help the market improve itself, it needs to understand complexity to design policies to support regions, small businesses and individuals. Governments can add key resources if there is evidence to believe that individuals and firms don't invest enough, but it needs to understand side-effects and unintended consequences too. The policy debate tends to focus on intended effects rather than the side-effects of these or other interventions. A problem may in reality be that governments do too much, that other policies become barriers for economic growth. Policies become regulatory frameworks or institutions which make some individual actions more rational and rewarding than others. There is a great interest in the social sciences in the role of institutions in explaining the development of the economy.

An indirect policy is to mobilize resources. This is based on the idea that resources are either idle or uncoordinated. If there was a joint vision and leadership in the regions, individual efforts could be consolidated into a common effort and people would be willing to invest their time and resources in projects that are common to them all. This is a view which is close to the observation of fragmented policies, that there are synergies to be gained from coordination and collaboration. The role of an animateur, who rearranges economic resources and sets the stage for collaboration, can be played by the government as well as by private investors etc (Cooke & Morgan 1998).

Lastly, the government can put the emphasis on learning from experience. It can accept or even encourage partly contradictory policies in the hope that it may learn about what works best. In the short run, governments can settle for incremental interventions and check what their effects are. In the long run, it needs to build more qualified knowledge to challenge the assumptions of what works.

All governments control their policies at a very detailed level, making yearly decisions on a large number of issues related to budgets. If the decisions are to be rational, the government has to build knowledge of where to put the money. It needs to compare different kinds of spending and it needs to know how much is reasonable. This means it also has to estimate the consequences of abstaining from intervention. Such an ambition is overwhelming and it becomes important to find ways to limit the need for information without giving up rationality. One approach is to rely on distributed and tacit knowledge, held by the actors of the system.

A pressing question is how governments can minimize their need for information to operate as a rational mechanism for the improvement of the economy. What contributes to a capacity to intervene and improve the economy? This is the topic of public management, to be adressed in chapter six.

Program theory and impact analysis

Much applied social science is concerned with developing methods for interventions in complex social systems. This is a main concern in academic sub-disciplines such as policy analysis, public policy and evaluation. Most recently, the debate has focused on the concept of "evidence-based policy", i.e. to ground political action in a scientific base. It is mainly about collecting evidence and drawing conclusions, which has lead to debates on how to build knowledge of causal relationships.

The basic problem with causal analysis is that there are many things which can cause changes in behavior. There are also many unexpected effects from policies which need to be taken into account. Some of these will not be obvious until after a long period of time when many people have adjusted their behavior to the new policies. Like other empirical researchers, evaluators want to compare situations with and without the policy in question ("the counterfactual"), trying to keep other factors constant. Social scientists can seldom make experiments in a random fashion but need take advantage of available but not so perfect opportunities for comparison, such as cross-country comparison or comparing before and after. Then the evaluator has to show that other differences were not important for the outcome.

A central concept for evaluators is "program theory", the causal thinking that lies behind a policy or is manifest in the application of the policy. The evaluator tries to make the theory of the program explicit to test if the links work. If the effects of the policy are unexpected, it can lead to a revised causal theory. The Canadian Result-based Management Accountability Framework, RMAF, is an example of a program theory, in the form of a graphic illustration of relationships among activities and effects.

The analysis of public interventions in the economy are of course close to Economists' ambition of understanding what drives the economy, but not all such theories can be translated into a theory about interventions in the economy. The report will discuss theories developed to understand the development of regional economies. Here, the point is that policymakers have a need for a theory of interventions, which may not presuppose a theory of the economy, but most likely does so. They want to know where the most important levers are, to pull or not to pull.

The concern with the functioning of the economy makes it necessary for the government to understand some of the drivers and barriers for development. Governments can give new resources to some actors by redistributing them from others, but the point is often to encourage the recipients to develop their own resources, through skills development etc. This implies a need to understand deeper issues of what makes people willing and able to develop their potentials, to take economic and other risks.

Economic development is about human motivations, incentives and barriers. Governments can change some incentives but enters a complex landscape where individuals adjust their behavior and learn from their experience. Economic theory predicts that if governments are too generous, individuals make take advantage of the situation ("moral hazard"). It may reduce the incentives for individuals and weak regions to deal with underlying problems. Here the point is merely, that a "learning policy" should start from the beginning, to address the mechanisms which make individuals interested in bettering their conditions, to learn from experience etc.

2.2 The political framing of the problem

It is a fact of life that economies develop differently. Economic activity is based on a mix of resource endowments and individual efforts, which implies that it will not be the same everywhere. It becomes a human problem that some areas are depressed and it becomes a political problem if fortunes are very different. It is one of the oldest ideas in politics that kings and governments should support the economy and take action for the poorer parts. But how? Are there workable ways to spread economic activity to new areas?

In our times a secondary problem has become pressing: if governments already do a lot of things, can they be more coordinated to be more efficient? Can we learn by comparing the policy mixes across countries? It should be noted that there is a political process involved in selecting the issues that make it to the national agenda. Part of the political struggle is to define – or frame – the debate around one's own perspective.

In this field there are two main perspectives, whether policies should focus on the weak and the redistribution of resources from strong to weak regions or if it should be a general policy of development for all regions, weak or strong. Put differently, all regions need to develop but the weak regions have to develop more. The strong suffer from other kinds of problems such as congestion of traffic.

Disparities in the twelve countries

The countries in this study are all advanced industrial countries but they differ in size, whether measured by population or geography. They also differ in specialization and trade patterns. More importantly, they differ in a number of factors which relate to policy, which will be discussed in later chapters. It is tempting to ask if the economic fortunes drive political development or if it is the other way around, that policy and politics shape the workings of the economies.

For an overview, it is reasonable to point to the great similarities of the twelve nations. All countries have economically weak and strong regions which can be divided into three groups for simplicity, the resource-based economies, economies based on old industrial strengths and economies where new "industries" are booming.[7] The three categories overlap and some regions have all three kinds of economies in various portions. The most interesting question is why some regions transform their economies more easily than others.

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[7] More detailed analyses can be found in Beer, Maude & Pritchard (2003) and Savoie (2006).

Several countries have large wilderness areas which are little industrialized and depend on the extraction of natural resources. This is true for the northern European countries of Sweden, Norway and Finland, as well as for the non-European countries of Australia, New Zealand, Canada and the US. In Finland, Norway and Sweden, it is the Northern provinces which are rich in resources (forests, hydropower and minerals) but sparsely populated. Norway is a special case with its vast wealth from North Sea oil. Canada is rich in oil too, while Australia has mining resources. The US and New Zealand have wilderness areas too.

The resource-based economies are highly dependent on world market prices for their resources. Agriculture and fishing struggle to remain competitive through the upgrading of products and production processes. In some cases, more exclusive farming can be a viable strategy. In other areas, it has been difficult to transform the economy. Tourism is a rising industry in many of these parts of the world. Rural areas often lack infrastructure such as transportation and telecommunications to develop.

A general problem for the resource-based areas is to diversify the economies. Dependence on a few markets makes them highly vulnerable. A more fundamental problem for economic development is the lack of people in vast areas of these countries. Cluster theories are about dense relations, taking advantage of volume and integration, but many rural areas are wildernesses with declining populations, sometimes never industrialized.

A second pattern is where regions are more or less stuck in old structures. New industries rise and trade patterns change. Some of the most difficult problems are in what is referred to in the US as the rust belt, old industries which haven't been able to keep up with world market competition. This is a pattern which is expected to repeat itself with globalization.

One way to deal with the pressures is to close the borders, but protection faces the risks of making firms lazy and shift the costs to the consumers. Australia and New Zeeland opened their borders about twenty years ago, to shift from a closed to an open economy. Free trade has generally increased through integration under the North American Free Trade Agreement, Nafta, and the European Union, EU, as well as trough the World Trade Organiztion. Australia and New Zeeland compete with Singapore and other South-East Asian countries, especially over the location of international companies.

A third pattern consists of the successfully transformed regions which are strong in new and high tech industries. They have generally been strong for a long time and have managed to grow new industries which have come to take over the lead position. Very few regions have entered this group of rich regions, which has led some to conclude that it is almost impossible (Hilpert 2003).

It is too much of a simplification to say that the four strongest nations are entirely in this category. The American economy is of course strong but contains an interesting variety of fortunes. France, Germany and the UK are fairly similar in terms of size and geographic location, but their policies and economies are interestingly different. Some would even argue that the differences in policy have produced the differences in economic structure rather than the other way around (Hall & Soskice 2001). The big three in Europe and the US are strong enough to act in isolation. This is most obviously the case with the US, which can take the position that regional fates balance each other, so that there is always somewhere to move for citizens who are hit by unemployment.

The Netherlands is a special case in this simplified overview, where one fundamental aspect is that its economy is very much integrated with its larger neighbors.

To summarize this very short overview, all twelve countries have to deal with economies of all three kinds. The problems differ in magnitude, but all governments have to be concerned with strategies to support the different kinds of economy. This is a very fundamental perspective on economic development and it is not always present in national contexts.

To simplify further, the weak regions are basically stuck with an economic structure which isn't competitive, because it is based on agriculture or old industries ("rust belt"). They may also be sparsely populated and out of reach of the theories on regional networking etc. The fundamental choice for the weak regions, as well as for weak nations, is to compete on cost or quality. Individual firms may be in another situation, but it doesn't change the general situation.

Competition on cost is difficult, especially in a global perspective, as it implies low salaries or high productivity. The focus on quality is to go the other way, to focus on segments where customers are willing to pay for a superior product. The standard prescription is to increase R&D to raise the knowledge content of products and processes. It can lead to unique niches, a first-mover advantage, or a higher productivity, which creates a cost advantage. The equivalent in non-industrial industries would be to move to more exclusive niches with a higher value added, such as wine or organic agriculture or wildlife tourism and unique "manmade" attractions.

The strong regions, on the other hand, compete internationally with each other rather than with their national rivals. There are likely some other barriers for their growth, such as insufficient infrastructure investments or a lack of metropolitan governance structures.

The sensitive issues

The politically sensitive question is how governments should act. They can give some help to each type of region, but with limited resources there has to be a trade-off. It is sensitive as all issues of growth versus distribution. Morally, it seems fair that the strong should take care of the weak, but it isn't all that easy. One reason is that transfers among regions are not the same as transfers among people. Critics say that transfers in regional policy are from the poor people in the rich regions to the rich people in the poor regions. Others say governments should do nothing, that there will be "natural" adjustments to counterbalance the situation.

Support may not be entirely positive for the recipient. Economic theory has identified situations where it is counter-productive, because it makes it easier to take risk ("moral hazard") or because it attracts people who like this risk ("adverse selection"). The risks are relevant for strong as well as for weak regions, though the specifics differ. The first risk would be to make it easier for the weak regions to avoid economic reforms and the other risk would be for the policies to attract more weak regions or people with low business skills. In the language of social science, it would create a “social trap” (a sub-optimal equilibrium) to stay needy.

Support could be positive for the giver, if economies grow, but may not be so. The strong regions may suffer if support to the weak regions means they get fewer resources for urban infrastructure etc. (A zero-sum game.) Less support for the strong regions may reduce their competitive edge on the global arena, which may in turn mean less tax to support the poor regions. Then in turn, the weak regions may suffer if the strong regions can’t support them.

The weak regions will of course suffer from national help to the strong regions in the sense that there will be fewer resources distributed to them in the short run. In the long run they may benefit from the growth of the strong regions, being able to buy their products or afford to support them (implying a plus-sum game between strong and weak regions). One problem is that the long-run and short-run perspectives have different implications. Can the weak regions and their electorate wait for the future benefits? How certain are the benefits that should spill over from the strong regions?

Donald Savoie argues that the situation is worse, that government policies (in Canada) give favors to the wealthy nations by making them the standard for national policies (Savoie 2006). In this perspective, there is a discrimination of the weak regions and actions need to be taken to even out the conditions by strengthening the organizations which work with the problems of the weaker regions.

2.3 Has anyone changed its position?

It is one thing that there are differences in economic strength. It is more interesting to see how fortunes have changed over time. With a slight simplification, there are four general patterns for regions, to remain rich or poor, or to become rich or poor (in relative terms).

	Rich now	Poor now
Start rich	"Islands of innovation"	The rustbelt
Start poor	Silicon Valley, Asian Tigers	Africa

Figure: Four trajectories

All regions of the world have literally started poor, but some have been rich for so long that it is interesting to ask how they have remained rich. They must obviously have spent some resources on transforming themselves.

The term "rust belt" refers to places which were strong during the industrial epoch but have lagged behind. Some places, like Germany's *Ruhrgebiet* have gone down, struggled and slowly turned around. Most placed have faced challenges and have managed to meet them successfully. What did they do?

Some success

Diversification seems to be a key word. The regions that have managed to renew their economies have used some resources to invest in new industries, i.e. high tech. But a more accurate description is probably that there are economic activities in fields that are not dominant in most regions and that under some circumstances they can grow to become strong. It may have to do with factors such as private investment, international collaboration or how closely these industries are to headquarters and strategy making in corporations (Cooke & Morgan 1998).

The other two paths are about taking a leap from backwardness to a growing economy (or not to do so). Much research on developing countries is about factors that explain why some grow but not others. Countries in Africa and Latin America (to simplify) seem trapped in forms of economic organization which are not beneficial for growth. To a large extent politics is exploiting resources rather than nurturing them. One example is the red tape involved in starting businesses in many countries (de Soto 2000).

Some of the most visible success cases are in Asia, starting with Japan, Korea, Taiwan, Hong Kong, Singapore and, most recently, China. They are very different in their economies, but the government has taken a dominant role, together with domestic firms, to offer them protection for a period of time. More recent successes stories are built on an opposite strategy of open borders: India, Ireland and Israel (O'Riain 2004).

Some of the most interesting cases are poor parts of rich countries or entire countries which are now rich. Silicon Valley is the most outstanding example of an agricultural district in the US becoming the leading area in computers within a generation. As many have pointed out, there were large investments in defense-related research that lay a foundation for economic activities (Markusen & Yudken 1992, Bresnahan, Gambardella & Saxenian 2001).

Examples

There are cases which are difficult to assess in terms of success or failure. The state of Georgia (US) is a partial success, with the city of Atlanta in a lead role. Philip Shapira, who is one of the best to make a judgement, concludes that "Georgia has very substantially changed its regional position… On the other hand, …the state is still not a recognized innovation leader" (Shapira 2005:218). He points to the creation of new institutions and organizations as well as the doubling of the population in three decades to explain the uprising of the Georgia economy. The rapid pace of growth has been facilitated by the development of decentralized institutions and public-private partnerships.

In Europe, big resources have been spent by the European Union and the national governments to help the weaker regions. Lena Tsipori has studied the impact on weak regions in Europe and concluded that very few of them have changed their position. The successful cases are mainly the regions that were already leading in the poorer countries and areas that have benefited from tourism. There are few statistical correlations with the traditional instruments for economic growth such as investments in higher education. One reason for the low success rate is the paradox that regions which need economic assistance tend to have low capacity of putting the financial resources to productive use (Tsipori 2005).

On a national level, Spain and Ireland are success cases. Portugal, Greece and southern Italy are more difficult. There are several attempts to understand Ireland as a deliberately created success, but it seems reasonable to point at the importance of timing (or even luck), that the country became a European hub for the American IT-industry. Sean O'Riain argues that it was clever policies which supported an indigenous industry, not based on the American firms (O'Riain 2004).

Even Sweden and other old industrial nations can be explained in terms of certain patterns. Michael Porter argues in a book with Örjan Sölvell and Ivo Zander, that much mechanical industry grew up as a response to the needs of the mining industry. This is how Sweden became successful in hydraulics, elevators and other specialized machinery. The iron ore was in turn a starting point for steel, transport, office automation and IT. In this way much of Sweden's industrial development can be accounted for (Sölvell, Zander & Porter 1991). On the other hand, this is backward-mapping, which doesn't say what choices and uncertainties the actors faced at various stages. The roads not taken are generally not accounted for.

Turned to an advice for weak regions of today, there may be some options which are more feasible in the sense that they build on what is already achieved. Whether those options should be targeted, and how to do it, are different matters.

An alternative research strategy is to look at regional contexts from the perspective of firms or industries, to see what kind of support is provided in the regional context. Colin Crouch et al (2004) compare SME's in three industries in four countries by looking at regions where the industries are relatively strong. In this way they can highlight the regional impact for each of the three industries. The role of the regional context is different for machinery, steel and various kinds of high tech.

If policies seldom start economic growth, they may still be important to maintaining growth. It implies a more nuanced view of state capacity. Furthermore, policies have an impact on the path of the economy. This has captured the attention of Economists such as Douglass North.

2.4 Rival theoretical interpretations

There is a big interest in theories which look at the regional context to find important drivers for the economy. This is in contrast with more traditional theories which either deal with economies in general or identify instruments for nations to use, i.e. the macro economy. A cornerstone in regional economic development policy is the belief that growth has a "regional logic", that the regional context is important for economic processes. Other contexts may be relevant too, such as global business alliances, but the regional context is supposedly more relevant for policy design. Other economists would say that the problems of the economy should be handled on a national or even international scale.

The rival paradigms of economic research coexist and can have their supporters in different parts of the public sector. A Norwegian study described different subgroups in Norwegian growth policy who were proponents of different theories (Step et al 2003).

Growth theory and drivers

Traditional growth theory in the 1950s was based on national growth accounts and tried to identify factors which could explain growth and differences in growth rates. These factors are often turned into suggestions about where to invest public funds. In the most recent version, which was popular in the 90s, the focus was on investments in education ("human capital"). Hence, most governments expanded higher education and only paid secondary notice to the mechanisms of allocation of higher education and how higher education is put to use in society at large, i.e. how higher education and the labor market interact or could be made to interact better.

Another factor of great interest is social capital, the presence of trust in society. It is much more difficult to include in traditional thinking and there are no simple ways to invest in it. One could even say that it grows when it is used. It seems to be an element from a very different type of theory, introduced by more empirically oriented scholars. It's existence is more or less assumed in neoclassical theory and some of the most fascinating works have been done by anthropologists who interpret the meaning of a culture rather than try to measure it (Putnam 1993, Försäkringskassan 2006).

At this level of abstraction, factors such as productivity come into focus, but seldom effectiveness or allocation. Productivity is related to investments in machinery, supplier links and new work processes. Other theories highlight innovations, as the key event where firms renew themselves, but few look at the aggregation of firm change to produce a structural change of the economy and society. The latter implies a wider perspective for policy on such issues such as risks and insurance against unemployment etc.

In its more elaborate form, the abstract theories become a framework of drivers for the economy. British regional development is framed in a model where certain drivers are put in focus as the justification for spending on the regions (HM Treasury, DTI & ODPM 2003 p 3). One of the points of a regional approach is that regional actors can tailor investments to regional and local circumstances.

This approach can be combined with an interest in upholding competition and encouraging entrepreneurship, though they are pragmatic additions to theory, addressing factors which are taken for granted, i.e. assumptions rather than conclusions. This interest has been extended to institutions (rules) in general, which is an area where several disciplines overlap.

Empirical theories look at processes

The interest in the actors and the processes of the economy has been greater within disciplines such as business administration and economic geography. There are many “minority” theorists who have reacted against the abstraction and generality of mainstream Economics to develop more narrow theories which look into the workings of firms and innovation systems. Phil Cooke and Kevin Morgan describe the debate in terms of static and equilibrium-oriented theory versus evolutionary theory. While the first is concerned with “supposedly optimal allocation of resources at a given point in time”, the second is concerned with “how firms and industries mobilize, deploy, and develop their resources over time”. A key point is that “learning is something to be explained rather than assumed” (Cooke &

Morgan 1998:9). Learning and trust seem to share some characteristics, not least that they are taken for granted in the model of the *homo economicus*.

Behind the statement by Cooke and Morgan is a deep methodological divide, whether theory should be constructed deductively or inductively. The two are often mixed without due attention to the difference status of theories in the two paradigms.

Empirically oriented theories pay great attention to firms, what pressures they face and how they react. Firms are distancing themselves from the model of integrating services in a bureaucratic structure. Joint Ventures and alliances have formed a new mode of operations where firms network internationally to gain access to key resources. This means that the bureaucratic structure of "Fordism" is breaking down at a time when the bureaucratic structure of Weberian government is questions within government. To some extent this may reflect a move towards a "networked society".

Furthermore, empirically oriented theorists have noted the importance of organizations as intermediaries between the public actors and the firms. Germany is often used as an example where the economy is organized in a network of business associations, chambers of commerce etc. The key observation in the literature is "institutional thickness", meaning "organizational thickness" (Amin & Thrift 1994). Real world economic relationships are a complex mix of competition and collaboration. Annalee Saxenian illustrated the importance of the regional culture by comparing the computer industries of Silicon Valley and the greater Boston area around "route 128" (Saxenian 1994).

At the other end of economic thinking is the practical wisdom of people in the field, suggesting that policies should be closer to what already works, such as subsidizing spin-offs and small and medium-sized enterprises, SME's, from multinational companies, MNC's, and universities. They would also argue that resources should be added where bottlenecks are perceived, which is often in high risk capital. Practitioners seldom ask why there are needs for new policies or if other policies have side-effects, such as making banks take fewer risk.

Most empirical research is designed to use countries as data points for general theory rather than to look for variety. A different approach is in the literature on "Varieties of Capitalism", where typologies are constructed to find patterns in real world economies. It is a methodology which is close to comparative case studies with its ambition to lift empirical data just slightly above the cases at hand, treating it as an instance of something general. The construction of typologies is a common methodology among empirically oriented social scientist.

The Varieties of Capitalism has come up with some interesting observations on real world economies (Hall & Soskice 2001). Germany and the US have very different patterns of economic specialization, where Germany is strong in manufacturing and the US in high-tech (to simplify). One debate is about the causal links, if specialization is the consequence of big differences in rules (institutions) or if it is the cause of those institutional differences. Specialization is highly relevant in a discussion of regions since it is a foundation for competitiveness, but also vulnerability.

Most social sciences are designed to explain what has happened rather than forecast what will happen. Scenarios and SWOT-analyses can help actors understand what to do. Cross-country comparisons are particularly useful in identifying components that are weak or lacking in a country. To get a perspective on what to do, it is helpful to see how countries differ. The previously mentioned literature on varieties of capitalism is about such differences. It is not enough to discuss what countries do, but what they could do. One example is to compare the situation of biotech in Europe and the US. In an international perspective, the lack of capital becomes obvious. A comparison of European countries would not bring this up.

Theorizing the regional impact

A number of theoretical advances point to the importance of a regional context for the economy. A central concept is the idea of regional untraded interdependencies by Michael Storper, pointing to the importance of relations that go beyond market relationships, especially in regions (Storper1995). Synergies, agglomerations and spillovers are other terms used. Michael Porter coined the term cluster to illustrate interconnections between firms, but it is merely an extension of the classic idea of a business district by Alfred Marshall (Porter 1990). The concept explains why similar firms group together: they can share common resources and they can learn from each other. Paul Krugman extended neoclassical economics to account for regional factors (Krugman 1991) Much of the literature is however developed in opposition to Economics, especially its deductive methodology. The cluster concept is often turned around into a strategy for the creation of clusters, which is more complicated (Bresnahan, Gambardella & Saxenian 2001).

Empirically oriented economists point to regions such as Emilia-Romagna (Italy) and Taiwan as examples of regional networking among small and medium-sized enterprises, SME's. Phil Cooke and Kevin Morgan point to the associational capacity of the firm, to make connections internally and externally to get hold of important information (Cooke & Morgan 1998). Regions become a reasonable context, but not the only one.

In the 90s several studies noted the low level of networking among SME's in their countries, e.g. Denmark, Sweden and New Zealand. There was a concern that the small companies suffered from a lack of relationships to other firms. Interestingly, this lead to partnership programs for firms in Denmark and New Zealand, but not in Sweden, where partnership became a principle of how to integrate policies rather than firms. There was only a very weak tradition in Sweden of policies to interfere with business strategies, which could explain why the concept of partnership took another direction.

Institutions and governance

Lastly, policy itself has been emphasized in terms of "institutions". Rules and norms define the context for the economic actors and the most important of these are created by political means. Policies have explicit goals but they also have unintended effects which need to be studied at the individual level, for example in terms of the incentives for an individual who is unemployed or has an idea for a new business: is it worth the effort to invest time and money to develop skills or start a company and hire someone else?

The institutional frameworks mold the economies and push them into certain paths. The design of the public sector is not an exogenous variable but rather an integrated part of the design of specific markets. It doesn't come in after problems have been identified. Rather it is part of the creation of those problems. This is not to say that the problems would disappear if the government did, but rather that policy and politics are very important factors in explaining why economies differ nationally. The reason why Germany and the US have different problems, has very much to do with paths and the design of government policy. Hence, the management of these policies is an important variable. The concept of path dependence points this way.

The design of "institutions" and "governance" will be discussed in the following chapter. For example, countries can be divided into groups, based on patterns of regulation across issues. Bruno Amable and others in "Varieties of Capitalism" identify six groups of countries by their national policies ("institutions"). One important difference among countries for economic development is the pattern of public-private integration. Germany has a tradition of firm level integration while the UK and France do not. The Scandinavian countries had a different kind of corporatism.

Ulrich Hilpert argues that federal Germany is much stronger than centralized France in the greater number of regional hubs for economic development (Hilpert 2003). The concentration of wealth to the capital is much greater in France than in Germany.

The relationships between center and periphery vary greatly. Some countries are federal while other countries have strong local governments. Some have neither. The disintegration of the UK is an interesting policy response, which moves the UK in a German direction. To some, Germany is a role model for France and the UK. These are issues to be dealt with later.

