Reorganizing the Modern State in Comparative Perspective: Specialization and Integration in Norway and France

Philippe Bezes · Anne Lise Fimreite · Per Lægreid · Patrick Le Lidec
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Preface
This paper was presented at the IPSA’s Research Committee 29 on the Structure and Organization of Government (SOG) conference "Crisis as Opportunity: State, Markets and Communities in Turbulent Times". Hertie School of Governance, Berlin 4–5 November 2010.

Philippe Bezes and Patric Le Lidec is form the National Center for Scientific Research (CNRS, CERSA), Paris. Anne Lise Fimreite and Per Lægreid come from Uni Rokkansenteret and the University of Bergen.

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Abstract

Administrative systems have historically always been confronted with issues of integration and coordination on the one hand and autonomy and fragmentation on the other hand. The main topic of this paper is the challenge Norway and France face in coordinating specialized government activities after ten years of comprehensive reforms. We will consider the transformation of the French and Norwegian administrative architecture brought about by the reforms since the early 2000s and the choices the two countries have made with respect to multi-level governance. The focus is on the tension between territorial and sectoral specialization and between vertical and horizontal specialization as well as on how coordination has been reintroduced by hierarchy and other means. We describe both sector-specific administrative reforms and more overarching general administrative reforms, looking at similarities and differences in the reorganization choices made by the two countries and also at what drives change. We argue that a combination of factors are required to explain outcomes rather than either-or explanations. These factors include not only home-grown reforms, but also sectoral challenges, diffusion and learning from abroad, adaptation to the financial crisis and budget deficit and the free choices made by powerful political executives. Sometimes these factors work together and reinforce each other, producing radical reforms; at other times they have a mutually constraining influence, resulting in only minor changes. Empirical reality in various countries thus offers a marked contrast to all-encompassing ideas like "generic" public management, "global recipes" and simple models of administrative reforms.
Sammendrag

Introduction

Administrative systems have historically always been confronted with issues of integration and coordination on the one hand and autonomy and fragmentation on the other. The main topic of this paper is the challenge Norway and France face in coordinating specialized government activities after ten years of comprehensive reforms. We will consider the transformation of the French and Norwegian administrative architecture brought about by the reforms since the early 2000s and the choices the two countries have made with respect to multi-level governance. The French and Norwegian states are fundamentally organized according to territory and sector (Wollmann and Bouckaert 2006) but also include vertical and horizontal specialization and coordination by hierarchy, networks and various forms of standardization.

The New Public Management movement that became dominant internationally from the 1980s challenged these principles and the related organizational forms of contemporary government administrations. The introduction of the NPM principles of greater autonomy, fragmentation, disaggregation and proliferation of public administration (Lægreid and Verhoest 2010) increased the cross-sectoral challenges facing states and changed modes of control. NPM reforms addressed mainly vertical specialization (structural devolution) and horizontal specialization (single-purpose organizations) but had little to offer to solve the much bigger problem of horizontal coordination. This flaw triggered a second wave of administrative redesign that began in the late 1990s, ushering in what is sometimes known as the "post-NPM" era. This second wave of structural reforms addressed central control and horizontal coordination issues and set about introducing more integration into public sector organizations via various forms of mergers or cooperative arrangements (Christensen and Lægreid 2007, 2010a).

This paper considers those issues by illustrating how the reorganization of the French and Norwegian government administration has addressed such challenges over the past ten years. We look at the tensions between territorial and sectoral specialization and vertical and horizontal specialization and examine how coordination can be restored by hierarchy and other means. We describe both sector-specific administrative reforms and more overarching general administrative reforms. The first type of reform is more typical for Norway while the second is more common in France. As a prelude to the discussion we look at the historical administrative legacy of the two countries. We then go on to describe similarities and differences in reorganization choices, and to consider what factors drive change. Our argument is that different reform trends tend to complement or supplement one another rather than a new set of reforms replacing the previous ones.