The fragmentation and attempts to integrate should be serious concerns for Varieties of Capitalism too. Governments send conflicting signals through their various policies. Some signals may be dominant and even create coherence, but other perspectives are often present. Especially for SME's and individuals it is relevant to look at the massive amount of signals that are given. The efforts by the governments to integrate policies will change some of the signals. At the same time, the reactions of the recipients will influence how policies are coordinated. There are no studies that link public management directly to the workings of the economy but there is a relevant literature on state capacity, which deals with the strength of government intervention (Painter & Pierre 2005). It is generally not something that Economists are concerned with.

What can governments do?

This outlook is restricted to problems and theories. The real world of politics brings another dimension to the analysis, which I'm not taking into account. As Hugh Heclo has argued, successful industrial policy may require steering between policies that are sound politics but questionable economics and those that are sound economics but questionable politics (Heclo 1986, quoted in Krauss & Pierre 1993:152).

If one looks at the overwhelming amount of research into regional development issues, the implication is that policy development should be open-minded and with an ambition to learn from others' experiences. At the national stage, there is a need for broad analysis which looks at all relevant policies to include side-effects on growth. One way to increase the scope of factors while reducing the complexity is to look for patterns. Comparative case studies are the methodological tool which is closest to real world policymaking. Pure economics may produce relevant theories but they tend to be on a too high level of abstraction.

Policy makers would likely find more useful information if they engaged in comparison of real world nations and regions. Advice should build on the unique context of each region (path dependence) but could see itself in relation to other regions with similar and different contexts. The European so called Open Method of Coordination could be an exercise in comparative analysis if it was influenced by comparative policy analysis like the Varieties of Capitalism perspective.

This methodological position is close to some recent thinking by evolutionary economists who emphasize the importance of learning. Dutch geographer Ron Boschma is an exponent of such a standpoint. The evolutionary perspective starts with the uncertainty facing policy makers which makes it impossible to optimize the way a fully informed actor is assumed to do. Instead, policy is a matter of trial-and-error in a local ("localized") context (Boschma 2005:262). This has two implications. First, it is essential to build trust to enhance inter-organizational learning (primarily product development) in the region. This helps exploit the potentials of the present economy. The other implication is to balance this with measures to introduce new trajectories, i.e. to avoid being captured by the interests of the old technologies. Some diversity is needed and could be provided by national intervention in the regions.

The two implications are of course contradictory and leaves very difficult trade-offs to politicians. Nevertheless, it is an improvement over the present situation in many parts of the world where there is a belief in new universities as the salvation for economic distress, as if it could start something entirely new, without links to the actors of the old economy. The opposite danger, of neglecting the importance of education and training or R&D is easier to correct by interventions from the outside.

Boschma notes, along the lines of the literature on Varieties of Capitalism, that the institutional structure of liberal market economies like the US is more open to structural change than the so-called coordinated market economy of Germany (ibid, 267). The final dilemma is then, that a rich network of relations such as in Germany, is beneficial in terms of steady improvements and long-term exploitation of resources and strong relationships, while a more market-like institutional structure offers quick changes when conditions change. And there is no winner yet. The American "hare" moved quickly into biotech and ICT, but the German "tortoise" is alive and well too (especially bearing in mind the enormous cost of reunification of East and West Germany). These and other countries may find it useful to dig deeper into the workings of policies to understand what works or not.

2.5 Are there significant differences between countries?

It is important for the discussion of causality to estimate how big the differences between the countries are and how important these differences are. Needless to say, there are differences in terms of size and industrial traditions etc. Bigger countries can probably handle internal disparities in another way than small countries can. Nevertheless, it seems fair to conclude that the economies are similar enough to say that it is probably not in the problems themselves that the most interesting differences between countries will be found, at least not in a selection of twelve fairly strong, industrialized countries.

I also mentioned the importance of the national political debates which frames the discussion on certain issues. It is not just the economy in itself which is important but the public perception of strengths and weaknesses etc. This touches upon one of the most interesting differences between the countries, how politicians react on these issues and whether regional development becomes an important issue in national contexts. This opens a new line of questions which lie beyond the scope of this report. Some issues will be covered in the subsequent chapters which are evidence of political action, but the report will not study the political processes themselves.

3 Bundles of policies for growth

The problem of supporting regional economic growth is not just very difficult, but also a field where lots of policies have an impact. Governments operate a number of programs designed to support individuals, firms and regions, as well as programs with more or less contradictory ambitions, such as environmental protection. Policies are often layered on top of each other.

Regional development policy is an area which is difficult, but where national governments need to show an interest. Vagueness and symbolism are inherent. One would expect to find fancy declarations of ambition coupled with limited instruments to achieve the desired ends. Critics even claim that regional development programs aren't always designed to be successful. They are in one view "palliatives…entertained for political consumption rather than for substantial outcomes" (Wanna & Withers 2000:85, quoted in Brown 2006:5).

In a comparative perspective, the difference between rhetoric and reality is a problem. Governments may do more than they want to admit or vice versa. National ambitions or visions are documents which need to be taken with a grain of salt and put in relation to what is actually done to fulfill them. They are mainly interesting in a perspective of understanding the national political debates, which is beyond the scope of this report.

It should also be pointed out that the perspectives of the national government and the regional actors aren't necessarily the same. Actors at the operative level most likely have to do something, whether it works or not. If they want to change the rules of the game they need to influence the national government. Their game may also be about politics and getting hold of other actors' resources or to avoid blame for failure.

The national government to some extent addresses the same question, but more importantly it has to ask the strategic question of how to define the rules of the game: who should do what and how to assure that relevant instruments are used. The strategic question is more abstract and academic. It is likely part of a political agenda and a need for the government to distinguish itself from the opposition.

I will comment on the fragmented set-up of the policies that are relevant from the perspective of regional economic development, but the instruments governments can use to encourage intergovernmental cooperation will not be discussed. This will be done in chapter five after having discussed the factors which cause fragmentation in the next chapter.

3.1 Policies with an effect on economic growth

Regional economic development is an increasingly important concern of all nations. What were originally marginal policies to support weaker regions have become prime instruments for economic growth. This is the somewhat paradoxical consequence of a shift in macro economic thinking where national governments have imposed restrictions on themselves through international agreements such as WTO, Nafta and the EU. When macroeconomic tools such as devaluation are no longer available to support indigenous industries, the focus has generally shifted to instruments to support developments at the micro level. This has lead to a renewed interest in the interactions within a regional context, larger than cities and smaller than nations. As was touched upon in the previous chapter, growth has acquired something of a regional logic.

Strategies

A first question is if there are any explicit strategies, any bald plans about what governments should do, similar to the concepts produced by regional economists and others, touched upon in the previous chapter. There seems to be a linking of growth thinking to the dominant perspectives in macroeconomic policy. The idea of creating growth poles coincided with Keynesianism. Under monetarism theories of endogenous growth were popular, implying investments in education and training. The recent focus on innovation systems coexists with an interest in networking and partnerships as ways to interact across organizational boundaries, in firms as well as in government.

An American panel in 1996 suggested that the federal economic development policies should focus on three specific roles where it can make an impact in relation to other policies and market forces. The three roles were “learning, leveraging and linking”, i.e. to enhance learning about what works, provide incentives for states, regions and communities to go beyond highly visible projects in prosperous areas to focus on long-term strategies and distressed areas, and some consolidation and coordination. “The panel recognized that the leadership in assembling these…resources should stay at the state, regional, and local level. No federal “Marshall Plan” is feasible to chart a single federal strategy” (Thornburgh 1998, NAPA 1996).

The suggestion by the panel forms something of a meta-strategy, a recommendation on how to look at the totality of policies in this field. A different kind of meta-analysis is to look at the consistency of what governments do. Bjarne Lindström has looked at Swedish policies this way, pointing out the tensions inherent in lumping together general ambitions of growth with the more specific ambitions of regional development, especially when strategies, instruments and organization of the implementation are riddled with confusion (Lindström 2005). Growth and regional development may be compatible or even necessary to link, but both make strong demands for consistency across other policy areas.

Policies and programs

Governments operate a number of programs which are relevant to support the regions but they also run programs which interfere with growth and development. To some extent, this is as it should be, since economic growth and development are not the only concerns of modern societies. A problem arises if there are few mechanisms to deal with conflicts and overlaps. It is even worse when the instruments to support growth are interdependent and yet separated in many hands. The result is a mess of overlapping and contradictory programs.

The relevant policies can be divided into four broad categories. There are some policies for depressed regions, some policies to explicitly support growth, some policies for other purposes which are nevertheless very important for growth and, lastly, some policies on the operation of the public sector itself may also be relevant to consider.

In a comparison it is of course interesting to dig deeper to see if the mixes of policies are the same in all countries. This could easily turn into a very complicated exercise in trying to understand government bookkeeping. This report will settle for a more broad-brush overview of policies which are close to the portfolios of regional development and industry development. Then it will be indicated what other policies may be relevant in more general areas such as higher education, R&D, labor, agriculture, environment, infrastructure and so on.

Policies close to regional economic development

Governments usually have ministers for regional development which hold some core instruments in their hands, such as special programs for targeted areas and individuals. They also have programs to support regional leaders in their analysis of the regional economies and in their development of leadership and collaboration. Furthermore, there are often designated organizations for the rural and economically weak parts of the countries.

The targeted programs are, with some simplification, special cases of general economic development programs (below). They often provide support for small businesses for earmarked categories such as the unemployed or the more rural communities. Programs can also be designed to diversify the economic structure of rustbelt areas, which have been locked into niches that are not developing and/or facing competition from low-cost countries. The more general programs for economic development tend to be in place everywhere. All governments have some sort of support for business start-ups.

The bigger category of general instruments to support economic growth is quite diverse. There are several overviews of what is done in different countries, with perhaps the greatest diversity in the US (NGA 2006, Bartik 2003, Drabenstott 2005, Agranoff & McGuire 2003:130).

There are also several strategies of how policies need to change, such as “Innovate America” by The Council on Competitiveness (2004), “Rising above the storm” by The National Academy of Science and others (2006) and the strategies presented in conjunction with the New Economy Index by the Progressive Policy Institute (2002).

Peter K Eisinger presented a thorough overview of the policies carried out at the state level in the US in the mid 80s (Eisinger 1988). It was a very long list which could be divided into direct and indirect support for firms (supply-side and demand-side, in Eisinger’s vocabulary). Policies are often described in terms of generations of support, where the first generation supported the firms directly through subsidies for the local business climate, site development, tax-breaks and venture capital. The second generation supported key resources for the firms, such as high tech investments and export promotion.

Since then, there is talk about a third generation of support. Some say it’s about operating through private organizations (Eisinger 1995, Radin et al 1996:60). It could also be about building relationships and the networking capability of SME’s (Blakely & Bradshaw 2002, Eberts 2005). The support for clusters, innovation systems and partnerships are often described as “relational” policies.

In an overview, Philip Shapira describes some very recent regional development strategies by the US states, with examples from Georgia. The strategies tend to emphasize regional innovation systems and the development of local innovation demand and capabilities. They are highly decentralized and commonly implemented through collaborative arrangements. In addition, there are industrial modernization programs. The states put an emphasis on planning and development of regional innovation capabilities, as well as on learning, benchmarking, and discursive comparison (Shapira 2005). The brief overview indicates that recent thinking is influenced by the evolutionary perspective mentioned in the last chapter and that policies aim to support the building of capabilities and relationships.

More general policies

A number of other policies are designed to support different aspects of economic processes. Most governments support research and development (R&D) in universities, institutes and even in private firms. Institutes for applied research are seen as a key instrument to upgrade small and medium-sized enterprises, SME's. Traditional sectors like agriculture often have their own, publicly funded universities. Some institutes provide development services such as design, marketing, export promotion or even management skills. Recently, there has been a focus on networking skills and helping SME's set up networks where they can pool resources and learn from a common source, often jointly owned. Technology parks are thought to be such places where many SME's can bundle up with other resources.

Cluster support is a special case of identifying and growing interrelated services for particular sectors or areas of the economy. It quickly became a concept for the support of SME's, which may have to do with it being a solution to the problem (from the government's point of view) of giving support without giving it to particular companies. Tariffs and trade policies can have the same effect of targeting support – or hide it, as critic would say.

A major issue in firm development is the supply of capital, where most governments run programs to take higher risks than banks and private venture capital do. More general "support services" for the firms by the public sector are a patent office, legal services etc.

An important input to firms is "human capital", i.e. skilled workforce. Programs for skills development and training are also a means to support individuals directly, to balance firms' demand with workers' supply. Putting the money in education can lead to new businesses and, eventually, a changing industrial structure. All countries subsidize education, including higher education. Skills development for adults is important in many countries. Skills and training are seen as tools for many purposes, from economic growth to helping people deal with incapacity.

This is an area where several governments have taken initiatives to join-up policies. In the US, a commission suggested that skills development (Workforce Investment) should be merged with programs for community development (Strengthening America's Communities Advisory Committee 2005). A Canadian initiative was to align skills development with innovation policy, asking Industry Canada (the ministry for industrial development) to work with what was then Human Resources Development Canada (the ministry for skills development), arguing that "An innovation agenda…also needed to be a skills and learning agenda" (Bakvis & Juillet 2004a). In the end, the attempt didn't succeed since there were two separate documents produced by the ministries, though published in the same folder (ibid).

Transport is a further important instrument for people as well as for firms. Infrastructure is often provided by the public sector but there is variety. Public-private partnerships are increasingly seen as a way to fund major investments. Transportation is important to merge small local labor market areas to larger areas with a more diversified labor market. Hence, infrastructure reduces unemployment.

Other issues

Another kind of policy is the special case where the public sector is purchaser of services from the private sector. Innovation systems can be based on public utilities which invest vast sums in areas such as telecommunications without a need for short-term profit. Public organizations can stimulate new markets, by procurement or even by providing certain services for free. Public records could contain interesting information, as when real estate agents can access information on objects sold in an area. Specialized companies can sell this information in forms that are easily accessible, to take an example from Sweden. Many of these cases are tricky since they involve trade-offs with monopoly power, which itself is a reduction of the market.

There are a number of regulatory issues which are relevant to address if one wants to study drivers and barriers for economic growth. In Europe there is an intense debate on "flexicurity", whether employment protection should be reduced and training increased, "security" by flexibility rather than by permanent positions. This point touches upon the issue of contradictory policies which slow down growth. In addition to labor law, important regulation has to do with product markets and corporate governance. Environmental protection is another general area which sets restrictions for firms but sometimes also gives them incentives to market new products.

Furthermore, regulation is in its pure form a different category from subsidizing firms or running organizations to provide services. A full overview of what governments do to support economic growth needs to look into all kinds of policy instruments. There is also an element of trade-off, where governments can balance tools against each other. In a comparative perspective, this raises the question if governments do similar things and, if not, what makes them put the emphasis differently.

Place-based and people-based policies

The overwhelming amount of relevant policies makes it necessary to introduce further distinctions to describe the strategic options. One such fundamental division is between policies which are primarily for a place (a territory such as a region) and those which are for people or firms generally. This is one way to discuss at which level issues belong most rationally, at the regional or the national arena. Mark Drabenstott makes a similar distinction in terms of regional development programs versus broad-based programs (Drabenstott 2005:10).

The point is that some problems are better treated in a national perspective, for reasons of efficiency or moral principles, e.g. that taxes should be the same or that welfare rights should be the same. In other words, there are two issues involved, an issue of principles and an issue of expediency. The first is about what is reasonable from the perspective of overriding principles of welfare etc. and what people expect, i.e. find legitimate. The second is about synergies and other forms of efficiency, how it works best in an internal sense.

This conflict is difficult to solve. In this context it is more interesting that there are different views on what is appropriate, for example in a difficult case as active labor market policies. The argument about uniform welfare services is very prominent in countries like Sweden and the UK and citizens complain about different services across the country, even in a context dependent policy area like this, where support by definition must be tailored to the individual as well as the labor market needs. In federal countries like Germany and Canada the idea of a national service isn't quite as strong. Some argue that "subnational governments have a comparative advantage over national ones in developmental policy domains, and hence that responsibilities in the active labor market field will (and should) move to the subnational level…" (Eberlein & Schneider 2006:9).

Furthermore, German federalism means that the states can place their emphasis on different kinds of policies. Wilfried Swinden notes that "the Southern German regions have channeled a substantial share of their resources into structural and regional economic development programmes. Such programmes would eventually pay off in higher regional employment, so they argued. By comparison, all of the Eastern regions as well as Bremen, North-Rhine Westphalia and Hamburg spent relatively more money on vocational training programmes or on alternative measures for integrating the longterm unemployed in the labor market. They hoped that such measures would pay off under the form of more structural and economic development" (Swinden 2006:234).

The German case illustrates what is sometimes called laboratory federalism, that several policies can be tried in parallel, which creates an opportunity for learning. A warning, though, is that it is very complicated to draw lessons. It is one thing to look for different effects, a very different thing to explain them.

Politics or markets?

A second dimension where policies differ is how they are implemented. Even if most policies are intended to be market-supporting, they differ in how they do it. A large part of the policies described above are services provided by public sector organizations, ranging from R&D and skills development to capital and patents. Most of these can in theory be provided by private contractors even if they are funded by the public sector. Looking across countries, there is a great variety in what is produced publicly or not. More principally, there are many arguments for a public role in economic development, but most of them only indicate that there is a need for certain services, not how they should be provided.

This issue may seem overly political, but is very relevant from a public management perspective. Before one can design the steering and evaluation of public sector organizations, one should reflect on how the services are best provided. There may be other instruments which shift the initiative to the recipients and reduce the risks of capture or moral hazard. One example is the use of tax-breaks rather than subsidized services in R&D. Another example is to fund skills development to the producers or the consumers, through vouchers, accounts or tax-breaks.

The two dimensions can be combined to four options. Some policies are either people-based or place-based, while some can be both. In both cases, they can make more or less use of market-like providers, making a total of four combinations in the following table.

	People-based	**Place-based**
More politics, less market	National training programs and R&D funding	Regional training programs and R&D initiatives
More market, less politics	Tax deductions for education and R&D	Experiments?

Figure: Four policy options

The two dimensions capture some fundamental options and could be used to classify countries, how they design policies in certain areas. The report will not go through all policies in all countries though that would be relevant from a public management perspective. It will take two shortcuts. One is to make use of national debates about messiness. The other is to make use of the classifications in "Varieties of Capitalism", which is intended to describe some major dimensions in how policies differ across nations.

3.2 Country profiles

It is difficult to compare policies across countries. A rough estimate of profiles would be to look at the spending on programs, organizations or more general areas in the national budgets. But programs are likely to differ in important respects if they are tailored to the needs of the particular country. There is also a need to account for policies at regional and local levels and how they relate to national policies. For example, Peter Eisinger notes that the states in the US do many things which the national (federal) government doesn't do (Eisinger 1988:4ff).

There are vast literatures for each policy area, trying to account for differences in purpose, design, spending etc. "Comparative public policy" is an academic sub-field where policies are compared across countries to understand differences and similarities, often with an ambition to explain why countries ended up differently. Most of this literature is focused on various aspects of welfare policy (Dierkes, Weiler & Antal 1987, Heidenheimer, Heclo & Adams 1990).

It is even more complex to account for the use of different tools to reach economic development. Some of the best attempts are within the previously mentioned literature known as Varieties of Capitalism, where patterns of policy are discussed. The ambition in this line of research is to describe and explain how the designs of different policies interact and how that in turn affects the economy.

Bruno Amable has conducted one of the most ambitious surveys, where he classifies five categories of policies which are important for the economy (Amable 2003). The five are product market regulation, employment regulation, financial regulation, social protection and employment regulation. He places countries in categories for each of the five areas and then argues that they are interrelated, which is a central point in Varieties of Capitalism. His conclusion is that countries cluster in six different groups or models ("varieties") where the policies in the five areas are consistent with each other.

Policy choices are in one sense restricted to conform to these "paths". The basic point is that it would be irrational to deviate from these patterns. Amable's typology is an interesting example of how to conduct a comparative study and is worth looking closer at.

Type of Capitalism	Product markets	Labor markets	Finance	Welfare	Education
1. Market-based	Deregulated	Flexibility	Markets	Liberal	Competitive
2. Asian	Governed competition	Regulated	Bank-based	Low levels of protection	Private
3. Continental	Mildly regulated	Coordinated	Financial institutions	Corporatist	Public
4. Social-democratic	Regulated	Regulated	Bank-based	Universalist	Public
5. Mediterranean	Regulated	Regulated	Bank-based	Limited Welfare-state	Weak

Figure: Main characteristics of Amable's five models of capitalism (Amable 2003:174f)

This shortened version of Amable's two-page table indicates how difficult it is to make distinct categories and then form distinct models. It takes Amable several chapters to develop the ideas which are only indicated here. There are several difficult steps in his argument but it has some intuitive appeal and seems to explain why countries are so different in economic policies.

Interestingly, Amable covers all the countries of this study, except New Zealand. The remaining fall into three of his groups: the market-based (Australia, Canada, UK and US), the continental (Netherlands, Norway, Germany, France) and the Social-democratic (Denmark, Finland, Sweden). Some of this is surprising since France and Germany are thought to be very different in their economic policies. Also, the separation of Norway from the other Nordic countries seems odd, even bearing in mind how different the four northern European countries really are.

If we take Amable and this literature seriously, we would expect countries to be locked-in into these patterns and that they restrict the range of feasible options in each field. If policies are borrowed from other groups of countries, one would expect them to be similar in name but not in content and how they work. This theme can be found in the literature on the administrative reforms of the last two decades (e.g. Pollitt & Bouckaert 2000), though a common belief is that the big division is between countries with Anglo-Saxon and continental European traditions.

The division into three groups (plus the Asian group) captures some intuitive truths about state-society relationships, where the Anglo-Saxon group has lower levels of state intervention than the other two, which differ in terms of the involvement of organized interests (though not all countries fit the pattern). Put differently, Amable's exercise is an attempt to test a common assumption of which countries are similar and he managed to come up with some surprises. In the analysis of policies for economic development, it makes the basic point that there are a few main strategies to consider.

A more pressing question is how the typology of policies relates to coordination. If patterns are clear and stable, one would expect very different ways to deal with complexity for the three groups. Put more strongly, the hypothesis is that patterns of policy dictate ways to integrate them. And yet, it seems more reasonable to think that coordination has more to do with constitutional boundaries. This indicates a need to understand the formal boundaries of each country, the factors that cause fragmentation. Such boundaries influence policies as well as coordination and may be important underneath the patterns observed by Amable. The dimension of constitutional fragmentation is almost a missing link in the typology.

National profiles

A less ambitious way to highlight differences among the twelve countries is to look for countries which illustrate pure strategies. All countries mix elements of strategies, and there are advocates of all sorts of strategies in all countries. Nevertheless, if we want to learn from others, a starting point is to look for countries which stand out along the fundamental dimensions discussed above.

The most fundamental issue is the level of ambition, to what extent governments should be involved with regional economic development at all. It is of course very difficult to compare countries in a fair way since they do different things. Neither critics nor governments themselves can be expected to tell the whole truth.

An interesting case is Australia, which is where the official strategy contains the most reservations about the role of the central government in regional development. Its position – similar to many other countries – is that a sound macro economy is the best guarantee for economic development. It is a brave document in the sense that it would be much easier for a reluctant government to set high ambitions without any attempt to fulfill them. In other words, more positive documents by other governments don't proove that their ambitions are really higher.

A statement in the government's main policy document emphasizes the limits to federal government (Commonwealth) involvement: "It needs to be crystal clear that where it is decided that change is required in the national or common interest, then the broader community must share the burden of those changes…The Government looks to communities themselves to identify and work to realise the potential of their regions" (Commonwealth of Australia 2001:3) The text goes on to say that "the Government will support them by providing the right environment for economic growth – and the right building blocks. This includes transport and telecommunications infrastructure, education, health and other essential services and quality information" (ibid).

The policy document was followed in 2003 by an action plan for regional business growth, which is interesting, among other things, for its lengthy discussion of challenges and barriers to small business growth in the non-metropolitan parts of Australia. The panel argued that "…government is one of the most important barriers to regional business growth", pointing at "government procedures, regulation and legislation", but also the incoherence of the federal system (Commonwealth of Australia 2003:5). Again, it emphasized the limited role of the Commonwealth: "Governments can best help regions by helping them help themselves…regional economic development is a 'do-it-yourself' process…" (ibid, 16). The government's role is to put in place a framework that addresses "the long-term directions for…industry and regions, the role and responsibilities of government and other economic agents" together with "strategic architecture that enables firms to be responsive…capturing or creating opportunities for new business development" (ibid).

Another indiciation that Australia has a restricted ambition is that critics have noted that “one feature that differentiates Australian regional development organisations from those in the UK and the US is their relative lack of involvement in property development, labour market training, and job placement services” (Beer et al 2005:55). In a survey conducted by the same authors, the Australians complained about being project driven and micromanaged, rather than strategy-led and empowered (ibid).

Andrew Beer and his co-authors point to a policy dilemma, an internal contradiction in Australian policies: “Regional development agencies in Australia are in many ways a product of neoliberalism, because they represent one way in which governments can be seen as responding to local or regional agitation for assistance without incurring significant costs. Yet regional development bodies are also a victim of neoliberalist thinking, since this thinking denies them the resources and powers that they need to be more successful in their work” (Beer et al 2005:57). For an overview of the Australian debate, see Maude (2004).

A tentative classification

Going back to the typology introduced earlier, there are two basic dimensions. The first is the role of markets versus politics. The other is a focus on places or people. Both dimensions are difficult to define in terms of where to draw the boundaries, if it should be absolute rather than relative differences. They are also difficult to measure since they depend on aggregate measures from many fields. The work by Amable illustrates how difficult it is to measure accurately across nations.

The balance of markets and politics has to do with ambition, as in the discussion on Australia above, but it also has to do with delivery of publicly funded services. If funds for skills development are distributed to prospective students rather than to public schools, there is a higher level of market-like instruments. The tricky thing is to make a balanced judgment, if politics is highly involved but operates with market-like instruments or vice versa. Indicators of reliance on markets would be private funding or the use of tax-breaks and/or vouchers for essential services such as R&D or education and training. These can of course differ from issue to issue, but it seems reasonable to say that there is a difference between Australia, Canada and the US (more market) and the others (more politics).

The other dimension is about the balance of place-based and people-based policies. Here, a proxy can be if there are integrated organizations like the regional development agencies which have an integrating role. A problem is that even where they exist they tend to be weak. It is also difficult to classify the federal countries: are they by definition place-based? Bearing this in mind, some countries have a longer track-record in working with RDA's, which would place them in a category of leaders. In Europe, Germany and the UK have a bit more of the place-based elements. In the rest of the world, the US and Canada have similar elements. These very tentative distinctions would place countries in four groups.

	More people-based	**More place-based**
More politics, less market	Denmark, Finland, France, Norway, Netherlands, Sweden	Germany, UK
More market, less politics	Australia, New Zealand	US, Canada

Figure: Four profiles

It is of course too difficult to say which types of policies work the best. Here, the concern is with the lack of coordination, such as when place-based and people-based policies operate in the same area with similar instruments. It may be that either works best as a pure principle and that the mix is worse than both. Fragmentation is a problem for government to the extent it means that resources are wasted. But integration is costly too, which means that there is a trade-off.

There is a great interest in Economics in understanding if the policies work. While this is a much too complicated question to answer, it is important that political actors have an ambition to move towards better policies. It is notoriously difficult for governments to design instruments without unwanted side-effects such as rent-seeking or deadweight.

3.3 Contradictory and uncoordinated policies

There are lots of studies of instruments for regional development but few overviews of what governments do in total and how they relate to each other. Two examples will be used here. One is an overview of all relevant national (federal) programs in the US and the other is an overview of interlinks within the Norwegian national budget.

The American "mess"

Mark Drabenstott at the Federal Reserve Bank of Kansas City has made an overview of the spending by the federal government which affects regional development (Drabenstott 2005). He makes the point that most of the spending is made for other purposes but has important effects on regional development (ibid, p11). "The federal government's 180 economic development programs suggest a very diffuse economic development policy. The programs are found in virtually every corner of the government… No single department or agency oversees the entire effort. In fact, many departments engage in very similar activities. /…/ Simply put, federal economic development policy is a soup concocted by many chefs" (ibid, p 7). Furthermore, when there are regional offices, they are too often uncoordinated regional offices (ibid, p 68f)

The report contains a list of all the programs and the legislation on which they are based. It is a level of detail which is necessary for anyone who wants to look for ways to redesign the American policies. In this case, the list of what nine federal departments and five federal agencies do, is a sufficient illustration of the "messiness":

The *Department of Agriculture* has principal responsibility for rural development.

The *Department of Commerce* has one of the few federal agencies aimed specifically at regional and community development: The Economic Development Administration

The *Defense Department* manages waterway development, helps regions adjust to the opening and closing of military installations, and helps business participate in military procurement.

The *Department of Health and Human Services* implements several economic development programs aimed at low-income Americans and promotes the commercialization of emerging health technology.

The *Department of Housing and Urban Development* has principal responsibility for urban development and housing programs.

The *Department of Interior* is responsible for economic development programs aimed at Native Americans.

The *Department of Labor* trains workers, helps workers adjust to foreign competition, and aligns the workforce with emerging business opportunities.

The *Department of Transportation* has primary responsibility for planning and public investment in ground and air transportation infrastructure.

The *Department of Treasury* administers a handful of programs that improve the supply of development capital in distressed rural and urban areas.

The *Appalachian Regional Commission* has primary responsibility for federal economic and social development programs in the 13-state Appalachian Region.

The *Environmental Protection Agency* is involved in development efforts that involve water quality and new uses for old industrial sites (brownfields) , especially ones complicated by pollution concerns.

The *Small Business Administration* is the primary government agency for supporting small business through the nation.

The *Tennessee Valley Authority*, the *Denali Commission*, and the *Delta Regional Authority* focus on development effort in three defined regions of the nation.

Relevant activities by federal departments and agencies (Drabenstott 2005:7f)

Drabenstott claims that a stunning $188 billion – one in every four dollars in the federal budget – is spent on activities which could be described as economic development, but only ten per cent of this is on programs which are classified as regional economic development in a strict sense (ibid, p 11). The shorter list of relevant programs provided by The Office of Management and Budget includes 35 grant and loan programs and tax incentives across 11 agencies, which total approximately $16 billion each year in community and economic development of distressed areas (Brown et al 2005).

No matter how inclusive one makes the list, it only includes the activities funded by the federal government. To get a full picture of the situation one would have to include activities funded by the states and locally. As Peter Eisinger pointed out twenty years ago, the states do a number of things which the federal government avoids. A large part of state funding is used to give subsidies to firms for locating in a certain area, a practice scornfully described as “smokestack chasing” (Drabenstott 2005:54).

Regarding the messiness of the programs, a panel by the (American) National Academy of Public Administration “found that development programs were so complex that states and communities spend far too much time and effort wandering trough the maze of conflicting federal requirements. Furthermore, because many of these programs are earmarked to particular constituencies or jurisdictions, they tend to divide rather than encourage strategic regional strategies” (Thornburgh 1998:293, NAPA 1996). Even worse, “the difficulty of coordinating among agencies at the federal level has kept them focused on outdated, narrow approaches to development” (ibid, 294).

The lists by themselves only show that it is difficult for the public and for experts to get a grip on the situation, which is of course a necessity when one wants to discuss effectiveness or hold politicians accountable for spending. They are serious problems in a democracy, but there are other aspects which may make this an effective situation over all. From the perspective of the actors in the field, the diversity could be a welcome opportunity for multiple funding sources. It could even indicate some competition for good projects, a welcome pluralism of funding.

In fact, officials of the Economic Development Administration responded along this line to the NAPA panel and to the article by its chair, that their programs were not examples of massive duplication and that even if they were, it wouldn't imply waste (Straub & Robinson 2000:259). "We see no inherent reason to expect that program consolidation and policy centralization will increase flexibility among state and local developers…" and, furthermore "…some portion of transaction costs associated with fragmentation results from legitimate and competing public interest for accountability" (ibid, 260).

The other complication touched upon by the panel was that messiness leads to a lack of renewal. Drabenstott makes a similar point where he argues that the effort by the federal government is not only fragmented but also outdated in much of its focus. He wants to set regional competitiveness as the goal for US federal development policy and believes that this will lead to new ways of monitoring and evaluation (Drabenstott 2005:59f). One particular analysis Drabenstott would like to see is "proofing", a systematic effort to identify the spatial impact of public policy, which has been carried out by the US Department of Health and Human Services (2002). This is basically what the Norwegian case (below) is about.

Other examples of fragmentation

A very ambitious study was published in Norway in 2004 by a commission appointed to look at the regional impact of almost all national policies. It tried to understand impacts on the regions (firms, individuals) and causal relations. The report gave an overview of relevant spending, similar to the overview given by Mark Drabenstott, but the emphasis is on the statistical and geographical modeling of consequences of policies, a situation of multi-causality. The report ends with the conclusion that a better integration and further regionalization of national policies would improve both kinds of policies, the territorial as well as the functional policies (NOU 2004:2).

A study similar to the Norwegian one, though with a more limited scope, was a Swedish study in 1993 which identified 17 programs with an impact on the particular policies for lesser populated areas

(Statskontoret 1993). It is a short study with a focus on developing a method of analysis rather than carrying out the analysis itself.

Denmark, Norway and Finland have debates like the Swedish on the big and small regional policies. There are several Nordic comparisons by Nordregio, the Nordic institute on spatial issues. They have looked at the mismatch of policies and the various kinds of partnerships, introduced to handle this and other problems.

The British government commissioned a study on their policies' impact on the regional economies (Frontier economics 2004). It didn't explicitly address the lack of coordination, but there are some hints in the text which indicate that the situation is rather similar. The main organizations, RDA and GO, control less than ten percent of the resources.

There is a French debate on the irrationalities of the strong state, which has been part of the reforms of the past two decades.

In the Netherlands there is a general interest in the political culture in ways to cope with complexity. There's a strong interest in collaboration, but limited attempts to redesign policies, perhaps because of its consensus-oriented political culture. Local governments are integrators of national policies, like they are in the Nordic countries. The Netherlands is often used as an example of a deeply divided society which has managed to live with fragmentation, although of a social (denominational) character rather than the constitutional fragmentation of the federal states.

The federal countries live with overlaps: In all the federal countries there is a debate on which level of government should do what. In Australia, the national (federal) and state governments run parallel organizations for regional development, though with different geographical boundaries. AJ Brown calls the Australian situation a "regional governance tapestry" in addition to "an infinite variety of place-based and industry-based development projects" (Brown 2005:19).

In Canada, the issue of messiness is on the agenda, partly because of the initiatives in horizontal management.

Martin Heidenreich describes the efforts to support economic development in the regions of Nuremberg and Leipzig, Germany (Heidenreich 2005). Many resources seem integrated in the states and cities but he also points out the difficulty of involving training resources in the hands of the national organization for labor market policy.

New Zealand revised their public management systems in general to address a related problem, of fragmentation caused by the division of the public sector into smaller and more focused organizations.

3.4 How is messiness a problem?

The previous overview showed that all countries have uncoordinated and partly contradictory policies which relate to economic growth. But is it a problem? Pluralism and redundancy are good things too. Perhaps policies should be as complex as the reality it interacts with. But, on the other hand, can governments be operated with parallel programs? If everything goes, who will settle disputes? Underneath these questions is a question about the value of rationality. On the one hand, the ideal may be too demanding, something of an eternal struggle among specialists in public administration for the equivalent of a "philosophers' stone". On the other hand, what are the consequences of giving up rationality? Will there be a foundation for learning if rationality is given up? Will there even be a justification for government intervention in the economy?

Leslie Pal, in his overview of Canadian public policy (Pal 2006:11), argues that it is important that policies are consistent. They should be internally consistent, referring to the contents of problem definition, goals and instruments. They should also be vertically consistent, by which he means that programs and activities undertaken in the name of the policy are logically related to it, i.e. consistent through implementation. Finally, policies should be horizontally consistent, across policy fields. "This is an expectation that what governments do in one field will not contradict what they do in another” (ibid, 12). A similar point is made in a framework for the evaluation of constitutional arrangements in Australia (criterion B3; Brown 2006).

Kent Weaver, Bert Rockman and their colleagues discuss ten characteristics that an ideal government would need to live up to, where the fourth point is explicitly about consistency:

- “to set and maintain priorities among the many conflicting demands made upon them so that they are not overwhelmed and bankrupted;
- to target resources where they are most effective;
- to innovate when old policies have failed;
- *to coordinate conflicting objectives in a coherent whole;*
- to be able to impose losses on powerful groups;
- to represent diffuse, unorganized interests in addition to concentrated, well-organized ones;
- to ensure effective implementation of government policies once they have been decided upon; to ensure policy stability so that policies have time to work;
- to make and maintain international commitments in the realms of trade and national defense to ensure their long-term well-being;
- and, above all, to manage political cleavages to ensure that the society does not degenerate into civil war” (Weaver & Rockman 1993:6).

There is a long debate in Public Administration on the fragmentation of the public sector and the need to find ways for inter-organizational collaboration (e.g. Hanf & Scharpf 1978). In the federal countries, fragmentation is obviously part of the constitutional heritage, even if there can be large amounts of integration and central control in at least some federal states. Equally interesting, some unified states are more fragmented than others.

Interdependence

The problems of fragmentation and messiness arise in situations where actors are interdependent, where a pooling of resources open up for more rational solutions. Programs for skills development benefit from coordination with each other if they relate to more or less the same target population and to a large extent provide the same training. Organizations, however, often have different purposes, such as helping the unemployed, the employed or even the firms. If it turns out that they operate largely in the same "market", the differentiation in terms of purpose becomes too weak and a barrier to pooling resources.

A further problem arises when programs are implemented through different organizations, which tend to reinforce differences. Separate organizations imply different patterns of loyalty for the staff involved and restrictions on the learning context. In other words, organizational boundaries have a tendency to reinforce themselves through various kinds of psychological and other mechanisms.

The Swedish example in chapter one was about a situation where programs under local governments and the national labor market board competed for small markets, making both programs too small to meet its costs. When organizations collaborate they could provide more options to their overlapping clientele. Programs for R&D may be pooled in a similar fashion. Investments in infrastructure can also benefit from a grand perspective, where different kinds of transport are weighed against each other. Furthermore, investments of all kinds benefit from some coordination. They can be weighed off against each other by means of a joint analysis and strategy. They can also be put into the same package to reinforce each other, for example to make sure that infrastructure is built when populations and economic activities grow.

The public sector as a matrix

The pressing question is when and where this coordination should be done and by whom. All national issues come together in the decision on the national budget by the legislature and in its preparation by the central government. The traditional form of coordination is functionally, per area of expertise, i.e. per ministry. The argument about regional collaboration is that coordination is more efficient if it takes place in the regions by the affected parties.

Fragmentation implies that some things should be integrated, but there are often many ways to integrate: geographically, by area of expertise, by level of government etc. An alternative to integration in one dimension, geographical or functional, is to operate with a matrix structure. Coordination by territory and by function are two opposing principles, which create a tension in the public sector. They form two dimensions in a matrix, which would make the public sector is organized to take advantage of functional expertise as well as making a strong impact on geographically diverse target populations.

One of the questions for the subsequent analysis is if economic development is best encouraged in a regional perspective. Other policy segments have rival interpretations of what the problem is and how to solve it. When the matrix structure works, the public sector can optimize differently depending on circumstances, but when it can't, there will be stalemate.

A problem with the regional dimension is that it isn't the only dimension of the target population. The public sector could also be arranged to focus on age groups of citizens (regardless of where they live) or important aspects of life (job, family etc). These different ways of organizing services can be seen on the Internet, where governments and others organize portals to help people find the information they need, without knowing what the formal structure of the public sector looks like. The Internet has opened up the discussion of organizing the public sector in a manner that is simple for citizens to understand, often by adding an "interface" in the form of a portal where services are listed in a way which makes sense for the client. This is close to organizing the public sector in a way which is enabling for the bureaucracy in the sense that resources can be focused across organizational boundaries to solve the problems that politics already aims to solve.

If coordination at the national stage is too time-consuming ("overload"), then it makes sense to delegate coordination to a lower level. Regional actors can be expected to know more about the particular context (problems, resources, contacts) but less about each issue. Cabinet-level coordination will generally mean that the best principles are debated while the long-term consequences for the regions are less well understood. An important caveat is the heavy dependence on central government funding in many countries, unitary as well as federal. It implies that authority to spend should be linked with the obligation to fund, to avoid regional priorities of national budgets.

The virtue of specialization

On the other hand, there are a number of positive aspects of setting up separate organizations. The most important is specialization, that each organization is focused on a specific problem. This could become a problem if the citizen's problems are more complex than the task given to the specific organization. Donald Kettl argues that "American governments increasingly face problems that pay little attention to the boundaries created to manage them" (Kettl 2005:6). He also makes the point that the organizational boundaries tend to be porous in the US, which reduces the problem.

There is also a two-sided argument that specialized organizations have a closer relationship with its clients. On the one hand, this makes the organization interested in the wellbeing of its sector of society. On the other hand, such an organization can more easily be captured by those interests, forming an iron-triangle. Christopher Hood mentions some further possible advantages, that separation (and overlap) is a kind of redundancy, where the government keeps several options open. Separation can also make citizens less reluctant to give sensitive information to one agency if they know it isn't passed on to another. Separation can furthermore work as checks and balances to safeguard against misgovernment (Hood 2005:38f). Hood uses the more technical phrase "departmentalization" to describe the organizational structure of the government.

Other arguments are that it is easier for the central government to control specialized entities and, as a consequence, easier for citizens to hold the government accountable. Christopher Hood points out that integration (joining-up) has some draw-backs which need to be traded-off for the benefits: "reduced local autonomy, confused lines of accountability, and weakening of the specialization and expertise that is conventionally associated with the much-deprecated 'silo' principle of functional departmental organization" (ibid, 22f).

There is another argument against coordination, that some publicly funded organizations should be shielded from too much influence from their environment. Organizations like universities need some autonomy, which implies a trade-off between serving the interests of the local community and the interests of the academic community. Autonomy also implies a limit to coordination with other organizations. In most of the twelve countries, public universities are funded nationally, which leads to a reluctance towards the local agendas (at least in Sweden). In a comparative perspective, it would be relevant to see how universities handle this tension under different funding arrangements.

The main problems have to do with control and accountability. When street-level coordination becomes more important, it becomes more difficult for parliaments and governments to control the public sector. Paradoxically, the need for holding bureaucrats accountable increases while it becomes more difficult to do so. How can joint achievements be divided up and reported back to individual organizations ("silos")? And what about failure to collaborate, can someone be held accountable for being unreasonable?

The political dimension of messiness

There can be political reasons to keep programs and actors fragmented. At a conference where a report by a panel of the (American) Academy of Public Administration was discussed, "many attendees protested that consolidating development agencies would be politically impossible, waste precious political capital, and make it easier to cut federal spending on development. Development practitioners, they felt, could better do the linking themselves at the state and local levels, one project at a time" (Thornburgh 1998:293, NAPA 1996).

There are two points in this statement, that "messiness" is a way to protect programs from cut-backs and that it is better to leave coordination to field workers rather than to central decision makers. Both arguments are very pragmatic and probably very influential among the people involved in this field. The first argument could explain why there is resistance to change and could very well be true, but it is difficult to test. It is also difficult to turn this observation into a general principle of not correcting perceived problems. The second point is more challenging since it is about what kind of coordination is most efficient, that autonomous coordination is better than central coordination. This may also be true in a complex field like regional development policy but it is likewise difficult to test. The issue will be discussed in terms of making the actors in the field coordinate themselves (chapter five).

The interesting conflicts over public sector organization may be outside the public sector itself. Behind each policy sector is a group of interests. Policies are formed through policy networks where specialized organizations and interests interact, so called advocacy coalitions. Politics has become a struggle between these iron triangles as much as a struggle between parties in the legislature. The iron triangles reinforce their policies and make it more difficult to join-up across organizational boundaries. On the other hand, to join-up policies under one perspective means that one set of interests come to dominate over the others. A second best for all interests can be to co-exist. Contradiction by several perspectives is then a way to cope with differing opinions and parties.

Another way to use the issues of fragmentation and messiness politically is to use them as scapegoats for other failure. Especially since there will almost certainly always be some examples of contradiction, it is an easy way to put the blame for other failures. A Swedish study found that problems of coordination are exaggerated and sometimes unfairly attributed to the national government (Statskontoret 2006:3).

There is a further political tension underneath the issue of coordination. One side may argue that coordination and increased growth are necessary to save the welfare state, while another side may claim that such a redesign is a threat to the welfare state. To some extent, this is a major topic in the debate on the “third way” in many countries. It is noted that many programs which originated as part of the welfare state are important for economic growth, but what happens if they are removed from their welfare-context and put in a growth-context? It may lead to certain values being downgraded and if so, it should be taken into consideration.

It has been noted that fragmentation is a problem because performance and efficiency have become main concerns of governments and electorates. It indicates a shift in our conception of democracy and bureaucracy, where procedure used to be the primary concern. Democracy was thought of as a model where the building up of decisions from voters and up was equally or even more important than coming up with the best solutions regardless of method. Similarly, the public sector was trustworthy because it operated under strict procedural requirements, even if it made it slow and inefficient. Procedures may still be important, but they are not enough to build confidence in the public sector. The interest in performance, reporting and outcomes makes it necessary to improve coordination.

Accountability and democracy

A problem is that collaboration is difficult for national governments. It means by definition that more room is given for the bureaucracy to make priorities. It will make the public sector more difficult to control from the center and makes it more difficult to hold the bureaucracy accountable. On the other hand, collaboration takes advantage of information available at the periphery. There is a chance of improving the implementation of policies which almost by definition have to be adjusted to individual circumstances. Furthermore, one could say that the problem of control – or rather, how to influence the "street level" – isn't new. It is inherent in a professional public sector. Collaboration only makes the need for strategic leadership more obvious.

Collaboration breaks down the control and hierarchical steering of New Public Management. Autonomous interaction is a loss of accountability but, on the other hand, accountability puts the emphasis on individual contributions rather than joint outcomes, which is part of the problem.

Issues such as accountability and devolution are difficult to handle from the perspective of efficiency or from democratic theory. Collaboration is compatible with some conceptions of efficiency and democracy. Accountability can mean different things and collaboration increases the chances of fulfilling some types of accountability while not others. Similarly, devolution means an increase of local democracy while the application of national democracy is reduced. It points to a tension between centralized powers to change society and politics as something to be shaped closer to citizens and with a greater involvement. Collaboration and devolution point towards the associational model of self-regulation, usually by citizens or politicians but possibly also by professional civil servants across the bureaucracy (Hirst 1994).

3.5 Comparisons

A final question is how countries differ and how important it is for the following discussion of causal effects on the patterns of integration. It is obvious that the profile of policies is partly caused by political choices and that this set-up of policies has some basic importance for what kind of strategies of integration that can be pursued by governments.

The analysis has dealt with two issues. The first was national profiles, where the report tentatively argued that most countries pursue policies which are mainly focused on people (uniform principles) rather than place (consequences for a territory) and that they operate through political rather than market-conforming instruments. Something of a paradox is that certain types of market-conforming arrangements – such as contracting out or giving funds to clients rather than to the producers – make it more difficult to integrate across organizational boundaries. A hypothesis is that integration is easier if all relevant services are produced by public organizations with their funding from one government. The level of government ambition in policies of regional development is important but difficult to measure in a fair way.

Some of the federal countries stand out for the simple reason that the states have more room to pursue policies which focus on its territory. Most of the Anglo-Saxon countries stand out by applying more more market-conforming ways of pursuing policies.

The other issue is the messiness of relevant policies. Here it was shown that there are examples from all countries of uncoordinated policies. The debate on messiness is present to some extent in all countries but the report didn't try to measure the debates or the degree of messiness in the different countries. The greater the complaints are, the more eager one would assume that governments are to come up with integrating solutions. Another possibility is that national debates are more of a fight for dominance among policy perspectives (iron triangles), which may make it more difficult to integrate resources across organizational boundaries.

This chapter has shown that the problem of "messiness" can be found in all countries while the particulars differ. The exact impact is difficult to estimate and has very much to do with politics in each country.

4 The anatomy of fragmentation

The messiness of the policies described in the previous chapter is worsened by the fragmentation of the public sector in dealing with the design and implementation of the policies. Regional economic development policy is an interesting case of fragmented government. All problems of fragmentation apply in this area, though it isn't unique. Other examples can be found in welfare policy of different kinds.

This chapter is focused on the formal set-up of organizations. "Fragmentation" is used as a neutral term to describe the landscape of actors in the arena. The next chapter will look at ways to overcome this fragmentation, which means that the picture given in this chapter doesn't tell the full story of how policy implementation works in practice. The full story has to contain problems and solutions.

I will look at the variety of fragmentation. It implies that the barriers for policy development look different or, in other words, that policies for regional development have to look different. It furthermore implies that different means of integration make sense. On the other hand, it is an open question if countries adopt similar or different tools. This is a question about the political dynamics which will be touched upon briefly later. Below is a general diagram to show the basic set-up of organizations, which will be used in the following chapter.

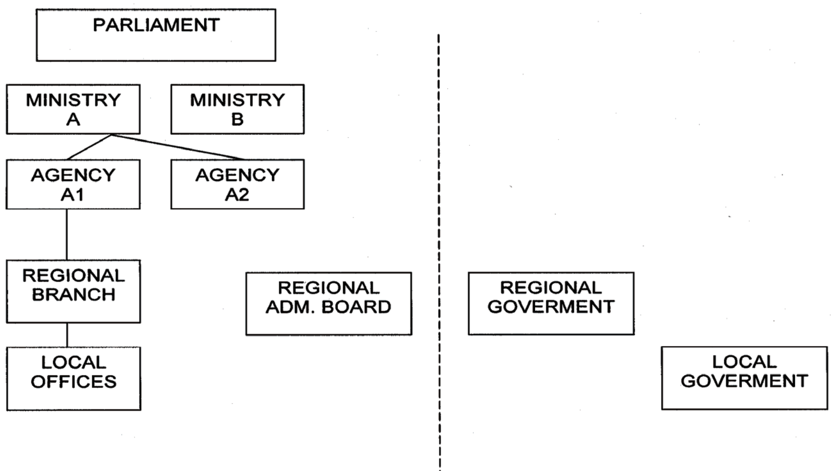

Figure: A generic picture of fragmentation

The picture is general for all the countries with the national government to the left and the governments of the "lower levels" to the right. This illustrates the vertical fragmentation between levels of government, where resources are under the control of different elected governments. The picture is simplified in the way that it only shows one of the national agencies where in reality there are dozens of national organizations in specialized fields. The horizontal problem of the uncoordinated specialized organizations is implied, if one adds all ministries and their agencies etc.