We suggest that the historical similarities and differences in the two countries’ institutional arrangements go some way to explaining why similar problems of integration/coordination have arisen in both countries but also why some major differences exist and why they have been tackled in different ways. In France, the issues were diagnosed in the early 1990s and the influence of NPM has gradually increased
since the late 1980s (Bezes 2009). However, it is only in the past decade that transformative reforms have adopted as budgetary pressures have increased and following President Nicolas Sarkozy’s launch of a "General Review of Public Policies" (RGPP). Norway was for a long time a reluctant NPM reformer, but the reform process gained pace from the mid-1990s onward and peaked in the 2001–2005 period. The centre-left majority coalition that came to power in 2005 showed less enthusiasm for NPM, leading to a stalling of reforms and a change of direction towards post-NPM.

**This paper addresses the following questions:**

- What have been the main specialization and coordination / integration issues in France and Norway since 2000? Which solutions have the two countries adopted? What were the differences and similarities?
- Why have successive governments in both countries addressed these reform issues? What role have the financial crisis, international reform trends, the historical administrative and cultural legacy, changes in the political leadership and policy problems in specific sectors played?
- The paper focuses on reform at the central and regional levels but does not address reforms at the local and municipal level. We will first present our theoretical approach. Then we will describe the polity features and reform history of France and Norway. Thirdly, we will describe contemporary reforms in the two countries. Fourthly, we will explain the reform trajectories by examining the importance of different driving forces. Finally, we will draw some conclusions and implications.

**Theoretical approach**

**An institutional approach based on organization theory**

The theoretical departure of this paper is an organizational perspective based on the concept of bounded rationality and an institutional approach informed by organization theory (Egeberg 2003, Olsen 2010). An organizational perspective presumes that one has to study how the public sector is organized in order to understand how it works. It makes a difference whether central government is an integrated system under ministerial responsibility or a disintegrated system of autonomous or semi-autonomous bodies, how it is coordinated vertically and horizontally, and whether it is specialized according to the principle of geography, process, purpose or clientele (Gulick 1937).

Essential elements in this reasoning are concepts such as coordination, specialization, integration and autonomy. There are generally three criteria for recognizing integration between units: their interdependence, consistency and structural connectedness (March 1999). The question of balance between integration and autonomy is a general problem in all multi-level systems (Olsen 2005). In this paper we focus on how this interplay is affected by the various forms of specialization and coordination mechanisms. We
describe the process of transformation, try to understand the driving forces behind the changes and discuss some implications for unity and diversity in the public sector.

This theoretical approach claims that the historical–institutional legacy of an administrative culture as well as polity features both have an independent effect on contemporary reform trajectories (March and Olsen 1989). But other factors are important as well, such as external financial pressure and an institutional environment eager to promote modern administrative doctrines. The power of and initiatives taken by the political executive as well as sector- and task-specific challenges also have a role to play (Christensen and Lægreid 2007, Christensen et al. 2004).

**Specialization**

We will distinguish here between specialization by purpose/task/sector and specialization by territory/area/geography (Gulick 1937) as well as between vertical and horizontal specialization. Different specialization principles will foster different networks, identities and conflict patterns. An organization specialized according to geographical area will encourage policy makers to pay attention primarily to particular territorial concerns. Sectoral specialization has a tendency to weaken relations that have been developed territorially, for example with geographically-based units such as prefects, and to strengthen policy standardization across territorial units. Redesigning sectorally specialized organizations into geographically structured ones would thus tend to transform functional conflicts into territorial conflicts (Egeberg 2001, 2004). Generally, more specialization results in an increased need for coordination (Pollitt and Bouckaert 2004), but which specialization principle is chosen will have a considerable impact on the choice of coordination mechanisms.

One question, therefore, is whether the same specialization principle shall apply at both central and regional levels or whether these principles can be at variance. Another question concerns the implications this may have for multi-level coordination as well as internal coordination at different levels. Will a central government organized by sector and regional governments organized by area imply weak vertical coordination between the central and regional levels while horizontal coordination within regional government is well-established? Will this present a challenge to integration between the two levels of government resulting in the need for new coordination measures designed to counteract the consequences of autonomy?