The picture shows two things which are often overlooked in the public debate. One is that the national specialized organizations ("silos") often operate regionally and locally. They belong to the national government but they are part of the local stage. When one looks at the public sector from the local perspective, there are four distinct types of organizations which hold relevant resources. Local not only means by local government but by national and, often, regional governments too. The fourth type of organization is another often overlooked creature which is present in most countries, the national-regional organizations, which work for regional development on a mission from the national government. It can be an integrator of national policies but it can also be a competitor with the elected regional government.

The picture is only about the public sector and doesn't show the private actors which governments interact with, especially in the field of regional economic development. It is especially relevant to think on non-governmental organizations (NGOs), ranging from chambers of commerce and business associations to labor unions and community development groups. They articulate interests but they are also important as allies and even implementers of government policies. Governments struggle with the ambition to make use of these organizations while at the same time maintaining its distance and autonomy.

4.1 The horizontal silo problem

The most obvious issue behind the problem of messiness in the previous chapter is that there are many organizations which hold relevant resources for regional development. In many cases they are interdependent and uncoordinated in their field work, which creates a problem for staff who want to join-up resources. To compare the situation across countries, it is necessary to dig deeper into why resources are uncoordinated.

A great number of ministries and agencies are involved

The resources are controlled by organizations coordinated by different ministries, as described by Mark Drabenstott in the overview in the previous chapter (Drabenstott 2005). Many countries have a ministry for regional, local and similar affairs. Ministries for agriculture deal with general problems for rural areas. Often there is also a ministry for industry, to deal with general issues of economic development. Key inputs are controlled by other ministries. R&D is funded through a research ministry or the education ministry, which funds universities and other providers of education. They in turn cross-over with ministries of labor which run more specialized programs for skills development and other workforce improvement programs. There tends to be some conflict over budgets and strategies, which means that there will be tactics involved and subcultures fighting each other.

A federal government can be restricted in its scope by a division of tasks with the states. An interesting case is higher education, which was constitutionally a task for the states in Australia and Germany. In those countries the federal governments have negotiated a role based on its funding capacity. In unitary states, certain issues can go the other way, turned over to local governments.

As touched upon in the previous chapter, the problem of the organizational boundaries is enforced over time by the specialization and professionalization of the ministries and agencies. In many countries they recruit people with an appropriate training and/or with relevant experiences, which may reinforce the uniformity and make ministries part of policy networks or "iron triangles". In Germany, the civil servants lean towards the expert-pole, with low mobility across segments (Knill 1999:123). The British tradition of generalists increases the level of rotation across segments. The level of mobility from national to regional offices can be important too, for example if a regional office tends to see the need for integration more clearly.

The operation of single-purpose organizations

The paradigm of New Public Management has generally reinforced the independence of operations (agencies) under a contractual relationship with central government, which makes it difficult to integrate across boundaries. Even if there is an interest in joining-up resources, organizations in the field will run into the problem of reporting back to their headquarters.

Joining-up resources as a rational activity means to pool resources in order to take advantage of opportunities which are beneficial for both parties. Even if organizations stay within their rules and regulations there will most likely be some deviation from what was planned. Going for a joint optimum means to see organizations as a whole, rather than as separate parts. The new perspective can in turn lead to spending which differs from what would otherwise be the case or has been the case previously or in other regions. The point is to find such synergies, but it may come in conflict with reporting requirements.

Collaboration means that some influence over implementation shifts over to the street-level bureaucracy. The front line becomes key negotiators to work out deals with other organizations in a way which limits hierarchical control. The collaborating organizations become dependent on skillful representatives to find and safeguard potential synergies. Managers need to find new ways to influence their staff to increase their skills, define goals for guidance and set limits for this bargaining. In other words, collaboration introduces an element of networking across organizational boundaries.

The observation isn't as challenging as it sounds if we bear in mind that networking within single organizations is quite common. Modern bureaucracies work in projects, internally and externally. The key role of the street-level bureaucracy is an old insight in the implementation literature.

Pooling resources could be a problem for the reporting requirement. Pooled resources can be tracked, but there are problems if money is delegated to a new legal entity such as a formal partnership. Reporting requirements may ask that all outputs and contributions to outcomes are described. An organization may still be able to account for its spending, i.e. where it went. What is more difficult is to compare and justify different spending patterns. A classic problem is that all parties want to report the same achievement which leads to double counting.

What is new with collaboration is rather that the demands on a causal analysis increases. It becomes obvious that those who distribute funds must look beyond inputs and outputs. When all organizations have unique roles, it looks as if inputs lead to outputs (activities) and that the outputs produce whatever societal effects (outcomes) that are observed. This is of course an illusion and collaboration breaks down this illusion (chapter six).

A key issue to come back to is how joint achievements can be divided up and reported back to individual organizations. When street-level coordination becomes more important, it becomes more difficult for parliaments and governments to control the public sector. Paradoxically, the need for holding bureaucrats accountable increases while it becomes more difficult to do so. An even more difficult question, often overlooked, is about failure to collaborate. How can parliaments and governments hold organizations accountable for not managing to collaborate?

4.2 The importance of the legislature

The national legislatures are important in a discussion of fragmentation. If there is a functional subdivision of committees and other subgroups, they will most likely reinforce the structure of the executive government. All national parliaments depend on specialization in the preparatory phase, when issues are “digested”. Boundaries are clearly helpful in creating communities of expertise through specialized members and staff of the parliament.

Put more strongly, committees and other subgroups can become part of the iron triangles. This implies that it becomes difficult to redesign ministerial boundaries if it clashes with the internal structure of the legislature. Some legislatures are divided in terms of functions rather than areas of expertise, like the Swedish was until 1970.

In some countries, like Sweden, staff is often seconded from ministries to parliament. Civil servants’ careers can include service in the legislature, ministry and the relevant agency. It is a system of mobility but only within segments. Even more, the civil servant can be an advocate of a specific piece of legislature if he or she has been involved in all phases: drafting it in the ministry, aiding the parliament in its recommendations and implementing it through the agency.

Federalism can add diversity to parliament if there’s a second chamber representing the states rather than elected by the voters (Germany). The senates in the US and Australia are elected by the people. Unitary states like France, the UK and the Netherlands have senates too and Sweden did until 1970. Regions and communities are represented in the structure of the EU.

The electoral system

Going one step further into the design of democratic institutions, it is interesting to note that the electoral system has consequences for fragmentation and integration beyond the “standard” effects on politics. The Westminster system, where a single person is elected in each district, exaggerates swings in the electorate, while the proportional method of election, where a group of people are elected according to votes, gives a more accurate representation but weaker governments. There will be more parties and they tend to be more important in structuring conflicts.

The Anglo-Saxon countries have majoritarian electoral systems which lead to single parties winning a majority while some other countries such as Finland and the Netherlands have long traditions of coalition governments (Pollitt & Bouckaert 2000: 47). However, not all countries fit this pattern. There are some odd cases. Canada is a hybrid and New Zealand moved from a Westminster system to a parliamentarian system.

In this context, it is interesting to note a likely secondary effect on how governments think about “swing votes”. In the first type of systems, it is rational to think about geography as places where governments need to invest to win the next election. In the second type of system, it is more rational to think in terms of social groups which the government needs to secure. These are not mutually excluding concerns and most strategists probably think about both. The point is rather that there are different logics which affect the complicated play that affects regional policies.

In the first case it becomes important to control location decisions, even if it is dressed up as a general strategy for biotech etc. It becomes difficult for governments to delegate authority and, hence, difficult to integrate with regional governments. National politics becomes very involved in these decisions and it seems to be taken for granted as a natural way to operate the public sector. There is in other words an expectation about what belongs to the public sphere and what belongs to the bureaucracy or lower levels of governments.

In the second case, location can be important too, but the emphasis is more likely on distributional consequences in another dimension, that of social groups. Specific benefits to particular locations are less important and governments can “afford” to let go of some control.

Instead, it becomes important to improve the situation for key groups or at least not put new burdens on them. It becomes important to have good relations with the relevant organized interests. These are of course concerns in the other countries too, but here the whole issue of regional development is at stake, are regional groups important or not for the government?

A blunt hypothesis is that majoritarian electoral systems make regional policy more political, with less room for a professional bureaucracy. A political logic takes over and makes it difficult to integrate "rationally". The interviews conducted for this study indicate that the level of political involvement in the issues of regional development differ greatly across nations, without any clear basis in formal structures. The level of conflict seems higher in countries like the UK, the US, Canada and Australia than in Germany, France, the Netherlands, New Zealand and the Nordic countries.

At an even higher level of abstraction, one can talk about different ideals of democracy, which influence how people view their systems. Some countries are more oriented towards bargaining and consensus-making, which could extend to a favorable view of collaboration. It could, however, lead to a fear of low-level bargaining which would upset nationally agreed priorities.

The British system is strongly majoritarian, giving almost all power to the majority, while the Netherlands and the federal countries are more oriented towards consensus, forcing the majority to negotiate with other interests. Arend Lijphart points out that "the majoritarian model concentrates political power in the hands of a bare majority – and often even merely a plurality instead of a majority… – whereas the consensus model tries to share, disperse, and limit power in a variety of ways. …the majoritarian model of democracy is exclusive, competitive, and adversarial, whereas the consensus model is characterized by inclusiveness, bargaining, and compromise…" (Lijphart 1999:2).

4.3 Other tensions within the government

A set of issues affect the cabinet. The first is the relationship with the legislature, where the constitutional roles can be very different. Which decisions are made by parliament and by the government? How much of the budget is decided by Parliament? How much of the operating guidance is given by Parliament? Are ministers held accountable? It is tempting to describe a chain of command where the legislature decides the big issues while smaller concerns are delegated to the cabinet and on to smaller units like single ministries. In several countries this chain is broken by the constitution, through a "balance of power" among supreme institutions.

The least complicated situation is where there is such a chain of successive delegations. In all countries in this study, except the US, France and Finland, the citizens elect the members of the legislature and then the legislature elects the prime minister and (often) the cabinet too. A variety is where the prime minister is elected and then appoints his cabinet (the UK and Sweden). In some of these countries a president is elected by the legislature too, as a rather low-key head of state (Germany). If there is tension between the cabinet and the legislature, it could lead to a strengthening of the position of the bureaucracy. This would likely mean a reinforcement of the "silos".

In other countries presidents and legislatures are elected in parallel and have a complex relationship. The American cabinet is an "administration", which underlines that it works for the president. The biggest difficulty in this dual model is that another party can control the legislature. It leads to the odd situation where the cabinet/administration is held accountable but may be supported only by a minority. In the 90s, Kent Weaver and Bert Rockman organized a study mainly to highlight the peculiarities of the American system with its possible conflict between executive (president) and legislature (congress). They noted a number of effects which relate to the integration of a cabinet, that parliamentary systems feature "stronger party discipline, greater recruitment of ministers from the legislature, greater centralization of legislative power in the cabinet, and greater centralization of accountability" (Weaver & Rockman 1993:11).

Weaver and Rockman argued that the effects of presidential and parliamentary systems are indirect and contingent. They are risks and opportunities rather than advantages and disadvantages. “In short, institutional arrangements that create opportunities for effective governance in one country may heighten risks of governmental failure in another because the latter government faces different facilitating and limiting conditions” (ibid, 39, 460). Ellis Krauss and Jon Pierre made the same point in their analysis of the specific effects on governments’ ability to target resources for industrial change, based on a comparison of Sweden, Japan and the US (Krauss & Pierre 1993).

The French situation is worse for the integration of the public sector, where the president is elected by the people and the cabinet and prime minister are elected by the parliament, which means that there could be a tension between the president and the prime minister. The French constitution gives both of them a role in some important areas of policy (Lijphart 1999:122, Knapp & Wright 1999) Finland has a similar situation but its president has a more circumscribed role. The prime minister dominates with some fewer exceptions.

Two kinds of ministerial rule

A central component of New Public Management was the drive to create semi-independent agencies which operate at arm’s length from their respective ministries. In some countries this was a very big step away from mega-ministries which integrated strategic, political work with operations. In Sweden and Finland, the tradition was always to keep ministries small and focused on the political leadership, while operations were delegated to one or several agencies.

On closer scrutiny, there are two aspects which define the role of a minister. One is the separation of the agencies and the other is the relationships within cabinet. In Sweden and the Netherlands, cabinets only make decisions collectively, which means that all decisions (except internal matters of the ministries) have to pass through a formal meeting with the whole cabinet. In the other countries, there is room for ministers to decide on their own, to act in the name of the government. There is a need for coordination in the latter cases too, but it opens up the possibility of coordination through sub-groups in cabinet.

In the Swedish case, all instructions to the agencies have to be decided by the cabinet collectively, which in turn leads to a mode of preparation which is oriented towards consensus, where each ministry has to agree and has the right to veto a suggested decision. In practice, what looks like a model of a strong cabinet turns out to be a system of veto by the silos/sectorial interests. There is very little room to join-up a group of ministries, such as all policies related to economic growth. When attempts have been made, the groups have had the status of working groups in the prime minister's office rather than subcommittees of the cabinet, as is the case in the other Nordic countries in this study (Denmark, Finland and Norway).

There was an attempt to work out a solution in the Swedish case, to integrate policies through a formal merger of the ministries for industry, labor and transport. The general belief is that the subgroups remained hostile under the new name, which subsequently led to a split of the ministry in two parts in 2007.

The four Nordic countries are split in the other dimension of ministerial rule too. Denmark and Norway have a model where agencies are integrated with the ministry while Sweden and Finland have a constitutional separation of the two. Sweden is the extreme with almost no operations under the control of the minister and only a limited room for independent action. Several countries are in between, like the Finland and the UK, where operations are delegated to agencies but ministers have more independence. This seems to be a prerequisite for holding ministers accountable to parliament, which is an important part of the Westminster model.

It is an open question how the integration of agencies and ministries affect the coordination of the public sector. Integration can reinforce the sectorial perspectives while separation makes it easier for ministries to integrate among themselves. But it may also be that integration of agencies and ministries gives the prime minister the tools for stronger control, which could lead to greater coordination. Such control may also lead to a weaker role of the professional bureaucracy, which is good for coordination in the short run but may lower the quality and even integration of issues in the long run.

	Collective decisions	Separated ministers
Integrated operations	-	Denmark, Norway, Germany
Separated agencies	Sweden	UK, Finland

Figure: Structure of central governments

These constitutional principles give prime ministers very different room to integrate ministers and their policies. Christoph Knill notes that the position of the British prime minister is much stronger visavi the ministers of the cabinet than his (or her) German counterpart's position. According to the *Ressortprinzip,* German ministers are the hierarchical heads of their departments in a system with strong tendencies toward administrative segmentation (Knill 1999:120). Strong independence of the ministers tends to mean weak prime ministers.

The model with independent decisions by ministers looks like an uncoordinated system with a risk of conflicts between ministers. This is handled in practice through informal coordination and the formal committees within cabinet. All cabinets have bodies for coordination, which will be discussed in the next chapter. They can be near the prime minister or in the Treasury, often both. Their respective roles vary with the number of parties in the government. If all ministers are from the same party, the conflicts tend to be between Treasury and "spending departments". If there are several parties, the party leaders become the highest coordinating level.

Cabinet and administration

A key characteristic is how the roles of politicians and bureaucracies are separated and how they interact across this boundary. All countries put a value on the independence of the bureaucracy, but it is perceived differently, even at the national level.

The Weberian tradition is a separation of decision from execution. Bureaucrats were expected to work like a machine, transferring law into orders. This is a legalistic conception of the bureaucracy which works well in the traditional areas of law enforcement. Citizens expect the force of the law to be executed impartially under laws. Still, there is often room for the civil service to make priorities and influence the implementation in other ways. Furthermore, they are consulted in the decision making phase, which blurs the distinction between decision and execution. This is even more so in other parts of the public sector which do other things than law enforcement.

A problem is that most of today's public sectors do other things than Weber had in mind. The welfare state operates very much through professionals, such as doctors and nurses, who base their work on the application of professional knowledge and skills. Client work implies a need for tailoring actions to the specific situation. Large parts of the public sector are service production. Other parts are based on high levels of expertise to carry out analyses of different kinds.

Nevertheless, all systems draw boundaries. The Anglo-Saxon tradition talks about the civil service versus politicians. The Swedish tradition is to talk about ministries versus agencies. The boundary is drawn differently: the heads of the agencies are either recruited from civil service or from the group of (former) politicians. The appointment of loyal chief executives is regarded as an important tool for ministerial influence in Sweden when the chain of command is broken. In countries like New Zealand, that would be an offense against the professionalism of the public sector. In the Anglo-Saxon systems, the ministers are held responsible in Parliament, which gives some mandate for controlling agencies, or reduces its independence. In Canada, this accountability has recently been extended to include Deputy Ministers, who are public servants.

Christopher Pollitt and Geert Bouckaert discuss the related issue of how the careers are separated between politicians and civil servants. If careers are mixed, one effect would likely be that politicians understand public management and how to reform it (Pollitt & Bouckaert 2000:51). However, if only the leaders of the bureaucracy are mixed with politicians, the division will cut between leaders and their employees (ibid). Christoph Knill points out that the British tradition isn't really for the administration to stay away from politics, but to work for politicians of all kinds. "The Whitehall model demands not that civil servants be non-political but that they be politically promiscuous" (Knill 1999:131).

Two kinds of administrations

The fragmentations are further shaped by the administrative legacies of countries, i.e. their traditions of public sector operation. Comparative public administration suggests that there are at least two main models of public sector operation, the legalistic German tradition and the "public interest" model of the UK.

The German tradition is close to the Weberian ideal above in the sense that policies are based on general framework laws. Implementation (by the states in Germany) is seen as working out the detailed consequences of given principles. It is a style of operation which emphasizes obedience to the law rather than to the government of the day. Civil servants are under an obligation to make independent decisions to interpret what the public good requires. They are even seen as making up a specially trained elite to interpret legal regulations (Pollitt & Bouckaert 2000:53).

The public interest model emphasizes performance rather than procedure. Decisions by parliaments are more to the point than working out elaborate legal principles. This is reinforced by the close connection between parliament and the bureaucracy, whereas the German model is to a large extent about sending a general instruction to bodies (states) over which the legislature has very little control.

The way the public sector operates shapes expectations. Accountability in parliament for actions by the implementing bureaucracy becomes a very limited issue when programs are implemented by someone else. This in turn is an argument in the American debate, that there is a problem with delegating funds and authority to the states.

The room for organizations to tailor implementation is affected by the legal parameters of delegation from parliament and/or central government. In the US, the building blocks are programs which are defined by congress. In other countries, organizations are given general orders to do certain things. In Sweden the legal limitations are rather secondary, determining whether funds are final or preliminary, implying that surpluses should be returned at the end of the year or not, sometimes forcing the agencies to take out loans and pay interest to the central administration.

4.4 Vertical fragmentation

The other major dimension of fragmentation is the constitutional split between national, regional and local governments, which is often referred to as levels of government, even when governments are constitutionally parallel, as they are in federal countries. This vertical fragmentation is a problem to the extent that the levels of government hold important resources which are uncoordinated. There are of course benefits from a division of responsibilities, such as autonomy, pluralism, balance of power and local adaptation, which are beyond the scope of this report.

All nations in this study have more or less independent "lower" levels of government, states, regions or both. They differ in what role they play and what independence they have. They can be very focused on particular issues or they can be broader general-purpose organizations, such as states in the federal countries and local governments in the Nordic countries and the Netherlands. They can have the right of taxation or be funded through central government. All countries have systems of formula funding with some redistribution. Furthermore, the bodies can be elected or appointed.

Vertical fragmentation means not only that resources are held at different "levels" of government, but also that they operate more or less in parallel at the regional and local arenas. In other words, the organizations involved in regional economic development report to different democratic bodies. The basic fragmentation is with two kinds of organizations, reporting to the national and the regional government respectively. There can be several organizations of each kind, reporting to different ministries of each level of government. As mentioned at the beginning, there can be branches of single-purpose organizations ("silos") as well as a general purpose organization for the specific region. There can also be organizations reporting to local governments or a federation of local governments, since local governments have a powerful role in some countries.

While the territorial split increases the complexity of the systems, it also contains the seed of a solution. An interesting solution to national level fragmentation is to delegate the problem of integration to lower levels. This is common practice in Sweden and the Netherlands, where local governments integrate what is otherwise uncoordinated initiatives by different ministries. A regional government can play a similar role, which is also possible for a national general-purpose body in the region.

My primary focus is on the shifting responsibilities “downwards” from nation to region, but there are cases where regionalization is more about merging fragmented local governments into governments for bigger areas, such as metropolitan areas in the US (Hamilton, Miller & Paytas 2004) or around Sydney and some other big cities in the other countries.

The blurred distinction between federal and unitary states

The central constitutional distinction is between federal and unitary states. Some are federal, which means that at least in theory the states are not subordinate to the central government, but local governments are subordinate to regional governments (states). In unitary states, the principle is that all levels are subordinate to the national government, which means that local governments are not subordinate to regional governments. If there are conflicts over turf, the issues are solved by an independent third party such as a constitutional court. In practice, the distinction between federal and unitary states is muddled.

Federal states	**Unitary states**
National parallel to regional	National dominates over both
Local subordinate to regional	Local is parallel to regional

Figure: Relations between “levels” of government

This distinction must be complemented with a measurement of the independence of the subunits. The literature often looks only at the room for independent decision, if subordinate units have legislative powers or not. An interesting dimension in this context is taxation: who has the funds to support regional development? Therefore, fiscal independence is important to note. Are states and local government self-sustaining or funded by the central government? The decentralization can be greater in a unified state than in a federal one (Pollitt & Bouckaert 2000:41).

OECD classifies fiscal decentralization and finds Sweden and the US to be equally high, with Australia being more centralized than both of them, measured by central government's share of tax revenue (Lijphart 1999:193). There is a big difference among unitary states like Sweden and the UK. The unitary states are often subdivided in two groups – bearing in mind that in reality it is a difference in degree rather than kind – and it seems reasonable to divide the federal group too. In other words, there are four categories of countries where one can begin to ask which groups have most in common and if the distinction between unitary and federal is the most important.

	Unitary	**Federal**
Strong sublevels	Denmark, Finland, Norway, Sweden, Netherlands	US, Germany
Weak sublevels	UK, France, New Zealand	Australia, Canada

Figure: Four groups of countries

To complicate matters, constitutions often give room for changes in the relationships. As mentioned, governments in some countries have negotiated to get powers in for example higher education in exchange for national funding (Germany, Australia).

An interesting case where responsibilities are often shared is land use planning, which is central for economic development. The procedures often involve consultation and ways to balance opposing interests, horizontal (e.g. development vs. environmental protection) and vertical (what is best from a national vs. a local perspective, such as prioritizing harbors and airports or finding a site for nuclear waste).

Competitive and cooperative relations

A big issue in federal countries is what the relationship between states and the federal government should be. The German interlocking relationship between the states and federal government has led some observers to call it a "unitary federalism" (quoted in Gunlicks 2003:69). A common term is *Politikverflechtung,* to describe the interlocking relations (ibid). The German constitution divides up responsibilities and makes some of them joint concerns of the federal and state governments, *Gemeinschaftsaufgaben* (ibid, p 66)

The debate on competitive and cooperative federalism is interesting because it has to do with collaboration. Proponents of cooperative federalism (Germany) see it as a nicely integrated government in spite of constitutional fragmentation (Obinger, Leibfried & Castles 2005), while critics point to drawbacks such as "loss of political transparency, civic discontent, and …difficulties in adjusting to the demands of a modern global economy" (Greve 2001).

However, the concept of cooperative federalism only implies the pooling of resources, while the critical view is focused on the federal funding of state activities or, rather, the "devolution of policy authority, but not revenue responsibility" (Greve 2001). Handing over funds to a lower level of government creates a problem from the perspective of accountability. It could be handled by turning over political authority as well as the funding responsibility through an exchange of taxes (lower national taxes traded for higher regional taxes). It is a technique used in unitary states with strong local governments when responsibilities are moved around.

Regional development is seen by some Germans as an area where cooperative federalism has become a problem because rigid intergovernmental decision-making procedures have made it difficult to tackle emerging development problems and to integrate actors from other policy fields. The states increasingly see it as a constraint and look to the EU structural funds for an opportunity to bypass the federal government. The strong German states advocate open interregional competition in Europe. It has produced a situation where vertical relations are dissolved and new horizontal relations are created within the regions by networks or coalitions (Gualini 2004:335f). For an introduction to the German constitutional debate, see Scharpf (2005).

4.5 Public-private interaction

The public sector has a number of relations to the private sector, which increases complexity while it also provides more instruments to get information and implement programs. Intermediary organizations are important in many areas. Business and labor are organized in unions, industry associations, chambers of commerce etc. They are often consulted and can be part of implementation. These organizations can also run schools, research institutes, community development associations etc. Local governments are also a kind of organized interest which is important from a central government point of view.

Organized interests bring knowledge, capacity for action and legitimacy to the government, but their involvement could also tie the hands of government, contributing to lock-in. Hence, it is an open question how it works in practice. Intermediaries will likely contribute to integration if they influence several silos, otherwise there's a risk that they reinforce the iron triangles. There is a heated debate on how governments can increase their capacity to control the economy by working with organized interests ("civil society"). Working with organized interests has been an element in strategies for sectors of industry like biotech and tourism in several countries.

Arend Lijphart argues, in his defense of consensus-oriented democracies with large involvement of societal actors, NGOs etc over majoritarian democracies, that it is better to produce wise than fast decisions, as it is better for macroeconomic management to have a steady hand (persistent over time) than to have a strong hand (Lijphart 1999:259).

Strong and weak states

Linda Weiss points out that Germany and Japan are strong in industrial policy, where some of these matters belong, while Sweden and the Anglo-Saxon countries are weak in this area (Weiss 1998). The strength comes from being interrelated with business to develop industrial policies which benefit industries and clusters. Government involvement is seen as a way to challenge industry to transform to remain competitive, i.e. avoid lock-in into old products and processes.

The German perspective is summarized nicely by Martin Heidenreich in a discussion of what makes up the capabilities of a region. He starts with the organizational capabilities of the regional companies, which places business value creation at the center of the discussion of regional development. To this he adds the "regional institutions providing collective resources which can be used in order to advance organisational, technical and social innovations ….", i.e. the resources and organizations to help firms and individuals to change. He also mentions "the region's institutionally stabilized …patterns of competition and cooperation" which is to say that the relationships (networks) that have developed among private and public actors are important (Heidenreich, undated, Crouch et al 2004, Cooke & Morgan 1998).

There is an interest in countries as diverse as France and the UK in developing aspects of the German model. Jonah Levy points out the irony of the French change of strategy in the early 1980s, when president Mitterand decided to switch from central control to a greater reliance on regional interactions to shape economic policies. The problem, to put it bluntly, is that there were no developed NGOs to play the expected role as part of a "German" conception of regional development and that this situation was to a large extent the result of the long tradition of central control (Levy 1999). It takes time and effort for governments to nurture NGOs that can play a role in regional and industrial development.

Many commentators agree that close relationships can be beneficial under fairly stable conditions where it builds trust and helps actors look for long-term benefits. But more recent events make the situation more complicated. The 90s was a period when globalization started to break down stability and the US was seen as a business leader thanks in large part to its fluent capital supply. What was perhaps a weakness in terms of less organized collaboration and less rigid business structures became an advantage when it moved resources more quickly into new areas such as biotech and computers (Hall & Soskice 2001).

Much current debate is about the mobilization of regional resources, a common vision for a region. There are risks with this strategy as it clashes with the idea of the market as an arena for experimentation and entrepreneurship. A risk is that new industries are underrepresented when well-organized interests become influential.

The implication of these opposing perspectives is that public-private interaction is a delicate matter where integration brings risks as well as opportunities. It is a politically contested issue and it may be wise to look for solutions which correct the weak aspects of whatever model is selected in each country. There may be benefits from both kinds of relationships, the close and the distant ones.

Countries differ over public-private interaction. Swedish corporatism (at the national level) was abolished – now another kind is introduced at the regional level. Germany is perhaps the most elaborate corporatist country, but intermediaries are very common in the US too. The workforce investment boards (WIB) are an interestingly European forum in the US.

The reliance on civil society is one aspect of public-private interaction. Another is the frequent use of subsidies to attract firms. It is generally considered a problem in the US that states compete with subsidies to attract firms, known as smokestack-chasing (Radin et al 1996:58).

Ungovernability?

More important in this context, is that collaboration with private interests outside of government makes it more difficult to control implementation by unilateral decisions at the top. The government needs a good relationship with the outsiders to reach a win-win situation. An important example is labor market policy, which is often implemented by organizations where business and labor interests are represented on the boards. This was true in several European countries as well as in Canada (Schneider & Klassen 2004).

One example is the German Federal Employment Service, which is a national organization for labor market policy, but is also a corporatist organization, governed by unions and business associations. Together with R&D, it is one of few areas where the federal government holds the tools for economic development. It operates through ten regional districts which don't always coincide with the 16 states.

The corporatist character makes it more difficult to integrate nationally funded active labor market programs with programs by the states in areas like vocational training. The German states co-finance the programs and were until 1998 represented only at the national and regional boards, not at the operational local level (Schneider & Klassen 2004). The Bavarian government attempted in the early 90s to create policy linkages and synergy effects (ibid, 12). Interestingly, neither Bavaria nor Ontario, which are strong states in Germany and Canada, respectively, followed through with devolution from nations to states of active labor market policies (Schneider & Klassen 2004:21).

4.6 Patterns of fragmentation

The discussion can be summarized in a few main points. Horizontal fragmentation is made up of a number of subtle mechanisms in the workings of cabinets and bureaucracies. Factors point in different directions. Countries in the continental tradition (Germany and France) are fragmented by their Weberian heritage, while the Anglo-Saxon countries are fragmented by their belief in executive power and rational control of single organizations. Joining-up is a rationalistic counter-reaction to a problem created by rationalism. The Nordic countries are at the cross-section of these two impulses.

Vertical fragmentation, including independent local governments in the unitary states, limits central control, which in turn increases fragmentation. On the other hand, it helps mobilize local and regional interests and, furthermore, trains people to live with complexity. Both help integrate resources. Where there is an expectation that policies should be neatly organized under one government, which is mainly the case in the unitary states, there seems to be more reluctance towards collaboration across organizational boundaries. Collaboration is a sign of weakness in the unitary countries but something of a life-style in the federal countries.

Lastly, integration with private organizations is a double-edged sword. It increases capacity in the short run while lowering the strength to redesign, which increases the risk of lock-in. Germany stands out in this respect, but the US and Denmark have close relationships with firms too. The Netherlands is very integrated with societal interests, but generally not in this area.

The impact of these patterns of fragmentation can to some extent be seen in the policies that are pursued. The large group of countries which mainly pursue policies which give a strong role to the national government, as opposed to regions or markets, are also the ones where there is a continental, Weberian tradition of seeing the state as a holistic entity, different in kind from other organizations.

Formal fragmentation has a great impact on how political actors and interests perceive their relations and what strategies they choose to pursue to achieve their ends. The report will not be able to comment more on the impact of politics, but the next chapter is about the strategies which are selected to overcome perceived problems of fragmentation.

5 Strategies for intergovernmental coordination

The previous chapters have addressed the fundamental economic problems of regional development, the messiness of policies and the fragmentation of the public sector. This chapter will discuss ways to integrate the public sector in order to reduce the problems. Such integration can contribute to a more coherent view of what the problems are and what instruments governments can use. In the next chapter, the situation will be looked at from the central government's perspective, what the implications are for its role as manager of the public sector.

This is an important question which indicates that the principles of public management (next chapter) are only one kind of solution. Governments can work for integration through other mechanisms and structures than the funding systems.

5.1 Integration and its problems

Integration is to align programs in the hope of making them more efficient. This can most obviously be undertaken through formal reorganization and specific decisions on how to integrate organizations and resources. There are also special cases where central governments delegate issues to lower levels of government and when they set up informal partnerships to structure the interaction of the actors in the field.

Autonomous coordination by the organizations themselves implies an important role for the central government in designing regulation in a way that encourages coordination. Under some circumstances, slack resources give room for unplanned improvements. The problem is that slack is generally a form of inefficiency, so how can one make sure that slack is used productively? There have to be other mechanisms which push actors to improve operations. Competition plays this role in a market.

The existence of autonomous coordination furthermore implies that there is coordination without the central government's initiative, which is to state the obvious. However, the problem looks slightly different if it is not just about making a public machine work smoothly, as one could perhaps think with regards to the production of services by a bureaucracy. It must be remembered that the economy itself contains mechanisms for coordination by firms and individuals, including "specialists" such as entrepreneurs and investors. In other words, policies would be more efficient if they build on and make use of the autonomous coordination. This points to a positive role for collaboration with intermediaries such as chambers of commerce or labor unions, as mentioned in the previous chapter, but it could also mean staying away, to focus on the role of regulator. In either case, there has to be an interest in how the economy will react to policies.

Integration is not a neutral thing, as I've mentioned before. It is a choice of a dominant perspective. The iron triangles fight for dominance, a kind of meta-politics in the bureaucratic state. There could also be instruments which work against integration, like the splitting up of the public sector into specialized organizations. This becomes a problem if they are dependent on each other for key resources.

My ambition is to see what instruments are used by different governments to stimulate integration. Which governments do what? How important are national specific patterns of fragmentation and messiness? Does it matter where the resources are or how constitutional boundaries are drawn? The typology of instruments for integration is a simplified version of Beryl Radin's (2003) typology of intergovernmental coordination (Hood 2005, Bakvis & Juillet 2004b, Radin et al 1996).

5.2 Central level integration

There are a number of things that governments can do at the central level to encourage the integration of fragmented actors and messy policies. These instruments maintain large amounts of control at the cabinet level.

Reorganization

The obvious, but often very difficult solution is to reorganize the public sector to make organizational boundaries more rational, i.e avoid overlap etc. If instruments and resources overlap to create interdependencies, this could solve the problems. There are examples in Canada of new organizations created to bring together responsibilities and activities that previously had been housed in different departments (Bakvis & Juillet 2004b:16f).

Governments can also introduce lead organizations for regional development such as regional development agencies, where key resources are integrated. They usually integrate planning rather than execution of all the relevant service, which range from higher education to giving loans. This illustrates the limits to redesign, that the scope for reorganization is overwhelming. Even when services are close, such as in skills development for adults, organizations could be so different in their internal cultures that integration would bring more conflict than synergies.

Reorganization is then the strongest way to handle complexity but probably not the optimal way to do it. It is probably only relevant in minor instances, when there is big disappointment with the way an organization operates or if there is a strategic need to give more weight to a perspective. A case in mind is the Swedish situation where most resources are organized in single-purpose organizations except the instruments specifically for regional development. In such a situation one option is to create another single-purpose organization to level the playing field. On the other hand, such an organization still faces the problem of integrating operations with other actors.

Cabinet-level integration

If reorganizations are impossible or can only be done on a limited scale, the central government can put more weight to cabinet level integration. In most countries, except the Netherlands and Sweden, cabinets can have subgroups to coordinate policies for certain purposes. A typical example is the group within the Norwegian government for innovation policy, which works out a new agenda to influence other organizations. It is a collegial effort to renew policies from the top-down.

The Finnish model of horizontal portfolios is a more executive way to push issues across organizational boundaries. The idea is to focus on a number of themes (four at present) and give certain ministers a role to work across portfolios, in a matrix of functional and horizontal issues. This is traditionally a very difficult thing to do in administrative structures and goes against the idea of one minister in charge of a hierarchy of ministry and agencies. There is a debate in Finland on the power of the horizontal managers, if they should have resources of their own or not. At present the horizontal programs act like invited intruders to hold other ministers and their staff accountable for their efforts in fulfilling agendas which are not their own top priority but a top priority of the cabinet.

The last point is important in regional economic development. It is often believed that the main obstacles for growth are in other miniseries' fields, such as the regulation for social security, where the effects on growth are side-effect which tend to be of secondary importance. The horizontal portfolio and the commitment by all ministers give more weight to these issues in internal negotiations. The Finnish program was deliberately designed to avoid the shortcomings of formal ministerial mergers, which was the failed Swedish solution in the mid 90s.

Another way to give more weight to a perspective is to make it a ministry of its own, with key words in its name. The next step is to transform a ministerial entity into something which coordinates several ministries. The British Office of the Deputy Prime Minister had an air of being somehow closer to the center and a desired perspective for coordination. Now it is tuned into a Department for Communities and Local Government, which doesn't even contain the word "region".

France has something similar to the former ODPM in the form of a specialized body near the prime minister for the coordination of the national government in its relation with regional and local interests. For a long time its name was Datar, now Diact. There is an interesting French debate on the strength of this organization and how it depends on other relationships. To put it shortly, the body was powerful when the French public sector was very centralized, but when power in general is more decentralized such a body becomes less interesting for local and regional politicians.

There can also be formal or informal bodies where the Treasury and its equivalents coordinate with other ministries, apart from the “standard” coordination of budgets. There is an informal body which the American OMB works with, known as the Interagency Collaborative on Community and Economic Development (ICCED), where the largest organizations are members (Brown et al 2005).

A radical option is to have ministries for regions, i.e. entities which have a geographically defined mission. There are such entities for Scotland, Wales and Northern Ireland in the UK and there used to be ministries for weak parts of Canada. The latter are now transformed into regional development agencies. Sometimes such national bodies in the regions act as offices of central ministries. The UK’s Government Offices are examples but they are not the only ones who implement policies on behalf of national ministries and agencies. The French prefects are also regional representatives of the national government.

Joined-up government

Governments can go further to organize the integration of operations in formally separate organizations. This is what the concepts of Joined-up government (UK), Whole of government (Australia) and Horizontal management (Canada) are about. They may contain a general encouragement for agencies to collaborate but their core is a number of initiatives where central governments want collaboration in a specific form. As mentioned in chapter one, they are not identical.

The Canadian horizontal management initiatives are a series of “projects” where the government has asked specific organizations to take part. It is thoroughly defined through a map of the implementation phase, known as Result-based Management Accountability Framework, RMAF. There are a total of about 50 such initiatives in all parts of the government, including topics as diverse as a biotech strategy and solutions for the homeless in Vancouver (Office of the Auditor-General of Canada 2005). There is also a great interest in program evaluation to learn about these initiatives.

Some very frank reports have been published by the Office of the Auditor General of Canada (2005). Based on a study of three such initiatives, the latter concluded that "…much of the federal government's approach to horizontal initiatives is still on a case-by-case basis. Central agencies have not determined the kinds of circumstances that require a horizontal initiative and the kind of governance needed. They have not developed enough specialized tools for governance, accountability, and co-ordination of federal efforts in such initiatives and have made little progress in developing means of funding horizontal programs" (Office of the Auditor General of Canada 2005:1f). Interestingly, a promising governance model was found in the horizontal initiative which was developed from the ground up an evolved from an unfunded initiative in Vancouver (ibid).

The published response by the Canadian federal government is equally interesting, since it acknowledges that managing horizontal initiatives is very challenging, that the government is taking action to meet the challenge and that "implementing the …recommendations entails, in large measure, a transformation in the way government works, and will require fundamental changes in government information structures and systems" (ibid, 36f).

The British initiatives are more open-ended. They often have the form of setting up partnerships where participants are expected to work out the detail. They relate to complex problems such as community and economic development. The legal forms are diverse, ranging from partnerships which are formal organizations to informal bodies (Sullivan & Skelcher 2002).

The Australian initiatives cover a vast area too, but the most known is the creation of "Centrelink", a virtual organization where all systems of welfare payments are connected. While the Canadian and British cases cross-over governmental boundaries, the Australian initiatives are mainly within each level of government. In the field of regional development, comments talk about "a major failure of the three levels of government to cooperate effectively…Governments often pay lip-service to the notion of 'joined-up' thinking and greater cooperation while, at the local level, agencies are let living with the harsh realities of institutional competition…" (Beer et al 2005:56).

These solutions add an organizational layer on top of existing organizations. Sometimes they create new legal entities, but they almost always maintain the old fragmented structure underneath. In other words, they provide an easy solution which doesn't take away the fragmentation. This is the basic dilemma of partnerships and networks, that they avoid the confrontation of redesign but on the other hand can only go as far as an organizational compromise allows.

There is however a message that central government expects agencies to contribute, which adds pressure on them to integrate with each other. On the other hand, unsolved conflicts move into the collaborative setting, which implies a role for the central government in nurturing the relationships and learning more about drivers and barriers.

Joined-up government is a new term but the concept is of course old. An old form of joining-up took place in various kinds of planning exercises (Friedmann 1987). Most countries still have elaborate systems of planning, but they tend to be side-stepped. The term planning came to mean an overly ambitious attempt to control the economy rather than a form of interaction in the public sector.

Decentralization

An important variable is how much central control there is of the individual agencies. In all countries, the vast majority of relevant resources are held by single-purpose organizations for skills development, R&D, infrastructure etc. (see chapter 3).

Central governments can make local and regional collaboration easier by decentralizing authority within national single-purpose organizations. There is no guarantee however that this will lead to beneficial collaboration. In fact, some would argue that centralized control is a better way to drive a whole organization towards collaboration with other organizations.

There is a heated debate in Sweden on the role of the regional boards in the national agencies. They are seen by some as wasteful parallel chains of command while others see them as links to regional democracy. They are generally there because national agencies like the one for social security once operated as regional independent associations.

The trend in Sweden has been to unify the silos and abolish the regional boards to make the agencies more coherent, i.e. integrated nationally. It illustrates that there is choice to be made, between coordinating each organization in a national perspective by its headquarters and coordinating the services with other overlapping services in a regional or local perspective.

National-regional high level coordination

The regional and local interests are often acting at the national stage through representative organizations such as the National Governors' Association in the US, strategically placed across the street from Capitol Hill. Germany is the only country where the states have a formal role in the legislature. The second chamber *(Bundesrat)* is composed of state representatives and has a formal role in the national lawmaking.

There are also bodies where ministers of national and regional governments meet to coordinate their policies or even bodies where the regional ministers meet without the national counterpart. Germany has an elaborate system of "standing conferences" for each policy area, while Australia has a body where ministers of the Commonwealth and the states meet once a year together with the Australian Local Government Association, called the Regional Development Ministerial Council, RDC. There is also a general Council of Australian Governments.

An Australian special Regional Development Taskforce drafted a framework document where roles and relationships were described, as well as potentials for improvement (Regional Development Council 2005). The task force has also made specific recommendations for each state how the Commonwealth and the state can coordinate their activities. There is furthermore a Standing Committee on Regional Development, which operates a number of working groups. Summits called Regional Australia Summit have been held.

5.3 Two forms of regional coordination

An obvious alternative to central level integration is increased coordination at the regional level. The central government can encourage this through two different mechanisms. One is devolution, which is to hand over tasks or entire organizations to regional or local governments. The other option is deconcentration, which is to delegate tasks to a national body in the region where policies can be integrated.

Devolution is easy to understand since it looks very much like federalism. Many unitary states have devolved responsibilities to regional bodies, as well as to local governments. It is more difficult to explain deconcentration since a national regional body sounds like a contradicition. Yet, it is a common instrument in unitary as well as federal states.

They are two forms of regionalism, where the common element is to take decision-making powers to the regional level, while they differ in who the regional level is. The first turns them over to someone who is legally independent while the second stays within the boundaries of the national government. In both cases, there may still be problems of coordination, especially if only some instruments are handed over.

Both can claim some superiority over the other. An elected body usually has more legitimacy with the local voters while an appointed body usually has better access to the national ministries where key resources are. How it turns out in reality depends on the people involved, what they do and what connections they have.

In principle, a country can have one without the other. One could even ask if it is rational to have both. They set the stage for negotiations between national and regional interests which is also to conserve a divided responsibility for issues.

Devolution to regional governments

Devolution is a way to give away issues to lower levels and leave it to them to integrate. In the field of regional development this has the advantage of coming closer to the affected citizens. The UK has devolved powers to regional legislatures in Scotland, Wales and

Northern Ireland. London has an elected body too. Devolution is also an instrument in Sweden and Norway, though only as experiments or with heavy restrictions. Sweden has an experiment with powers turned over to the elected regional assemblies, which are mainly for health care. An alternative option is for regions to set up federations of the regional and the local governments with an indirectly elected assembly.

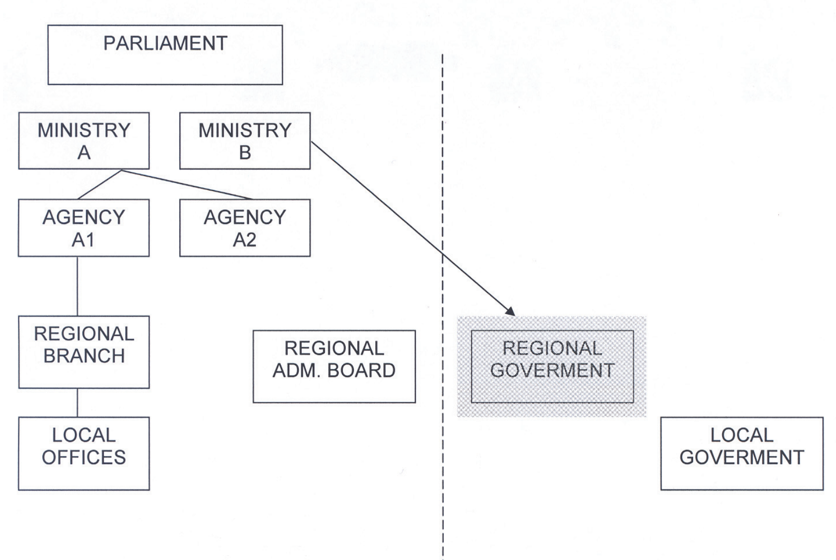

Figure: Devolution

In the federal countries, the states have the right under the constitution to run their own programs, which is technically not a case of devolution from the national government. Nevertheless, the transferring of programs from the federal government to the states is something of a tradition in the US, where federal programs are often implemented by the states and funded through block grants. In Germany the constitution entails a kind of devolution in that most programs are implemented by the states. In both countries there are still relevant programs run by the national government, as indicated in chapter three.

In the federal countries, the states run their own organizations for regional development, sometimes in parallel to federal organizations with a similar purpose (Australia and Canada). It frustrates regional actors and is often criticized as wasteful duplication. To make matters worse, they operate with different geographical regions. Australia has a total of about 1,000 organizations involved in regional development for a population of less than 20 million. In the words of Alaric Maude and Andrew Beer, "it makes no sense for the…Commonwealth's regional labour market and economic development agencies, to be separate from the state-based regional development organisations. One of the deficiencies of the latter is that they have limited involvement in workforce training, yet this training is recognised as one of the more effective economic development strategies" (Maude & Beer 2003, p 6).

Devolution is naturally a contested issue. It touches on deep differences in how democracy should be organized. Some say it is an inevitable effort to adjust policies to local circumstances while others say only national governments have the power to transform the economy. This sounds a bit like Charles de Gaulle, whose position even France has abandoned (Levy 1999). The small countries used to see national bargaining as a way to deal with free trade and dependence on world markets (Katzenstein 1985). Surprisingly, globalization seems to challenge this perception rather than to reinforce it.

National regional bodies

The other way for a national government to integrate issues at the regional level is to delegate them to a national representative in the region where they can be integrated. Issues can also be moved from single-purpose agencies under national control to the national regional agency.

The French prefects are typical representatives of the national government in the regions ("deconcentrated powers"). They deal with elected representatives of the regions, who are bearers of devolved powers. The Prefects also have some power to control the operations of the elected governments, which creates a multifaceted relationship.

The structure is similar in the Nordic countries, with the so called county administrative boards. These organizations are peculiar in the sense that they integrate more than regional economic development issues. In Sweden they act as the regional branch for environmental protection and agriculture as well as for some EU programs. They inspect local governments on several issues, while they collaborate with them in economic development. The integration furthermore means that they have to balance development against environmental protection. This is part of a fairly common technique in Sweden to join-up opposing perspective and ask the bureaucracy to balance them off.

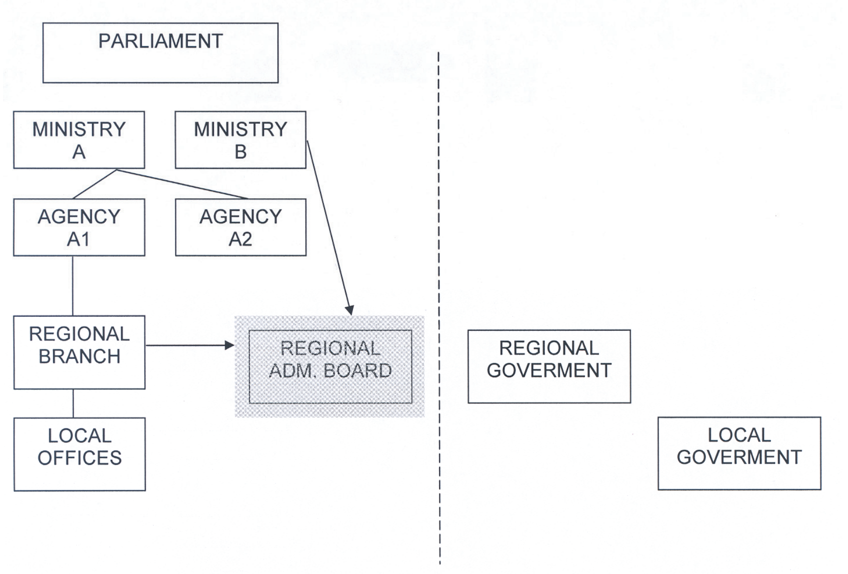

Figure: Deconcentration

The English regions have a troika of national regional bodies. The Government Offices are integrated branches of several national ministries. Then there are the Regional Development Agencies which coordinate regional development policies with other organizations. Finally there is a Regional Chamber, with representatives of local governments and other regional interests. It is an embryo of an elected government which presently doesn't exist except in London and the devolved areas of Scotland, Wales and Northern Ireland.

New Zealand has an interesting solution for its biggest city. It is an office where several ministries are joined-up to support the local governments of Auckland. The Government Economic and Urban Development Office, as it is called, is an institutionalized partnership.

There are some similar bodies in the federal countries. The Australian federal government (Commonwealth) operates 56 Area Consultative Committees' (ACC) across the country. They are not-for-profit, community-based organisations funded by the Commonwealth, though its members are unpaid volunteers. They are in a sense the Commonwealth's eyes and ears in the regions. One of its outputs is a three-year Strategic Plan for its area, based on consultations. Funds for projects by regional partnerships are available through a special program, which the ACC's are related to. Another output is to help applicants and give advice to the Commonwealth on applications to its Regional partnerships program

What is special about the Australian case, is that most of the states have their own bodies for regional development. It is also interesting to note that there was another, parallel federal body in the 90s, the Regional Development Organizations (RDO), operating under another ministry. In other words, the Commonwealth operated two organizations, largely isolated from the relevant state organizations (Maude & Beer 2003, p 7).