By *vertical specialization* we mean differentiation of responsibility on hierarchical levels, describing how political and administrative tasks and authority are allocated between forms of affiliation (Lægreid et al. 2010). Vertical specialization can take the form of structural devolution, autonomization or agencification, meaning the transfer of responsibility from units close to the political leadership to units that are further away from the political executive. *Vertical de-specialization* implies movement in the opposite direction – i.e., moving responsibilities closer to the political leadership. By *horizontal specialization* we mean the splitting of organizations at the same administrative level, for example splitting a ministry into several ministries. Horizontal specialization focuses on how tasks and authorities are allocated between organizations at the same hierarchical
level, for example between ministerial areas. *Horizontal de-specialization* implies merging organizations at the same administrative level.

We will argue that there is a link between these two forms of specialization. Administrative systems scoring high on vertical specialization are often also strongly specialized by task or sector while systems scoring high on horizontal specialization tend to give more emphasis to territorial modes of specialization (Table 1). Often one comes across combinations of these two dimensions, but a low level of specialization implying a high degree of integration is rather rare in complex modern political–administrative systems. What is more common is simultaneous strong vertical and horizontal specialization, producing what we would argue is a multi-level system with a dynamic of its own. One reason for this is that formal organizational structure creates identities. Actors acting on behalf of organizations do so according to "a logic of appropriateness" (March and Olsen 1989). Parallel organizational structures at central and local level may create the same appropriateness at both levels and are therefore important if common identities among decision-makers at different levels are desired. The mutual trust that common identities offer may be very significant for maintaining an acceptable balance between integration and autonomy in a multi-level system. Parallel structures make it easy for central ministerial actors to establish contact with their local/regional level counterparts who are responsible for implementation.

*Table 1: Different forms of specialization*

<table>
<thead>
<tr>
<th>Horizontal specialization</th>
<th>Vertical specialization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strong</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Multi-level system: Specialization by territory and tasks</strong></td>
<td><strong>Specialization by territory</strong></td>
</tr>
<tr>
<td><strong>Weak</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Specialization by sector/tasks</strong></td>
<td><strong>Integrated system</strong></td>
</tr>
</tbody>
</table>

Given our theoretical departure, we will argue that sector-based organizational structures at both levels that engage in formal as well as informal communication are important for establishing mutual trust between administrative levels. One important question is whether new organizational forms characterized less by parallel structures will lead to a loss of common identity and trust between administrative levels.

**Coordination**

Vertical coordination is concerned with the coordination of various administrative levels, for example between ministries and subordinate authorities and between central and regional authorities. Horizontal coordination concerns coordination between policy areas or sectors such as health, education, the environment, or public transport at the same level – be it the central, or regional level. (Christensen and Lægreid 2008).

In the debate about coordination one can distinguish between different principles or mechanisms of coordination (Bouckaert, Peters and Verhoest 2010). These might include hierarchy – focusing on order, directions, and instruction; networks – focusing on persuasion, bargaining and mutual adjustments; and standardization of various kinds. There is also a distinction between positive and negative coordination (Scharpf 1997,
Bouckaert, Peters and Verhoest 2010). While negative coordination is a minimal form of coordination aiming at minimizing conflicts, positive coordination is more holistic, focusing on building up coherent and integrated policies and means. Negative coordination entails actors agreeing not to harm each other’s programs or policies, whereas positive coordination is more about actually working together. Even if coordination is generally seen as a good thing, the wish to coordinate is often greater than the wish to be coordinated. Everyone embraces coordination as long as it does not involve their own organization.

The relative importance of these coordination mechanisms within administrative systems may vary over time and between different countries. One reason why a given coordination mechanism may become more or less important is a change in the principles of organizational specialization (Verhoerst and Bouckaert 2005). The relationship between specialization and coordination might follow a stimulus–response pattern (Bouckaert, Peters and Verhoest 2010) and normally more specialization requires more coordination.

**Historical–Institutional Context and Polity Features**

In this section we will take a brief look at the history of sectoral and territorial specialization and modes of coordination in Norway and France.

**Sector-based specialization and modes of coordination at the central level**

In Norway there is strong ministerial specialization. The relationships between parliament, ministers and central agencies are based on the principle of ministerial responsibility, meaning that the minister is responsible to Parliament for all activities within his or her policy area in the ministry as well as in subordinate state bodies. This implies that specialization by task or sector is strong in Norway with powerful line ministries and weak horizontal coordination between ministerial areas. The overarching ministries are generally weak with the exception of the Ministry of Finance, which is a strong inter-ministerial coordinator in the area of budgets and finance.