In Canada, the two sides operate in parallel too. The federal government runs the previously mentioned development agencies, which either cover several provinces (Atlantic Canada Opportunities Agency, ACOA, and Western Economic Diversification Canada, WD) or the poorer parts of the two richest provinces (Canada Economic Development for Québec Regions and Federal Economic Development Initiative for Northern Ontario, FedNor). In addition, the provinces (states) have their own organizations for regional economic development.

There are more national regional bodies in Canada. There are federal regional councils to facilitate the sharing of information among senior federal managers in each province. It is in other words a partnership of interacting agencies. Their membership varies from 23 to 44. A core budget is provided by the Treasury Board Secretariat, but the councils rely on the voluntary contribution and personal dedication of its members (Juillet 2000).

The US has a few special solutions which look like regional development agencies for particular parts of the country. The Appalachian Regional Commission works with the 13-state Appalachian Region, while The Tennessee Valley Authority, the Denali Commission, and the Delta Regional Authority focus on development efforts in three other regions.

In addition, there is the federal Economic Development Agency which interacts with states and other regional actors in partnerships. It indicates a federal interest but not as strong as in Canada or Australia. Only the Netherlands and Germany lack national regional bodies.

The key question is how much of the relevant resources are integrated in the national regional body and how much operates on its own, i.e. the dimension of single-purpose versus general-purpose bodies. It is easy to see that there are other agencies operating in the regions in areas such as skills development, R&D and infrastructure. An estimate in the UK is that the RDA's and GO's hold less than ten percent of the relevant resources.

Regional Development Agencies

In many countries there are lead organizations for regional development, where at least some of the resources are integrated. They can be found in federal as well as in unitary states, which means that they are an interesting object to study if one wants to learn more about the importance of national contexts. In England, they were supposed to shift from the national government to the regional assemblies, if voters had approved of devolution. Finland has merged some national agencies related to employment and industrial development to form an integrated body of national effort in regional development.

Andrew Beer and Alaric Maude have studied these organizations in the Australian states (Beer & Maude 1997, 2002) and also, with an international group, in England, Northern Ireland and the US (Beer, Haughton & Maude 2003). There are differences, but they are more likely to stem from different conceptions of the task than from constitutional differences. They note that "…on the one hand American practitioners define development very tightly in terms of employment creation and the attraction of new enterprises. They use a range of well established techniques to achieve these ends, and generally report high levels of satisfaction with their success. In England, by contrast, economic development practitioners adopt a more holistic definition of development and use technology, community development, network and other tools to advance the well-being of their communities. When compared with England, Australia's economic development agencies are strong on community links, the promotion of the region, tourism, and the organisation and promotion of major events, but appreciably weaker in encouraging supply chain associations, the implementation of clusters, the running of business incubators and the provision of industrial estates" (Beer & Maude 2002:84f).

The authors go on to note "the weak partnerships between economic development agencies in Australia and research institutions such as universities or the CSIRO" (Commonwealth Scientific and Industrial Research Organization; ibid), which is a statement about the relationships between states and Commonwealth at the regional level.

Relationships at the regional level

Implicit in the discussion of the two types of regional bodies was that they have some kind of relationship. It is largely up to the central government to define what kind of relationship it wants to see at the regional level. These relationships can differ in many ways, which will be discussed in following section which looks at collaboration which is not explicitly designed by the national government.

There are a number of contracts at the regional level. OECD distinguishes between contracts of planning, program and implementation, with examples from France, the Netherlands, Canada, Italy and Spain (OECD 2005). It seems however that these categories are overlapping, which implies that the character of the contractual relationships must be settled by a closer study. The legal character of the agreements is difficult too. The national government will only be bound by a legal contract with another level of government if there is a constitutional court to enforce it. When the parties of a contract are several branches of the same national government they will most likely not have the authority to enter contracts without an act of Parliament. The contract then becomes a statement of intent rather than a binding document. Here, the number of participants will be used as a basic divider. If there are two parties, the dynamics will be very focused on these two, while a larger number of participants opens up for other kinds of dynamics.

Contracts with two parties

France is the only country with an explicit contract between the two main regional organizations, representing the nation and the region. Other countries have more parties involved and make more diversified agreements. The French situation creates a duality which is more obvious than in countries where more parties are involved. It is clear who the parties are and that there is an expectation that the prefect will coordinate the resources of the national government. In other countries, all the national actors are brought to the table in the regions to work things out jointly.

The two sides form a relationship where the resources of the regional and national governments are coordinated under happy circumstances. It can also produce stalemate and a fight over the right to represent the region. It is interesting to note that both types of organizations identify with the regions. The appointed body has a somewhat split personality and often become two-way spokespersons, for the region in the capital and for the capital in the region.

Sweden tries to have it both ways, where the national regional body is asked to coordinate all national agencies even when a regional assembly is asked to be the general coordinator of all organizations in a region. One could see it as a hint of the French dual model or an inability to accept devolution. This is even more interesting when one takes into account the relationship which prevailed in the 90s. At that time the two bodies were partly integrated, when the elected regional governments appointed the boards of the national regional body even though it reported to a national ministry. Interestingly, there were also links with the most important single-purpose organization, where the appointed head of the national regional body was chairman ex officio of the regional board of the national labor market agency, which could be seen as a weak form of joined-up government.

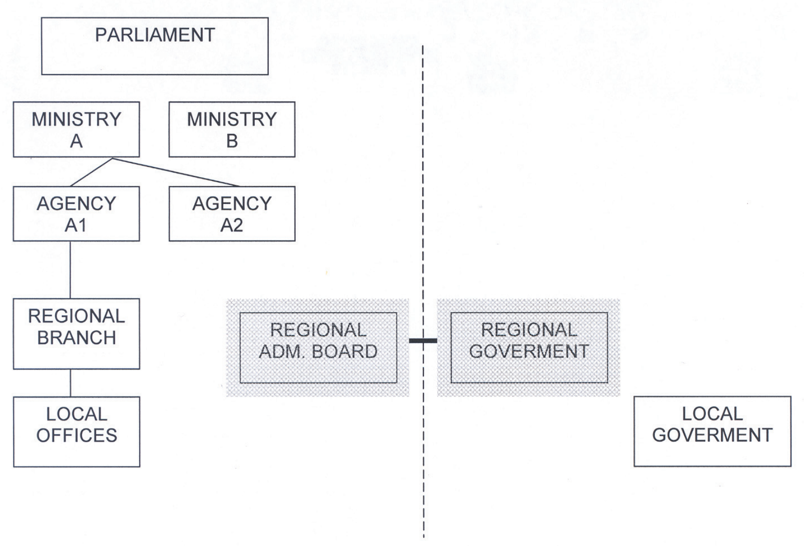

Figure: A contract with two parties

Partnerships with more parties

The most common integration is to have partnerships with many participants. In countries with Regional Development Agencies, they are expected to integrate with other organizations to join-up resources. In the Nordic countries central governments instituted the regional partnership model in a way similar to the concepts of joined-up government etc. in the UK, Canada and Australia. It was the governments that decided, at least to a large degree, who the members should be, what the partnerships were meant to achieve and what kind of resources they could use.

A point in this analysis is that the dynamics of integration is different when there are more partners than just a representative of the nation and one of the region, which are two opposing powers. Roles and identities are more open and shaped by the dynamics of the context in a larger partnership.

In countries with Regional Development Agencies, the partnerships get a slightly different character. The RDA has the lead role and some key resources. They network to align strategies with others to ensure a greater impact of the grand total of resources. This can be seen in England, where the RDA's are involved in a great number of specialized partnerships rather than one grand partnership for all growth-related issues.

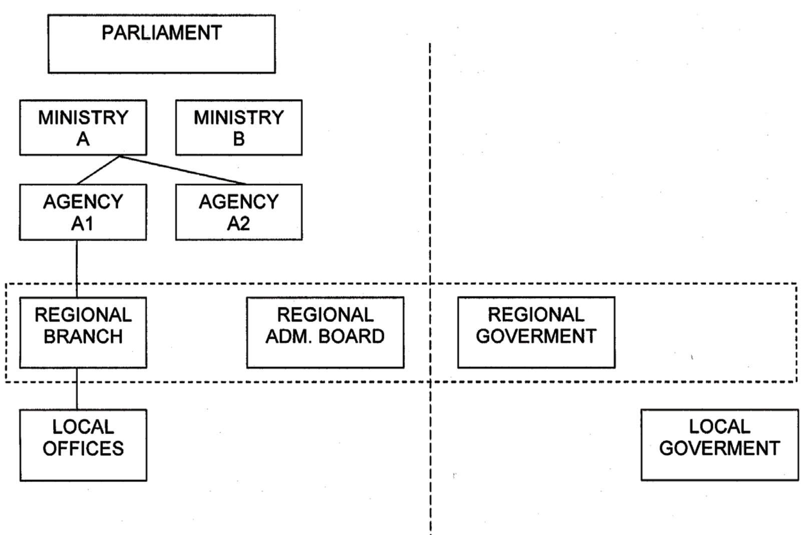

Figure: Partnerships with more than two parties

In the Nordic countries, the networks are the lead organizations since there are no equivalents of the RDA's. It is a difference in degree, but it is nevertheless important because it shapes the expectations about who can act on behalf of the region. The difference can be seen within

Sweden too, where the two elected assemblies act in the name of the region, which reduces the partnerships to more of advisory bodies.

Partnership is a general term and doesn't have to include organizations which report to different elected levels, but the most interesting cases are where levels of government are mixed.

Partnerships are a pragmatic solution to the regional mess. They create a forum where conflicts can be handled, if not necessarily solved. They are at the heart of joined-up government, but there is a pressing question if they are strategic responses to complexity or more a sign of the central government giving up its ambitions to control at least the agencies within the national government.

Implications

By definition, the coordination which takes place within well-functioning partnerships will influence its members. Hence, the hierarchically organized single-purpose organizations will not be the same when they network with others. As a consequence, differences across nations will be greater and local adaptation too.

A very fundamental difference for the national government is that is must be more interested in the relationships in the regions to know how to influence them. The tools of the old hierarchies are no longer sufficient and perhaps even dangerous to apply. Governments have to act according to the logic of network management to design and influence these networks, which will be discussed in chapter six.

5.4 Hollowing-out

There is a parallel strategy to sending issues down to the regions. That is the strategy of sending issues out from the government to private actors like NGO's. A third strategy is to send them to supra-national bodies like the European Union (Pierre & Peters 2000). Neither of them is very important at this stage nor can they be expected to play an important role in regional development.

Hollowing-out, in the sense of involving NGOs, is an interesting option for governments to become more integrated with business, though it has some dangers too. France is the only country where there was an explicit attempt to move towards a German situation, as discussed in the previous chapter. Other countries, like Sweden, have moved away from corporatism.

Moving up to the international level may have some advantages if governments want to redesign or cut-back domestic programs. The structural funds of the European Union complement the national efforts to develop regional economies and introduced the German model of partnerships in other countries. Other parts of EU policy can be expected to take over from domestic policy, such as programs on innovation and technology development. Over time this influence will be more important.

5.5 Bottom-up collaboration

A final way for governments to work for integration is to encourage networking among organizations, without predefined patterns of interaction. Such networking can of course go on without central government endorsement or even in conflict with central government policy.

Networking as a way out

Collaboration and networking, especially in partnerships, are ways to handle complexity. It implies that whoever develops the capacity for fruitful collaboration will get an advantage in the globalized economy.

Central governments can say that they expect agencies to work with each other or that they should reach out a hand, as an old Swedish administrative law said. They can also be more specific by defining types of partnership arrangements, with or without seed funding. The encouragement of collaboration points at various programmatic instruments to affect the management style rather than the structure of the public sector, which was the purpose of the redesigns discussed above.

One of the difficulties with networking is that it depends on the efforts of the participants. This is true about formal organizations too, but the room for direct orders is substantially smaller. There has to be an interest and some trust or even loyalty to nurture the relationships with outsiders. Networks are after all an entirely different kind of relationship from a hierarchy (Thompson 2003).

From the central government's perspective two very different problems can occur. One is that partnerships do nothing and the other is that they coordinate too much, to the extent that they break regulations. The first indicates that there may be barriers present, such as hostility by key players, which in turn implies a need for firm action to get the partnerships going. These situations open up a general discussion of what makes partnership arrangements work, which will not be discussed here (see Agranoff, forthcoming). The other problem indicates a need for limits and clear instructions on what is allowed. In reality there may be contradictory regulations and vagueness in the directions given by central government. For ambitious partnerships it may even be a reasonable strategy to show the unreasonableness of regulation by breaking it.

Both situations reinforce the need for central governments to understand what goes on to be able to influence it. It will be impossible for the central government to know all the important detail of the partnerships and the individual organizations. Guidance must be based on strategic interventions, similar to the attitude necessary to deal with the "wickedness" of the economy (chapter 2). It becomes particularly relevant to compare partnerships to learn about the importance of differences in dynamics etc. These points have implications for public management, to be discussed in the next chapter.

Instruments

An early Canadian study noted that "…there is no magic bullet to developing a teamwork culture within and across departments, the cultural shift required to support horizontal issues management depends to a large degree on how well senior management demonstrates its ongoing and long term commitment to new, collaborative ways of doing business" (Task Force on Horizontal Issues 1996:33).

There are a number of particular tools the central government can apply to encourage collaboration. All of these can be seen as complements or even alternatives to the instruments of public management to be discussed in the next chapter.

The central government can give rewards or seed-funds to the partnership. It can also make room for collaboration within standard regulation by providing slack resources and/or relaxed regulation. It can give block grants with fewer strings attached. It can also give waivers, exceptions from regulation. Other instruments are the building up of knowledge and capacity as well as organizational development. A rather special case is to have national agencies adopt a bargaining rather than rule-imposing style of operation towards lower levels of government (Radin et al 1996:26ff). Governments can make use of rankings to make partnerships compete for achievement and status.

Central governments have secondary instruments like control, oversight, accountability and evaluation. These can be designed to highlight joint missions rather than individual missions. As discussed in the next chapter, a focus on outcomes (societal effects) is more helpful than a focus on particular resources (inputs) or activities (outputs). Context, structure and processes become relevant to understand the dynamics of collaboration.

A more indirect instrument is to organize individual agencies in a project-oriented structure, which could make them more interested in collaboration with external parties. Internal networking can lead to a larger capacity for external networking, especially when the government is a player in the economic field. It can also lead to a greater capacity for making rules that let others network, in areas where governments are rule makers rather than players.

This implies that the Weberian model of a rule-obeying and law-enforcing bureaucracy is a barrier to collaboration. While this may be a very important model in some areas, the point is that the public sector needs to be diversified. The production of services (which most resources for regional economic development are) is better organized around a professional culture than a legal culture. This is a very big question, but it points to fundamental problems in dealing with economic development.

The Weberian bureaucrat is not an optimal role model for networking specialists with a mission to support individuals and firms. One could hypothesize that organizations or countries which are less influenced by the Weberian model (or limits its application to clearly identifiable situations) will have an advantage in working with regional economic development.

Coordination dynamics

Some of the most extensive research on coordination dynamics is done in the US. Robert Agranoff and Michael McGuire have investigated the development strategies pursued by managers of American cities, who are key individuals trying to join-up resources from different funders and organizations. The authors found, perhaps to little surprise, that the managers differ greatly in two fundamental respects. The managers and the cities are active or inactive, as well as passive or opportunistic in their strategy, which produces four basic combinations (Agranoff & McGuire 1999:45ff).

More interestingly, the city managers have different relations to federal and state policies. Some of the managers are the passive end of a top-down strategy by the state and/or federal actors. Others look for joint benefits, win-win arrangements between top and bottom. Finally, there is a third group of managers, which are driven by their own strategies in what could be described as a bottom-up relationship to the states and federal government. These managers and cities are driven by their own visions and use other resources in ways that conform with the strategies rather than to let outsiders drive their strategies. They are in the authors' words "tweaking the system" or "working it" (ibid, 154).

This very active strategy, the "jurisdiction-based" strategy in the terminology of Agranoff and McGuire, seems to be the optimal one. The authors note that "…there is a substantial diffusion of federal power in multijurisdictional and multiorganizational programs. Some cities allow this diffusion to dictate local policy making, others ignore it. Jurisdiction-based cities capitalize on it" (ibid, 170).

The success attributed by Agranoff and McGuire could be interpreted as evidence of a simple but sometimes overlooked fact, that economic development is mainly about exploiting local resources, not primarily about getting hold of resources from above, though that may be important too. Cities which see themselves as acting subjects rather than objects or even victims, are already on the road to development.

5.6 Variety and impact

The overview underlines that there are several ways to integrate policies and actors. One kind of integration has to do with control from the top. Formal reorganization is uncommon but cabinet integration is strong in the Anglo-Saxon countries and it is there we find the predefined partnerships (JUG etc). Finland, Denmark and Norway also have strong cabinet integration.

Regionalization is a bit of a mystery. One group of countries does both kinds (devolution and deconcentration): France, the UK and the Nordic countries. The federal countries and the Netherlands are already there. The federal (national) presence in the regions varies and seems to be the greatest in Canada.

Autonomous networking is a tradition in the US and the Netherlands. It is encouraged in Sweden and the UK. Most of the other countries are reluctant and prefer central control.

Some of this is expected from the pattern of fragmentation (above). The Anglo-Saxon tradition of executive power implies centralized solutions. This drive for centralized solutions is limited by vertical fragmentation, more so in the US than in Canada and Australia. Centralization is also restricted in countries with strong local governments, such as the Netherlands and Sweden.

The countries where there is a strong centralizing tendency are also the ones where there is a push for devolution (especially France, Sweden and the UK).

Lastly, a fairly strong Weberian tradition acts like a barrier for the adoption of networking and joined-up government in several countries. France and Germany are cases in mind, though the German model depends on extensive interrelationships based on formal overlaps.

6 Public management for integration and impact

This chapter shifts the focus to the management tools by which the central government controls the public sector. Their design is the final strategy governments can use to encourage collaboration, in parallel to the strategies described in the previous chapter. The chapter also shifts the structure of the text, from a focus on what is done in each country to discussing the management problem first – how public management contributes to fragmentation – and then look at examples from the countries.

Public management has to do with the principles of public sector operations. They affect economic growth indirectly by making it easier or more difficult for agencies and other organizations to collaborate (among other things). The main question in this context is if governments can use these management tools to reduce the fragmentation (increase the integration) of resources to get a stronger impact on the regional economies. The chapter will first look at the public management of single organizations and then at the added difficulties of managing organizations to encourage their collaboration.

Collaboration and a concern for economic growth demands that all parties look beyond their individual and short-term goals to work for long-term and collective benefits. Such a shift in perception is often related to seeing oneself from the perspective of the citizens and developing leadership styles to interact with the outside world. In short, what are the best regulatory frameworks for the public sector to achieve this? Is it best done in a national or a regional context? By very focused organizations under tight control or by organizations with wide roles and responsibilities? These are question about efficiency rather than values and appropriateness, which would open the discussion too much.

6.1 The critique of New Public Management

The problem of fragmentation is one of the alleged shortcomings of the leading public management doctrine of the last two decades, the so called new public management, NPM (Pollitt & Bouckaert 2000). Its core idea is that each public organization should be managed (controlled, regulated, steered) by the central government in terms of its performance. The idea is intuitively appealing and but there are some negative side-effects to it.

Accountability

The term accountability has become the leading buzzword for performance. It indicates a relationship where governments and taxpayers hold organizations to account for their performance. Hence, accountability generally reinforces fragmentation. On closer inspection there are two issues involved. One is the need of the legislature to track the money, where it was spent. The other issue is if it was spent efficiently, which is a much more complex and demanding question, about causality and the contribution of the specific activity.

The focus in New Public Management is on the efficiency of individual programs or organizations, but with very little attention to the causal analysis. Put more bluntly, activities are often looked upon as if they were entirely controlled and produced by the organization under the control of its managers. Societal effects are often ignored because it is too obvious that other factors intervene. This management doctrine may still better than its alternatives, but it is in the demand for causal analysis that collaboration becomes a problem.

Collaboration makes it difficult to attribute blame and reward. If collaboration succeeds, the risk is that everyone will take credit. If it fails, everyone can blame someone else. In both cases the actors "hide behind the group". It is still possible to track where the money went, but the question of efficiency becomes impossible and the illusion of control too. This is disturbing since it would be a good thing to know how different parties contribute, to know if they were necessary for synergies (success) or if they act as a barrier to achieving a synergy (failure).

Furthermore, most of the discussion about accountability is about things that have happened. It is very difficult to hold organizations accountable for not taking action. Also, the focus on activities/outputs may lead to a reduction of interest in societal effects/outcomes. It should be noted that a type of solution in the particular field of regional economic development is to devolve issues to regional politicians who can be held accountable by regional voters (chapter five). The problem wouldn't go away but it would reduce overload to deal with it closer to the citizens.

Side-effects

The focus on performance is expressed by linking funding to performance. Sometimes it is argued that this will make the organization more entrepreneurial. The organization's desire for more funding is supposed to make it client-focused and – more to the point – more client focused than under any other public management model. This goes back to the philosophy behind NPM, to create pressure on public organizations to make them entrepreneurial to produce what citizens' want (i.e. "public value"; Moore 1995).

The focus on performance has meant dividing up organizations to give them a more focused mission. Funding is often calculated in a contract-like way and performance is monitored and used to inform the next round of negotiations. Several commentators have noted that this model tends to reinforce organizational boundaries (Pollitt & Bouckaert 2000:165). The follow-up question is if joint performance targets can be introduced in NPM or if NPM should be reformed in favor of some other principles of public management. It is a very complicated question which involves several trade-offs.

It should be noted, again, that other principles of public management have other shortcomings. The previous focus on resources (inputs) could lead to heavy political involvement as well as to incentives for the organization to show failure in order to get more resources, and so on.

Baryl Radin notes that there are a number of side-effects created by the focus on the performance of public organizations (Radin 2006). It has unintended consequences such as driving out other values, including the professionalism of the staff. One can add the conflict with a value such as citizen involvement or empowerment. Professional norms and citizen choice are regulatory mechanisms which can be alternatives or complements to performance-based funding. NPM places all emphasis on politicians and managers to drive the public sector in a relationship that looks like “purchasers and providers”.

It seems that, at least under some circumstances, the focus on performance leads to short-sightedness and narrow-mindedness, the opposite of what is needed for coordination and collaboration. The implication is that the drive for the efficiency of the parts reduces the efficiency of the whole.

New Zealand is an interesting case after going through several stages of ambitious redesigns of the entire public management system. It started incrementally and moved in the 80s to a very strong or pure version of NPM. Then it fell back to a more relaxed version. A summary of all changes is that the first tried to copy more of a market with contracting out etc and the second fell back to more of planning. The public seems to like this shift, but it has created some new problems.

Government as a thermostat

The most extreme form of NPM sees the government as a thermostat, reacting like a machine to calibrate the goal achievements of the public sector. In this simplified view there is a strict loop where goals are set, organizations do their job, feedback is collected and governments draw conclusions. Ideally, the organizations have room to make innovations about the means to reach the goals and the government has room for innovation in the design of next year’s goals.

The idea of a thermostat rests on a number of awkward assumptions. One is that there is enough knowledge of causal relationships to draw rational conclusions on how to redirect control and command. Another is that policy implementation oscillates around some kind of equilibrium state of affairs (Pierre & Peters 2000:41). It furthermore implies that “more” should be given to the unsuccessful organizations, “more heat when the temperature is low”, which would be to reward failure. Finally, it reduces politics to the role of a predefined "control room", the manager of a bureaucratic *perpetuum mobile*.

Unlike a thermostat, the government deals with several issues at a time, to put it mildly, in an environment where cause and effect are difficult to attribute due to the complexity of intervening factors.

6.2 Management of individual organizations

The central government has a number of options in its relation to individual organizations. The key components in the relationship are goals, feedback and analysis.

Different objects of control

To start at the beginning, there are five ways to define goals or missions of organizations. The first way is the traditional Weberian way, where bureaucracies are instructed through law rather than performance funding. Another (extreme) alternative is to maintain all operations within a unified ministry where the operations are controlled by a traditional hierarchy. Strong leadership by a minister could replace quasi-contracts and rely more on the use of tacit knowledge. In reality it tends to be ungovernable.

With New Public Management came a shift from funding inputs to funding outputs, but it can be done in very different ways. The government can set volumes (planning targets) and argue about funds, and it can also do the reverse, set prices per activity and argue about volumes. As Richard Norman claims, the two models place the burden of proof on different sides, the principal or the agent (Norman 2006:7). Public universities are sometimes funded with set prices per degree ("formula funding"), which leaves it up to the university to adjust its work to the funding level, which of course could lead to an erosion of quality. The point, from the government's perspective, is that it can avoid getting into discussions on how to run a university.

A final option is to set an outcome beyond the activities within the organization. Sometimes vocational schools are funded per job created rather than per degree issued. A job center could be funded per successful job placement rather than per number of counseling activities. The organization doesn't control all factors, so it is unfair in one sense to hold it accountable for outcomes, but under some circumstances it is still reasonable to ask the organization take responsibility for delivering an outcome. A job is the obvious goal in these examples and works similarly to rewarding sales people for signed contracts rather than effort (though they usually have a base payment for no performance).

Rewarding outcomes should ideally make the organization interested in controlling factors in the environment, such as collaborating with relevant parties. Under the best circumstances this could be a driver for collaboration and/or synergies.

Ideals and perversions

All ideals can be perverted and one way to understand the debate about these options is to look at their ideal form and their perverted form.

	Ideal	**Perversion**
No specific instructions	Professionalism, impartiality	Inward-looking
Direct orders	Low transaction costs	Shirking
Output: volumes	Obedience	Goal displacement
Output: prices	Competitiveness	Quality erosion
Outcome	Independence, professionalism	Inward-looking, too long-term view

Figure: Five kinds of control

The first and the last type of control give the greatest room (ideally) for the organization to work out the details of operation, possibly by professional standards. They are also the models where there is a risk of inward-looking behavior, a self-centered perspective. The three other models deal with this problem by giving orders. Instead they run the risk of producing side-effects such as goal displacement, often referred to as playing games or "gaming". Much of the criticism of NPM is about the risk that outputs and outcomes in fact lead to goal displacement.

There seems furthermore to be a logic where outputs come to dominate over outcomes. Christopher Pollitt and Geert Bouckaert argue that “accountability systems are likely to slide towards outputs, as more quickly measurable, more easily attributable and much less costly to monitor”. But they also warn about outputs: “go for outputs and you are likely to lose sight of effectiveness…” (Pollitt & Bouckaert 2000:167).

Why not try to control everything?

The problem of perverted control has to do with the fundamental insight of principal-agent theory, that the principal (the government) is unable to completely control the agent (the organization). The agent may misunderstand or have other motivations. Orders often look different from the perspective of the street-level bureaucracy. All of this means that under some circumstances the agent will do something else than is expected.

Goal displacement happens when organizations have other motives, from laziness to a more sophisticated view than the government of what the organization should do. It is a way to cope with demands from the government. Furthermore, the organization has an advantage in that it knows more about the organization itself and probably also more about the target population and how to affect it.

The relationship between the government and the organization affects the strategies by the respective parties. Under good circumstances the organization makes its information available to the government or even uses its creativity to work out ways to fulfill its mission. Under bad circumstances there will be conflict or goal displacement.

The relationship between principals and agents can range from very loyal and enthusiastic to deeply conflictual. In either case, there is interdependence in the sense that agents want funding and principals want services performed. There is a potential win-win situation and there are also threats of “defection”. This means that the relationship starts to look like a game of “Prisoners’ Dilemma”, where control will lead to diversion. The more the conflict is about money and power, the more it will resemble the assumptions of economic theory (which is not to deny that many public employees are driven by other values as well).

The most efficient system of control under these circumstances is one where the principal plays on the self-interest of the agent (Ayres & Braithwaite 1992).The implication is that governments should act strategically. The way to reach a win-win situation is to back off from the toughest control, but threaten to use it. The subordinate organization has to show the government that it controls resources (i.e. has the power to retaliate) and has to establish itself as trustworthy. A combination of trust and control is optimal.

Principal-agent theory implies an active role for the agent. Whereas NPM risks treating organizations as passive recipients of orders, to be more controlled if they don't obey, this perspective points to the importance of the organization playing a more active role in making use of its superior knowledge of the field. The trick is – in this view – for the government to set the parameters so that trust is built but not abused by the organization or the government itself.

The acceptance of interdependence also offers a relief to the problem of overload, by reducing the need for information to control and double-check. Both parties should focus on strategic information, to know if the other party "cooperates".

Different management for different services?

Another question is if all organizations should be treated the same way. The policies mentioned in chapter three indicate a great variety in terms of what organizations are expected to do. It is reasonable to expect different ways to handle organizations with different roles and, furthermore, that there is variety across the countries in this respect.

A very fundamental criterion is how the services relate to the clients. One big group of services for economic growth is about the development of firms and individuals. They are within the public sector, but the services are very much focused on the particular individual who takes part. Education, job finding, applied research, export promotion, loans, housing and even transport are goods and services which are used and produced in a close relationship between client and provider. The services can be managed through outputs or outcomes, but there is also a potential role for the client to make the relationship more dynamic than a planning framework is. The services are individual in character and supplied through the public sector for political reasons, such as universal coverage or uniformity. They are provided publicly in some countries and by the market in others. They could also be contracted out to private providers or the funds given to the clients, though that would create a need for other ways to encourage integration.

Other services of relevance are more complicated. Some public services related to economic growth are based on coercion: planning, regulation and taxation. Coercion can also be used to grant monopolies, such as a national system of patent protection. It is difficult to apply NPM to organizations that make plans or regulate. It is also difficult to apply it to organizations which give subsidies to firms and individuals. At one extreme, subsidies are defined in national regulation and the organizations should be Weberian bureaucracies. At the other extreme, there is a great amount of professional judgement involved, which must be handled with care. For example, targets for organizations giving subsidized loans must include some measurement of failed clients to avoid “easy sells”.

Regulatory instruments, whether coercive or subsidizing, are important in themselves. The government can design such things as tax-breaks and procurement requirements to have a great impact on the regional economy. They could be seen as resources of a different kind, but they are not dependent on organizational delivery. The design of welfare benefits and other general subsidies is important as it affects incentives for individuals.

A special case is regulation of public services which can have indirect effects on the economy, such as the location of the armed forces and activities to conserve wildlife or historical sites. All of these increase the economy and can be support for tourism etc. They can be important for the regional economy, but it is difficult to put them within a joint framework of regional development.

There are often lead organizations to deal with analysis, coordination and leadership. Regional development agencies are a case in mind. To some extent they have to be public to take a leadership role, but the boundaries are unclear. Some services can be provided by consultants and some leadership is provided by associations etc. In the international examples there are often targets in terms of outputs and outcomes.

Monitoring and evaluation

Giving orders makes it necessary to have systems of follow-up. Monitoring and evaluation are key instruments in that they provide feedback on the achievements of the other instruments. In this respect they can under some circumstances become reinforcing (secondary) instruments to encourage coordination. They function as tools for the government and the actors themselves to redesign policies and implementation, i.e. to learn from experience.

Monitoring refers to systems of data. Organizations can be required to report on their activities (outputs), resources used (inputs) and aspects of their production (processes). The organization and/or a statistics agency can report on the wider societal issues which organizations are supposed to influence, i.e. employment levels or economic growth, which are outcome measures in the list above.

Evaluations are another type of feedback which is very different. Here it is the causal relationships which are important. It usually means that a smaller set of questions will be addressed to deal with the increasing complexity. The focus is often on specific activities or programs to learn about their effects on economic growth etc. The reverse question is also possible, about what has effects on growth. The difficulty with evaluations is to establish causality, i.e. to control for the impact of other variables. Sometimes it is also relevant to look for side-effects of a program.

In this context it is important to note that monitoring and evaluation can be done without a link to a funding system. Organizations can do evaluations to learn more about its own operation, as a more general diagnostic for improvements, regardless of what the central government asks for. Evaluations function differently, if they are part of an attempt by the funder to determine the worth of the operations or if they are undertaken by the organization itself to improve operations.

All of this is different from the Weberian ideal, which was to have no monitoring and evaluation at all of performance. Its core idea was to operate according to standardized procedures of law-enforcement which safeguarded citizens' interests. Accountability was mainly about legality and citizens' right of appeal to a court.

Two-step implementation

Feedback is a weak link in New Public Management. The principal (government) needs to understand the consequences of giving orders. Both parties need to understand how the regional economies work and what effects policies have. The economy is a "complex adaptive system" (chapter two), which means that factors are interrelated and difficult to influence in a simple manner. Side-effects are important. Certain actors are beyond control, such as international firms. Strategic instruments include measures to affect framework conditions and incentives for individuals. Interventions need to be theory driven, i.e. research-based.

Monitoring (indicators) of outcomes are helpful, but insufficient as a basis for action. Outputs need to be adjusted. But the relationship from output to outcome is complex. Intermediary factors must be understood, which suggests that certain adjustment would be better delegated to the operational body. This is far from the standard thinking about performance budgeting, which is about the easy cases where outputs lead to fairly predictable outcomes. Statistical correlation is a tool to find relationships, but the ambition should be to understand and guide the causal mechanisms (Hedström & Swedberg 1998, Pawson & Tilley 1997).

6.3 Application to collaboration

Overlapping programs and the need for collaboration are anomalies in New Public Management, where each problem is thought to be owned by one and only one organization. When organizations have overlapping responsibilities, the focus on individual outputs could easily turn into a barrier for collaboration. Only very clever definitions of outputs will encourage collaboration. From the perspective of NPM, integration across organizational boundaries is to give (more) room for the bureaucracy to work out the details, which threatens to break down the model of rational steering through directives from the government. Other tools become more important to influence "self-regulation" which is what collaboration is from a management perspective.

Interdependencies can be handled in partnerships, which can be either very open and driven bottom-up, or defined by the government, as in the concepts of joined-up government etc. The interdependencies can be exploited with the help of "invited intruders" such as the Finnish horizontal programs or by analytical exercises, which will be discussed below. Partnerships and cross-cutting intruders can have targets of their own, in addition to the targets designed for the main organizations which they are supposed to influence. The Finnish programs have outcome-targets, which make them highly dependent on the main organizations to deliver the desired effects on society.

Three options

The bigger issue is then how governments can apply the principles of New Public Management to the main organizations where governments need to encourage collaboration. There are basically three techniques it can use to adapt the targets, but it should also be pointed out that several governments expect collaboration without changing much of the standard framework of targets for single organizations. In Sweden, the requirement to collaborate is often just added to the list of targets for an organization.

One option is to spell out the steps in the implementation phase by some kind of planning framework or project management tool. One such framework is the Canadian Result-based Management Accountability Framework, RMAF, which is a detailed plan of what the central government expects the organizations to do. It fits nicely with collaboration in predesigned "projects" such as horizontal management initiatives. It could be expected to work where the joint problem can be divided up into parts which interlock. It takes much more detail to sort out relationships when the interdependences are about pooling resources.

Another option is to maintain individual targets and make sure that they are consistent, rather than to plan the steps of implementation. Again, a Canadian example is the Whole-of-Government Framework, which is an overview of relations of targets, starting with three general outcome targets and then “cascading” them down to successively narrower targets for specific organizations. This gives a big picture of how activities relate to each other, but goal displacement can still be a problem and there are big demands on monitoring and evaluation to see if desired effects take place and also if undesired effects are created.

The third and most open solution is to set a joint target and ask the organizations themselves to work out their relationship. This will create a partnership-like situation where the organizations have to work out their relationship and find synergies. Examples can be found in New Zealand and the UK, among others. New Zealand has a planning framework called “Managing for outcomes”, where joint outcome targets are given for various organizations. In the UK the technique is to have a joint ownership of targets, the so called Public Service Agreements (PSA).

To state the obvious, none of these techniques are perfect solutions. They signal a commitment by the government, which is important. Countries like Sweden, where there are no such efforts to align targets to stimulate collaboration, could learn from these examples. The most important message is perhaps to take away conflicting targets which become barriers to collaboration.

It is also obvious that there are many further instruments which governments can use to support the collaboration among the organizations, as complements or alternatives to targets. Revised targets send a strong message but collaboration takes time to develop. These instruments were discussed in the previous chapter (section 5.5).

Principals and agents

The theory of principals and agents can be applied to collaboration too, where governments need to think about willing and unwilling collaborators. Organizations will behave differently for a number of reasons. Some of them may not see the need for collaboration, perhaps because they don't see the bigger picture. Others will be very concerned about their own prestige and benefits etc. With the same simplification, the government has two basic options of imposing central control or delegating the control of details to the subordinate organization.

	Central control	**Delegated control of details**
Willing cooperators	Overkill	A climate of encouragement
Unwilling cooperators	A climate of punishment	Failure

Figure: A regulator's dilemma

This way of looking at the relationship implies that the government should adjust its regulation to particular cases rather than to treat all cases the same way. Unwilling collaborators may resist in spite of encouragement to collaborate and hence need tougher treatment to change their behavior (lower left). A very open framework of regulation will make it easier for these organizations to avoid collaboration (lower right).

The willing collaborators are at the opposite end. They may interact in spite of contradictory regulation, if they see how their services fit together from the citizens' perspective for example. The problem in this case is that too tough regulation runs the risk of killing their ambition (upper left). More trust from the government can take advantage of their drive to identify and solve obstacles (upper right). This ambition can create other problems for the government, when the cooperators ask for revisions of legal barriers and the government isn't prepared to act on their recommendation. The barriers are often in other ministers' turf which creates tensions in the government. Put very bluntly, collaboration by organizations is difficult for the government both when it deals with the willing and the unwilling collaborators, but for different reasons.

Monitoring and evaluation of collaboration

Monitoring and evaluation become even more important in cases of collaboration. In addition to the need for information about individual organizations, governments and the actors themselves need to know about the relationships, how they develop and how they affect outputs and outcomes. There may also be kinds of “standard” monitoring and evaluations of single organizations which should be avoided in order not to build barriers for collaboration. Feedback systems can be very “square” and act like indirect requirements to focus on individual targets rather than overall “public value” especially if they are not part of the reporting requirements.

There are four basic ways interdependencies can be handled through monitoring and evaluation, which have to do with how the interdependence itself is handled within the public management framework. The first is where the government has defined the relations already. The second is where collaboration is open to the organizations to define and develop. The third way is where partnerships are in focus. The fourth is where interdependencies are dealt with analytically rather than by collaboration, even though the two can be combined.

(a) Predefined relations

The concepts of joined-up government, whole-of-government and horizontal management belong to the first category as they are primarily predefined projects which can be monitored and evaluated as such. There are several examples from Canada, the Netherlands and the UK, where the Office of the Auditor General (Canada) and the National Audit Office (the Netherlands and the UK) have evaluated these projects.

As mentioned, the “invited intruders” such as the Finnish horizontal programs can have specific targets (including outcomes) in a similar fashion. They can be monitored and evaluated in “standard” fashion. In Finland, this is done by the prime minister’s office.

(b) Joint targets

The option of steering, where joint targets are set for several organizations, leaves a greater room for the organizations to work out their relations to exploit synergies. The joint targets can be dealt with in standard manners, in the spending reviews. These take place every year, but several countries make distinctions to look at more long-term issues with longer time intervals. For example, in the UK spending review there is an ambition to look at the long-term targets for regional development agencies after ten years. A problem is that many of the short-term targets (PSA's) limit the room for long-term actions and even drive them out according to the previously mentioned logic where outputs drive out the concern for outcomes.

Some of the studied countries make an explicit attempt to base budgets on outcomes rather than outputs. Various systems can be found in Australia, Canada, New Zealand, the UK and the US. France has recently introduced such a system but it remains to be seen how it works in practice, where this element of new public management is introduced in a management system with contradictory elements such as a more Weberian conception of the bureaucracy.

The United States is interesting for its ambition to deal with cross-cutting issues within its framework of performance information, PART. The so-called PART Crosscuts are undertaken to "leverage the work being done at program level through PART to clarify purposes and improve performance in broader policy and issue areas; identify exemplary goals and practices, common measures of performance, and opportunities for better coordination among programs; recommend ways to improve the results of programs with a similar mission" (Brown et al 2005).

Related to this exercise is a collaborative work on developing outcome measurements including definitions of key terms. The previously mentioned Interagency Collaborative on Community and Economic Development (ICCED), works out common definitions and measures of success, provide recommendations for improving coordination among agencies and work together on pilot projects etc (Brown et al 2005).

(c) Partnerships

The clearest form of collaboration is to work together within a partnership. These can be formed as a consequence of working under a joint target, but not necessarily. They can be created without joint targets and joint targets can be achieved without a formalized partnership. There is however a close connection since joint targets are about interrelationships, to identify them and find ways to bring them about. In these cases, intended synergies could be added to the list of things to collect information about, if they are not the joint targets themselves.

For simplicity, one can think of the parties as members of a more or less formalized partnership, which makes it obvious that collaboration and interdependencies create a need for the government to understand the dynamics of interaction (relationships, settings etc.) to identify drivers and barriers for collaboration. This provides a basis to draw conclusions on how to respond to each organization and how to revise the regulatory frameworks. The actors themselves need to understand their own contribution as part of an overall effort.

This is perhaps the greatest deviation from the standard thinking about monitoring and evaluation. With single organizations, governments can play down the need to understand the "black box" of the internal machinery, but with collaboration such a strategy makes the government blind and it will loose its capacity to guide the public sector. The government needs this information to redesign missions and instruments.

It is interesting to note that a group of collaborating organizations start to look like a complex system like the economy, where relationships, drivers and barriers become difficult to predict beforehand. The government can only intervene in a limited number of cases and needs to make informed decisions on how to do it. Like the economy, the system of organizations can be seen as a moving system where framework regulations ("institutions") shape its trajectory. This implies a strategic perspective on how to design incentives etc to reduce barriers and strengthen appropriate drivers. It is almost as difficult as supporting the economy.

The effect is to create complexity in two dimensions, delivery and social effects. Governments need to understand the complexities of the organizations while also accounting for their effects on the economy. It becomes very difficult to sort out the effects of synergies (or contradictions) within the public sector, but there are ways to discuss contradictory effects of different policies.

One problem with partnerships is that there is a long causal chain from the partnership to the effects on the economy. In fact, the economy can go well even if there is confusion within the public sector and vice versa. Integration and collaboration are important *ceteris paribus*, but the problem is that the effort to organize the public sector may in the short run reduce the effort to improve the economy. In other words, from the perspective of the overriding goal of improving economic growth, it may in the short run be better to start elsewhere.

If one wants to understand the value added of a partnerships, one would probably have to settle for either looking at its effect on the messiness (which is only a means, not an end) or compare situations where actors collaborate and where they do not. These issues are very complex and there are few examples of studies designed to show the effects of the partnership form itself. Two examples are Swedish studies of regional partnerships (Statskontoret 2004a and 2004b, Niklasson 2004 and 2005). The strategy of comparing partnerships could be developed into a benchmarking exercise, as an alternative strategy of monitoring and evaluation.

There is a great academic interest in understanding partnerships and to work out models of how they can be evaluated, but little of this has yet been applied by governments. It is difficult to collect what is regarded as “soft” information to use in relation to the hard facts that are collected for the spending reviews. In Sweden, there were yearly questioners about trust and relationship among the actors which was presented in the reports on the regional partnerships.

One way out of this dilemma is to put more effort into evaluations, which by definition look into causal relations but place greater demand on methodology and resources to establish the “counterfactual”, often by comparing cases. Another way out of the dilemma for the central government is to shift the burden to the partnerships themselves to organize monitoring and evaluation, which creates a need for the central government to see if they do and why they differ in ambition. The only example of this strategy is in the Swedish regional partnerships for growth. The idea was to encourage joint learning in the partnerships, i.e. that they should improve their analysis of the situation and also improve their impact by working out a joint strategy of activities to be carried out jointly or by each organization individually.

The Swedish partnerships were found to differ greatly in the amount of monitoring and evaluations they commissioned. Some designed very elaborate sets of indicators and started to ask themselves if they were really doing the best things to support the economy, even though most policies are designed by the government and parliament and only the detail is up to the regional actors to design. Many of them commissioned studies on internal relationships to find barriers for collaboration. A problem with this localized approach is that it is difficult to pass on qualified information to the central government where many key decisions are made.

Another strategy is to ask the organizations how they collaborate. This is done in New Zealand, where agencies are asked to report on "the extent to which behaviours exhibited by State servants support coordination in pursuit of results" and "the extent to which systems support, strategy, design and service delivery staff to work together" (State Service Commission 2006).

(d) Interrelations without collaboration

A final type of analysis is the previously mentioned analytical exercises, where interdependencies are analyzed without collaboration taking place. Some interdependencies and contradictions need to be sorted out by the government itself. It needs to understand what the side-effects are even if there is no need for collaboration by the organizations. This is about the rationality of the overall design and it points to a need to understand cross-over effects of policies by different parts of the government, across the horizontal and vertical divisions.

The most ambitious study in this category is the Norwegian study on how 19 segments of policy impact on the regions which was described in chapter three. The study by Mark Drabenstott and the Federal Reserve Bank of Kansas City, which was discussed in the same chapter, contains elements of this kind of analysis.

A comparative inventory

If we look at the whole range of monitoring and evaluation of collaboration, the main impression is that they are rather few. Most of the interest is focused on the predefined forms of collaboration. There is some interest in joint outcomes and cross-cutting effects but rather little interest in understanding the processes of collaboration, how synergies are created.

There is a difference in what the object of monitoring and evaluation is. With the predefined collaboration and joint targets it obviously differs from case to case. The studies of partnerships are broader, while the analytical exercises have the ambition of including all relevant policies. Economic resources (spending) is covered in the two first, which are closer to operations and the ambition to relate funding to performance.

There is no obvious link from any of these exercises to whatever "standard" monitoring and evaluations are undertaken for individual organizations. In the case of joint targets, these spending reviews are part of the general background material as they are in the case of the predesigned collaborations. Even though there is an ambition in many countries to have a transparent process, it seems fair to conclude that the use of the information is *ad hoc.*

The targets of outputs and outcomes function as indicators of success for the predesigned collaborations and obviously also in the cases where there are joint targets. There is a large effort in the US and other countries to find measurements which are easy to understand and don't have side effects. The ambition in the US is to avoid output measures, while there is a contrary debate in the UK and New Zealand, that outcomes gave too much independence to the organizations. There few examples of indicators of synergies or of factors that have to do with relationships, such as levels of trust.

There are attempts in some countries to analyze the link between resources and outcomes or even the links between targets, costs and outcomes, Canada and the US seem to be the two countries that put the greatest effort into this. The information is used as part of the material to inform decisions on budgets. In the US there is the further complication that the budget is very much affected by the relationship between the president and congress, which means that the final budget may deviate from the analysis conducted by the OMB.

There are few attempts to understand entire chains of interrelated causal factors. The Norwegian analytical study has such a grand ambition to at least understand the links in principle. At the other end, it is the studies of processes within partnerships which have the ambition of understanding the causality of the relationships. There are no examples in this material of countries which try to understand the workings of the economy by making even the most important causal relationships explicit. The attempts at making implementation plans (RMAF) and to work out entire frameworks of logical relationships of outputs and outcomes, both in Canada, come closest to making the impact of policy on the economy explicit. For other examples one would have to look at the academic literature mentioned in chapter one, such as the works in Varieties of Capitalism or the study by Crouch et al (2004).

The most important prerequisite for collaboration to handle interdependencies is willingness in the government and affected organizations to interact over organizational boundaries. As mentioned before, the fragmentations look different and also the constitutional room for solutions.

6.6 Who does what?

It is perhaps not surprising that the examples in this chapter are almost all from the Anglo-Saxon countries: Australia, Canada, New Zealand, UK, US. They are the countries which have been most heavily involved with the so called New Public Management and they are also interested in dealing with the perceived problems of it. No countries have given up NPM in response to perceived problems. Germany and France have stayed away, but France is taking steps in the direction of a performance-related budget. Germany and the Netherlands differ in that the large extent of social interrelations makes it difficult to run the bureaucracy in an autonomous machinelike fashion.

The Nordic countries are following a similar pattern with some interesting differences. The Finnish horizontal programs belong most clearly to the top-down conception of NPM, while the Swedish partnerships indicate an almost opposite viewpoint. The Norwegian analytical study is a third way to bring order to complexity.

Monitoring and evaluation are most clearly tied to steering and funding in the Anglo-Saxon countries and in Finland. The Norwegian analysis is the most academic while the Swedish interest in partnerships relations is the most facilitative. Self-evaluation seems to be practiced only in New Zealand.

New Public Management is a kind of central control, closely related to the top-down strategies discussed in the previous chapter. It is interesting that it is combined with devolution in the UK, Sweden and, to some extent, Norway. Devolution is an alternative strategy to integrate resources, so apparently there are two political wills at hand and none is a barrier for the other. NPM is also difficult to combine with corporatism and with a Weberian culture, which act like barriers.

NPM in itself creates barriers and all efforts to integrate have to do with horizontal fragmentation. There is virtually no ambition to integrate outcomes measurements with the lower levels of government. There is some work in England and in the Swedish partnerships to show a full picture of funding, outputs and outcomes, something which could be developed into an integrated balance sheet for a region, where contributions from many parties can be shown and analyzed.

7 Conclusions

The starting point of the study was the problem in Sweden and elsewhere to “join-up” resources across organizational boundaries to have a greater impact on complex societal problems such as regional economic growth. This final chapter will summarize and discuss the lessons learned, say something about where the policies came from and where they will lead and, lastly, discuss some implications for Sweden in particular.

The study originates from an interest in the Swedish government to learn more about similar situations in other countries and in particular how systems of monitoring and evaluation of collaboration are designed. Twelve countries were selected to shed some light on these issues: four Nordic countries (Denmark, Finland, Norway and Sweden), four northern European countries (France, Germany, the Netherlands and the UK) and four non-European countries (Australia, Canada, New Zealand and the US).

The study first looked at three factors which contribute to the fragmentation of government: the complexity of the economic problems, the bundle of policies to solve them and the constitutional fragmentation. Then it looked at strategies for integration and principles of public management. Patterns were discussed and will be summarized here, before implications are drawn for Sweden.

7.1 Lessons learned

Fragmentation of policies that are relevant for regional economic development is a problem in all countries, but the policies differ, as well as the patterns of fragmentation and the means to overcome it.

Regional problems

All countries struggle with the ambition to stimulate growth, especially in weaker regions which are either resource-dependent or locked-in into an old industrial structure. The regional economies differ in their specific detail and in the way the issues are framed in the national debates, but the pattern is generally the same across the twelve countries. The political ambitions have shifted from redistribution to an interest in supporting all regions, weak or strong, to develop their potentials.

The problem of regional economic growth is a “wicked problem”, very difficult for governments to do something about and riddled with attempts to help. Experiences from the EU and elsewhere indicate that there are few cases of successful development. There are no easy solutions for the actors and governments to get the economy going. Theory only gives limited guidance. Some researchers even claim that the support is designed to look good rather than to solve the problems. Investments are often needed but there is no guarantee that resources will be put to productive use. The processes of the economy and the effort by the actors are important too.