The central government administration in Norway is organized into ministries and central agencies. The central government is divided into eighteen different ministerial areas, and there are about sixty-five central regulatory and executive agencies, many with subordinate regional branches. The central agencies have been core elements in the Norwegian central administration over the past 150 years. They are government entities subject to ministerial directions and directly subordinated to ministerial control. Norway has a decentralized system of central public administration in which ministries and central agencies have a high degree of managerial flexibility. The Norwegian system entails extensive delegation to agencies. Ministries mainly manage agencies through dialogue and discussion, which encompass both formal and informal elements. A main challenge in the Norwegian system is to find an appropriate balance between delegating responsibility and maintaining adequate systems of accountability and control.
The French government has been divided into an average of eighteen ministries and between four and thirty Delegated Ministries and State Secretariats subordinated to ministries. The 150 central general directorates form the main structural framework of the French administration and function in "silos", albeit under the jurisdiction of changing ministerial portfolios (Quermonne 1991). Ministries and their directorates are deeply rooted sector-based organizations with strong ministerial cultures, embodied in the creation and growth of specialized corps of civil servants inside the ministries (Thoenig 1996) and the compartmentalization of the civil service statute which blocks the free movement of personnel across ministerial boundaries. The French state is thus organized according to a strong "ministerial logic" related to the historical development of sector-based ministerial organizations.

Although legal forms of hierarchy dominate within sector-based ministries, the ministerial organization also relies on strong politicization mechanisms (Rouban 2004). The development of tighter links between ministers and senior bureaucrats within ministries via ministerial cabinets has provided a kind of top-down ministerial coordination mechanism. Ministries have historically established their own local units at the territorial level, thus undermining the prefects’ authority and their ability to integrate activities and increasing the need for coordination.

In France there is a stronger horizontal specialization than in Norway but a more limited vertical specialization owing to strong mechanisms of administrative and (until 1982) political centralization. The horizontal fragmentation is counter-balanced by the existence of several informal coordination mechanisms such as an inter-ministerial corps and some inter-ministerial administrative units. Under the Fifth Republic, the global inter-ministerial coordination is endorsed by the Prime Minister and the units directly subordinate to him or her.

**Territorial specialization and modes of coordination**

In both countries, state territorial units and local authorities are organized according to the same territorial jurisdiction. However, many differences exist.

In Norway there is a clearer separation between national and regional government than in France. There is a rather strong political decentralization to the municipal level and a weaker administrative decentralization. Norway is both politically and administratively rather decentralized at the regional level and has eighteen county councils elected directly by citizens and headed by a county mayor. It also has an administrative apparatus headed by the county executive. The role of county councils is contested in Norway, and was considerably diminished after they were deprived of responsibility for public hospitals in the hospital reform of 2002. They are now mainly responsible for high schools, regional roads, regional public transport, regional development and some cultural affairs.

In addition to this political decentralization there is also an administrative decentralization to the county governor or prefect, who is the central government representative at the county level. He or she is responsible for overseeing the municipalities and for coordinating sector-specific branches of central government, such
as education, agriculture, health, environment, and regional planning at the regional level. He or she is also responsible for internal security and public safety. The organization of the regional level in Norway is further complicated by the fact that many ministerial areas have their own regional administration that cuts across the system of counties; there are, for instance, four different health regions, and separate regions for the police and the roads administration. The relationship between central, regional and local government is a mixture of political decentralization, based on the principle of local self government, and administrative decentralization based on the principle of delegated authority. Political control over the civil service has been general and passive, allowing the executive considerable leeway.

In France, the system of geographical administrative organization created under Napoleon is rooted in a territorial design that is like a set of Russian dolls (départements, arrondissements, communes), with prefects and sub-prefects forming the main chain of command (Grémion 1976, IFSA 1978, Hayward and Wright 2002). The territorial administrative organization evolved from the 1960s onwards as newly created ministries established their own units at regional level undermining the prefects’ ability to integrate activities. The fact that sector-based ministries chose to spread themselves around the national territory in this way signifies their distrust of the policy principles upheld by the prefects and a desire to short-circuit them (Le Lidec 2006).