Policies

There are vast resources put into policies which support individuals, firms and regions in all countries. A small group of policies are specifically aimed at regional development. Other policies support small business development regardless of place. The largest amount of resources is in policies with more general purposes such as education, labor market and infrastructure. Policies that guide the public sector, such as procurement and location, are important in this context too.

Most countries pursue policies which are mainly focused on people (uniform principles) rather than place (consequences for a territory). Most of them give a role to politically organized instruments and organizations while few are designed to take advantage of market-like instruments. The level of government ambition in policies of regional development is important but difficult to measure in a fair way.

Some of the federal countries stand out for the simple reason that the states have more room to pursue policies which focus on its territory. Most of the Anglo-Saxon countries stand out by applying more market-conforming ways of pursuing policies.

The problem of “messiness” can be found in all countries while the particulars differ. The exact impact is difficult to estimate and has very much to do with politics in each country. Large-scale overviews of where the relevant public resources are held have been conducted in the US and in Norway. The problem of a lack of coordination is discussed in other countries too.

It is obvious that the profile of policies is partly caused by political choices and that this set-up of policies has some basic importance for what kind of strategies of integration that can be pursued by governments.

Fragmentation

The countries differ greatly in the way governments operate and are regulated. Horizontal fragmentation is made up of a number of subtle mechanisms in the workings of cabinets and bureaucracies. Factors point in different directions. Countries in the continental tradition (Germany and France) are fragmented by their Weberian heritage, while the Anglo-Saxon countries are fragmented by their belief in rational control of single organizations. In these countries, joining-up is a rationalistic counter-reaction to a problem created by rationalism. The Nordic countries are at the cross-section of these two impulses.

Vertical fragmentation, including independent local governments in the unitary states, limits central control, which in turn increases fragmentation. On the other hand, it helps mobilize local and regional interests and, furthermore, trains people to live with complexity. Both help integrate resources. Where there is an expectation that policies should be neatly organized under one government, which is mainly the case in the unitary states, there seems to be more reluctance towards collaboration across organizational boundaries. Collaboration is a sign of weakness in the unitary countries but something of a life-style in the federal countries.

The vertical split is not just about federalism, but also about the decentralization of the economy, where a federal state like Australia is more centralized than a unitary state like Sweden.

Integration with private organizations is a double-edged sword. It increases capacity in the short run while lowering the strength to redesign, which increases the risk of lock-in. Germany stands out in this respect but some countries, like the US and Denmark, have close relationships with firms too. The Netherlands is very integrated with societal interests, but generally not in this area.

The impact of these patterns of fragmentation can to some extent be seen in the policies that are pursued. The large group of countries which mainly pursue policies which give a strong role to the national government, as opposed to regions or markets, are also the ones where there is a continental, Weberian tradition of seeing the state as a holistic entity, different in kind from other organizations. Formal fragmentation has a great impact on how political actors and interests perceive their relations and what strategies they choose to pursue to achieve their ends.

Integration

Five main strategies of integration were identified. One is to centralize control of the public sector to handle or avoid conflicts and interdependencies. Another strategy is to launch centrally designed projects where agencies and others are supposed to integrate in a more or less pre-defined way. This is where concepts like "joined-up government" and "horizontal management" belong. Formal reorganization is uncommon but cabinet integration is strong in the Anglo-Saxon countries and it is there we find the predefined partnerships (JUG etc). Finland, Denmark and Norway also have strong cabinet integration.

Devolution and deconcentration are two strategies where powers are turned over to the regions, in the first case to elected politicians and in the second case to public servants in agencies which integrate national efforts in regions. Regionalization is a bit of a mystery. One group of countries does both kinds (devolution and deconcentration): France, the UK and the Nordic countries. The federal countries and the Netherlands are already there. The federal (national) presence in the regions varies and seems to be greatest in Canada.

A last option is to encourage general networking by the subordinate agencies. This strategy depends on the room for collaboration and the encouragement, through funding and regulation and by other means. Collaboration is often a second-best, when reorganization is blocked.

Autonomous networking is a tradition in the US and the Netherlands. It is encouraged in Sweden and the UK. Most of the other countries are reluctant and prefer central control.

Some of this is expected from the pattern of fragmentation (above). The Anglo-Saxon tradition of executive power implies centralized solutions. This drive for centralized solutions is limited by vertical fragmentation, more so in the US than in Canada and Australia. Centralization is also restricted in countries with strong local governments, such as the Netherlands and Sweden.

The countries where there is a strong centralizing tendency are also the ones where there is a push for devolution (especially France, Sweden and the UK).

Lastly, a fairly strong Weberian tradition acts like a barrier for the adoption of networking and joined-up government in several countries. France and Germany are cases in mind, though the German model depends on extensive interrelationships based on formal overlaps.

Public management

The use of public management tools to integrate governments is mainly found in the Anglo-Saxon countries. Techniques include joint outcome targets, an aligned structure of individual output targets and the setting up of partnerships for collaboration. Each of these can be monitored and evaluated and there is also the possibility of cross-cutting reviews, within yearly spending reviews or as an independent exercise.

There are three ways to integrate resources within this model of public management. One is to spell out the implementation in detail. Another is to spell out the relationships of all targets. The third is to set joint targets for several organizations. The first two imply traditional monitoring and evaluation while the last opens a need for a different kind of information on the relationships of the actors. Networking in partnerships is about the development of relations, which creates a need for governments to understand processes of collaboration in order to guide them in desirable directions. A further kind of evaluation is to study interdependencies more academically in terms of cross-over effects. Most of these systems of public management are far from dealing with the complexities of the economy.

It is perhaps not surprising that the examples are almost all from the Anglo-Saxon countries: Australia, Canada, New Zealand, the UK and the US. They are the countries which have been most heavily involved with the so called New Public Management and they are also interested in dealing with the perceived problems of it. No countries have given up NPM in response to perceived problems. Germany and France have stayed away, but France is taking steps in the direction of a performance-related budget. Germany and the Netherlands differ in that the large extent of social interrelations makes it difficult to run the bureaucracy in an autonomous machinelike fashion.

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Patterns

Adopting elements from other countries makes it relevant to identify patterns or paths where countries are. Solutions can be adapted from other countries, but only with great difficulty if they go against the national traditions or paths. There are a few main logics in the national constitutions and policy heritages.

- Germany and the Netherlands stand out with their high level of corporatism. There are some elements of this in the Nordic countries and some other countries like the US.
- France and Germany stand out with their Weberian heritage. There is some of this in the Nordic countries.
- Strong executive government is a hallmark of the Anglo-Saxon countries. Finland has the most and Sweden the least among the Nordic countries.
- Federalism is important too, but mainly as a barrier to integration or, paradoxically, as a way to deal with overload at the top. The push for devolution is present in France, the UK and Sweden, all of which are unitary and centralized.

Paths explain permanence and stability while other factors are needed to explain change and differences among similar countries. If we want to understand the politics involved it is most interesting to look at cases of “unexpected” policies. Such interesting cases of change are for example:

- How the Nordic countries and France import New Public Management to a Weberian setting
- Why collaboration is controlled top-down in the Anglo-Saxon countries and less regulated in Sweden
- Why partnerships for regional development are dominated by the public sector in Sweden and more geared towards small businesses in Denmark

- An emphasis on outcomes (US) or outputs (UK)
- An emphasis on monitoring and data or evaluation and causal analysis
- Regionalization as devolution, deconcentration or both
- Closer relations with non-governmental organizations in Germany
- More market-conforming instruments in some countries

The ambition of the report is only to show that there are several trajectories, not to explain them. To state the obvious, there seems to be two different drives for change which are limited by other factors. Some countries have a drive for central control which is limited, to different extents, by constitutional fragmentation. Other states are centralized and push for devolution, which takes different forms.

Beyond this, there is a political context where ideas and interests are important. The iron-triangles fight for dominance. Opportunities for change are created in various ways. Leaders can connect issues in new ways.

The contributions of the report are in pointing out the background conditions. First, the constitutional and other limitations under which politics operates. This has shown how much the situation differs among countries and how Sweden is unique in several ways. Secondly, the wide range of instruments for integration that is available. There are other strategies for coordination than to achieve it through the systems of public management. Structural strategies are as interesting as managerial strategies. Thirdly, that countries have looked for different ways to overcome the shortcomings of New Public Management. Lastly, the contextual information is interesting in itself as inputs to a discussion of revised strategies and activities in Sweden.

What works best?

It is very difficult to compare the countries to say which model works best and which elements could be adopted in other contexts. Moving an element from one country to another may make it function differently.

The structure of the public sector has consequences for the economy but it is difficult to understand how. It would be very difficult to isolate what New Public Management has meant for the levels of economic growth, or if integration of the public sector makes it more able to influence firms. All of this can be measured but the causality needs much more analysis.

This study was not designed to estimate the importance of collaboration for economic growth, but there are a few reflections that can be made on the role of public management. One is that governments face a problem of overload, where too many questions ask for centralized answers. There are ways for a government to reduce the burdens it has placed on itself. Comparisons and benchmarking are ways to handle the bureaucracy as well as the regional economies in ways that focus on peculiarities and bring up a discussion of drivers and barriers. Greater trust in public organizations can make bureaucracies more professional and proactive. Citizens can be empowered to make individual choices, which could enhance the capacity of making informed decisions.

Another is that the operation of the public sector is not only affected by expectations in society, but it may also affect how society deals with complexity. If one looks to the future, globalization brings new challenges which economic actors and governments must be prepared to meet. An aspect of the ongoing changes is a greater importance of networking across organizational boundaries. A possible implication is that those who learn to interact in networks will have an advantage. The government will need its basic hierarchical structure because it isn't just an organization among others, but the hierarchical paradigm is not enough. Internal networking can lead to a larger capacity for external networking, where the government is a player in the economic field. It can also lead to a greater capacity for making rules that let others network, in areas where governments are rule makers rather than players.

7.2 Implications for Sweden

Regional problems and policies

There may be some relief in learning that neither the problems of regional development nor the mess of uncoordinated policies and actors are unique to Sweden. The complaints about messiness and fragmentation are remarkably similar in the other countries, as are the complaints about a lack of strategy to deal with the problem of economic growth.

Fragmentation

One important background factor which stands out is the weakness of the Swedish cabinet. There is no room for groups of ministers to integrate policies, which is a common technique in all other countries except the Netherlands. Decision-making by consensus increases the number of veto-players and makes it more difficult to reach decisions.

Sweden and the other Nordic countries also stand out from other unitary states in the high level of local government autonomy, which gives a foundation for strong local and regional involvement and responsibility for efforts to increase economic growth. This autonomy, measured in terms of fiscal decentralization, is bigger in Sweden than in Australia. The local right of taxation contributes to some balance with the national government and a more positive dynamic in their relationship.

Integration

The ways to deal with fragmentation are also remarkably similar across the countries. There is some reorganization of organizational boundaries, some nationally designed projects of integration, some devolution and some encouragement of networking in partnerships.

Public management

Sweden is also not unique in finding it difficult to manage the public sector with outputs and outcomes. We can learn from countries which have worked with these tools for a longer time or with more enthusiasm. Interestingly, the conclusions are different in countries like the UK and the US.

There are some relevant examples of monitoring and evaluation of collaboration to copy and adapt to Swedish circumstances. Cross-cutting reviews as part of the yearly spending reviews is one (UK, US). Academic overall studies (Norway) is another. Further helpful instruments are worked-out implementation plans (Canada) and worked-out overviews of how outputs and outcomes are causally connected (Canada). The latter two could improve implementation, monitoring and evaluation.

What Sweden could contribute to the other countries are studies of partnership processes and the delegation of monitoring and evaluation to the partnerships themselves. Both can add the knowledge of drivers and barriers for the actors in the field.

Proposals

There are three main implications from this perspective on Sweden:

– There is a need for better integration of the cabinet. Some kind of working group is needed for high level integration of policies across the horizontal divide. Finland and the regional partnerships provide inspiration.

– There is also a need for more qualified information. More room should be given for causal analyses (evaluation) of issues that cut across sectors, by national as well as regional actors. Norway provides inspiration.

– Finally, this has implications for public management. It is worth looking into the Anglo-Saxon models of more elaborate frameworks of targets and relationships in the implementation phase. It is also, however, worth looking into ways of decoupling funding from performance measurements to make room for more interest in what goes on inside of organizations, including drivers and barriers for performance, integration and economic growth.

Interviews and comments

Sweden

Hedi bel-Habib, Örjan Haag and Brita Saxton, Ministry of Enterprise, Energy and Communications
Martin Sparr, Ministry of Finance
Håkan Gadd, Institute for growth policy studies, ITPS
Maria Lindquist, Nutek
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Jörgen Johansson and Inger Rydén Bergendal, Commission on the public sector (Ansvarskommittén)
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Nordregio

Stockholm, June 2: Ole Damsgaard, Jon Moxnes Steineke (plus suggestions from Kaisa Lähteenmäki-Smith)

OECD

Paris, May 15: Teresa Curristine, and Andrew Dunsire, Territorial reviews and governance division

Paris: June 28: Anna Rimmerfeldt, Nutek/OECD

England

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Anja McCarthy and Peter J Sweeney, One North East

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John Adams, Research director, IPPR North, Institute for Public Policy Research

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Peter Betts, Director of regional policy, Department for Communities and Local Government, DCLG (formerly the Office of the Deputy Prime Minister, ODPM) & David Silk, Head of regional economic policy branch, Treasury

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Professor Bob Gregory, School of Government, Victoria University & Associate Professor Bill Ryan, ibid

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September 5

Professor Donald F Kettl, Director, Fels Institute of Governance, University of Pennsylvania

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Professor Philip Shapira, School of Public Policy, Georgia Institute of Technology

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Randall T Kempner, Vice President, Regional Innovation, Council on Competitiveness & Samuel Leiken, Senior Director of Policy Studies, ibid

Dr William P. Kittredge, Economic Development Administration, Department of Commerce

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Canada

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Professor David A Wolfe, Co-Director, Program on Globalization and Regional Innovation Systems, University of Toronto

Victoria, September 11

Professor Evert Lindquist, Director, School of Public Administration, University of Victoria & Professor Herman Bakvis, ibid

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Comments

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Auditor General, Canada), William Kittredge (Economic Development Administration, USA), Samuel Leiken (Council on Competitiveness, USA), Bjarne Lindström (Statistics and research Åland), Alaric Maude (Flinders University, Adelaide, Australia), Patricia Rogers (Royal Melbourne Institute of Technology, Australia), Philip Shapira (Georgia Institute of Technology, Atlanta, USA), David Wolfe (University of Toronto, Canada), fellow Swedes, Håkan Gadd, Federica Calidoni and Marcus Zackrisson (Institute of growth policy studies) and co-traveller Johan Quist (Karlstad University, Sweden).

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Appendix 1: The commission by the government

REGERINGEN

Regeringsbeslut II 7

2006-03-09 N2006/1661/RUT

Näringsdepartementet

Statskontoret
Box 8110
104 20 STOCKHOLM
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Till avd. U

Kontakt med

Beslut GD

Datum 26/3 -06 Sign.

STATSKONTORET
Registrator
Ink. 2006 -03- 24
Dnr. 2006/185

Uppdrag att ta fram en samlad kunskapsbild om utvärderingsmetoder för sektorsövergripande processer med strategisk betydelse för regional tillväxt

Regeringens beslut

Regeringen uppdrar åt Statskontoret att, i samverkan med Institutet för tillväxtpolitiska studier (ITPS) och Karlstads universitet (Centrum för tjänsteforskning – CTF), kartlägga och bedöma de system som används i bl.a. Storbritannien, Kanada, Australien och Finland för uppföljning och utvärdering av horisontell samverkan mellan myndigheter i processer som sträcker sig över flera politikområden med betydelse för regional tillväxt. De statliga myndigheter som berörs skall bistå Statskontoret med de uppgifter som behövs för arbetets genomförande.

Uppdraget, som beskrivs närmare nedan under rubriken Uppdraget, är ett led i regeringens arbete med att utveckla, följa upp och utvärdera en stärkt nationell sektorssamordning och en processbaserad horisontell verksamhetsstyrning för att effektivare nå verksamhetsmålen för den regionala utvecklingspolitiken. I uppdraget ingår att bedöma vad som skulle vara lämpligt för svensk del och ta fram en samlad kunskapsbild av horisontella system för sektorsövergripande utvärdering som kan ligga till grund för en praktisk modell för hur Regional utvecklingspolitik kan följas upp och utvärderas. Indikatorer på de vinster som kan erhållas vid horisontell samverkan skall särskilt uppmärksammas.

Uppdraget skall delredovisas till Regeringskansliet (Näringsdepartementet) senast den 30 oktober 2006 och slutredovisas till Regeringskansliet (Näringsdepartementet) senast den 16 mars 2007. Utgifterna för uppdraget, högst 500 000 kronor, skall belasta anslaget under utgiftsområde 19 Regional utveckling 33:1 Allmänna regionalpolitiska åtgärder, anslagspost 23 Till Regeringskansliets disposition. Regeringskansliet (Nä-

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ringsdepartementet) skall, efter rekvisition, betala ut medlen när uppdraget har slutförts och utgifterna redovisats.

Bakgrund

Under senare år har det blivit allt vanligare med särskilda program, handlingsplaner och politiska initiativ i vilka flera departement, och därmed politikområden, samordnas kring gemensamma mål av tvärsektoriell karaktär. Ett exempel är regionala tillväxtprogram inom ramen för Regional utvecklingspolitik. Andra exempel är finansiell samordning mellan socialförsäkring, hälso- och sjukvård, socialtjänst och arbetsmarknadssektorn. I den svenska förvaltningen finns ett ökande behov av att reflektera kring samverkan över myndighetsgränser. Förvaltningspolitiken börjar allt mer uppmärksamma behovet av att identifiera processer som löper över myndighetsgränser och av att främja horisontell samverkan.

Mot bakgrund av denna utveckling har behovet av att utvärdera resultat och effekt av samverkan över myndighetsgränserna ökat, och förväntas öka ytterligare, bl.a. genom krav på ett effektivt utnyttjande av befintliga resurser. Det finns dock mer eller mindre tydliga svårigheter att redovisa, följa upp och utvärdera resultat inom politikområden vars mål nås inom ramen för sektors- och myndighetsövergripande verksamhetsområden. Måluppfyllelse för t.ex. Regional utvecklingspolitik redovisas dels inom ramen för finansiella resurser i utgiftsområde 19, dels inom ramen för andra utgiftsområden, då regionala hänsyn tas inom flertalet politikområden. Samverkan mellan flertalet politikområden har också en betydelse för möjligheterna till resultatredovisning av den regionala utvecklingspolitikens måluppfyllelse.

I takt med att den allt mer växande tvärsektoriella inriktningen av statlig verksamhet ställs nya krav på kunskapsuppbyggnad för att möta utvärderingsbehov från politikområden med sektorsövergripande karaktär. Det är därför angeläget att anpassa uppföljningssystem till de tvärsektoriella politikområdenas utvärderingsbehov. Som ett led i detta arbete har regeringen, i den forskningspolitiska propositionen "Forskning för ett bättre liv" (prop. 2004/05:80, bet. 2004/05:UbU15, rskr. 2004/05:289), aviserat sin avsikt att uppdra åt ett antal myndigheter att ta fram en samlad kunskapsbild kring sektorsövergripande utvärderingsmodeller.

Uppdraget

Kartläggningsarbetet skall, med utgångspunkt från bl.a. internationella erfarenheter, inriktas på att kartlägga och bedöma system för uppföljning och utvärdering av horisontellt sammanhållna processer inom ramen för Regional utvecklingspolitik.

Internationell forskning och rapporter från statsförvaltningar runt om i världen redovisar generella insikter om en rad olika styrformer för horisontell samverkan. Utvecklingstendenser inom statsförvaltningarna i Storbritannien, Kanada, Australien och Finland bedöms som särskilt intressanta. Erfarenheterna av sektorsövergripande utvärderingar från dessa länder bör därför särskilt uppmärksammas.

Följande frågor skall särskilt belysas:

- Vilka avgränsningar av organisationer, aktörer och utgifter görs vid uppföljningar och utvärderingar av sektorsövergripande processer?
- Hur relateras resultatet av sektorsövergripande utvärderingar till det som redovisas inom ramen för sektorsspecifika uppföljningar och utvärderingar?
- Vilka indikatorer används för att följa upp och utvärdera måluppfyllelser när flera aktörer medverkar till resultaten?
- Hur mäts sambanden mellan resursförbrukning och förväntade effekter vid horisontell styrning?
- Hur hanteras sambanden mellan mål, kostnad och resultat vid effektutvärdering av sektorsövergripande processer?
- Är metoderna inriktade på utvärdering av enskildheter eller av hela systemkedjor av vidtagna åtgärder i processerna?
- Hur ser förutsättningarna ut för att tillämpa horisontell styrning och underlätta initiering av sektorsövergripande utvärderingar?

På regeringens vägnar

Ulrica Messing
Ulrica Messing

Hedi Bel Habib
Hedi Bel Habib

Likalydande till:

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Institutet för tillväxtpolitiska studier (ITPS), Studentplan 3,
831 40 Östersund

Kopia till

Riksdagen, Finansutskottet, Näringsutskottet
Statsrådsberedningen
Justitiedepartementet/IM
Justitiedepartementet/STO
Utrikesdepartementet/EIM/GU/MAP
Socialdepartementet/SF
Finansdepartementet/BA/F/LS/KL
Utbildnings- och kulturdepartementet/G/SV/UH/F/KR
Jordbruksdepartementet/NS
Miljö- och samhällsbyggnadsdepartementet/BO/HM
Näringsdepartemen-
tet/BS/A/ADM/NL/IR/ITFoU/JÄM/TP/HUB/PS/ARM
Verket för näringslivsutveckling (Nutek)
Arbetsmarknadsverket (AMS)
Integrationsverket
Migrationsverket
Försäkringskassan
Myndigheten för kvalificerad yrkesutbildning
Skolverket
Myndigheten för skolutveckling
Arbetslivsinstitutet
Jämställdhetsombudsmannen (JÄMO)
Sveriges miljöteknikråd (SWENTEC)
Myndigheten för utländska investeringar i Sverige (ISA)
Verket för innovationssystem (Vinnova)
Styrelsen för internationellt utvecklingssamarbete (Sida)
Boverket
Banverket
Vägverket
Rikstrafiken
Luftfartsverket
Sjöfartsverket
Post- och telestyrelsen
Statens Institut för kommunikationsanalys (SIKA)
Glesbygdsverket
Riksantikvarieämbetet

Statens kulturråd
Riksarkivet
Naturvårdsverket
Forskningsrådet för areella näringar och samhällsbygge
Statens jordbruksverk
Skogsstyrelsen
Samtliga länsstyrelser
Samtliga universitet och högskolor
Verket för förvaltningsutveckling (VERVA)
Sveriges Exportråd
Svenska Institutet
Exportkreditnämnden
ALMI Företagspartner
Innovationsbron AB
Sveriges Rese- och Turistråd AB
Socialstyrelsen
Statens bostadskreditnämnd
Statens Bostadsnämnd
Högskoleverket
Fiskeriverket
Konsumentverket
Livsmedelsverket
Riksarkivet
Svenska filminstitutet
Samtliga länsarbetsnämnder
Rådet för europeiska socialfonden i Sverige
Statens energimyndighet
Skåne läns landsting
Västra Götalands läns landsting
Regionförbundet Uppsala län
Region Blekinge
Regionförbundet Sörmland
Regionförbundet Östsam
Regionförbundet i Kalmar län
Gotlands kommun
Region Halland
Region Dalarna
Region Värmland
Sveriges Kommuner och Landsting (SKL)
Regionplane- och trafikkontoret
Kommunförbundet i Stockholms län
Sveriges universitets- och högskoleförbund

REGERINGEN

Regeringsbeslut I 18

2006-12-21 N2006/11878/RUT

Näringsdepartementet

Till avd. 2

Kontakt med.

Beslut GD

Datum 2007-01-08 Sign.

Statskontoret
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STATSKONTORET
Registrator

Ink. 2007 -01- 03

Dnr. 2006/68-5

Ändring av beslut om uppdrag till Statskontoret att ta fram en samlad kunskapsbild om utvärderingsmetoder för sektorsövergripande processer med strategisk betydelse för regional tillväxt

Bakgrund

Regeringen gav i beslut den 9 mars 2006 i uppdrag åt Statskontoret att, i samverkan med Institutet för tillväxtpolitiska studier (ITPS) och Karlstads universitet (Centrum för tjänsteforskning – CTF), kartlägga och bedöma de system som används i bl.a. Storbritannien, Kanada, Australien och Finland för uppföljning och utvärdering av horisontell samverkan mellan myndigheter i processer som sträcker sig över flera politikområden med betydelse för regional tillväxt.

Enligt beslutet skall kostnaderna för uppdraget, högst 500 000 kronor, belasta anslaget 33:1 Allmänna regionalpolitiska åtgärder, anslagspost 23 Till Regeringskansliets disposition under utgiftsområde 19 Regional utveckling. Av beslutet följer vidare att Regeringskansliet (Näringsdepartementet) efter rekvisition skall betala ut medlen när uppdraget har slutförts och utgifterna redovisats.

Regeringens beslut

Med ändring av regeringens beslut den 9 mars 2006 beslutar regeringen att utbetalning av medlen skall ske mot faktura. Fakturering får ske dels år 2006 för upparbetade kostnader, dels när uppdraget är slutfört.

På regeringens vägnar

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