The French administrative system is also characterized by strong interdependent relations between central and local government. France has 26 regions (only created in 1982) and 102 départements. These authorities are separate independent entities not linked by subordination principles. Public policy can thus be said to be co-produced by the state and the local authorities with high coordination costs.

Administrative decentralization is also stronger than in Norway, embodied by the existence of regional and départemental prefects as representatives of the state and government. The prefectural structure provided the basis for developing mechanisms of central steering, resting on a uniform and territorial administrative model but combined with a political hierarchy where prefects were the integrative force at the local level. Prefects have played a dual role: legal supervision of local authorities like in the Norwegian case, but also representing the government cabinet face to state ministerial local units and local governments. Historically, this logic has been simultaneously hierarchical, political and territorial. Apart from its ministerial organization, the French state has been specialized according to the territorial principle. The prefect prioritizes the objectives of public policies according to the local context (Worms 1966).

The large number of local authorities in France has historically raised many problems of coordination and has favoured the role of coordination by the prefects. However, decentralization policies introduced from the 1980s onwards have profoundly affected the centre’s capacity to control the conduct of public policy.

**Specialization and coordination: some comparative reflections**

Table 2 sums up some of the main differences and similarities between the Norwegian and French administrative system regarding specialization and coordination.
Norway has strong specialization by sector and a clear separation between central and local government. The dual principles of ministerial responsibility and local self-government solve some coordination problems and produce others (Fimreite and Lægreid 2005). Positive sector-specific vertical coordination occurs within each ministerial area from central to local state level. Territorial coordination within each county municipality is also rather positive. The main coordination problem in the Norwegian political–administrative system is between ministerial areas and between political–administrative levels (state–local government). The political focus on a specific area of responsibility is strong, and consequently the challenges of coordination across ministerial areas are considerable, also at the political level. Norway has weaker prefects than France.

Table 2: Comparing Administrative Systems

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th>Norway</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global design</strong></td>
<td>Strong competition between two logics: territorial specialization and ministerial specialization + Shared responsibilities between the state and local government, specifically in some policy areas</td>
<td>Strong tension between the principle of ministerial responsibility (specialization by sector) and the principle of local self-government (specialization by territory)</td>
</tr>
<tr>
<td><strong>Ministerial specialization</strong></td>
<td>Extended vertical ministerial specialization: many ministries, many central administrations, many state local units</td>
<td>Strong vertical specialization with small central administrations and numerous ministerial agencies</td>
</tr>
<tr>
<td><strong>Central coordination within the state</strong></td>
<td>Medium. Stronger Prime Minister, two strong transversal ministries (Interior and Budget) and a political driving belt at the territorial level to impose orders from the centre.</td>
<td>Weak. Weak coordination between ministries with only the Financial Ministry as an overarching sectoral ministry. Strong silos due to ministerial agencies</td>
</tr>
<tr>
<td><strong>State territorial coordination (coordination at local level between state units)</strong></td>
<td>Medium. The French system has created a coordinator at the territorial level, the prefect. Conflicts between ministerial territorial units and the prefects</td>
<td>Weak. The power of the prefect is weaker than the French one – Conflicts between ministerial territorial units and the prefects</td>
</tr>
<tr>
<td><strong>Coordination at the central level between central government and regional authorities</strong></td>
<td>Weak coordination between strongly interdependent actors: state and local authorities do not negotiate with each other at central level</td>
<td>Dialogue meetings. Coordination through revenue system based on objective criteria but also earmarked grants, sector-based law</td>
</tr>
<tr>
<td><strong>Coordination at territorial level between state units and local governments</strong></td>
<td>Positive coordination (although conflictual) owing to strong interdependencies and shared responsibilities. Each actor needs the other to succeed. Mediator role</td>
<td>County governor has a mediator role as central government representative towards local government, and vice versa</td>
</tr>
</tbody>
</table>

France is characterized by greater fragmentation at the centre and at the territorial level but has developed stronger coordination and integration mechanisms, especially at the local level (through the prefects). Inter-ministerial coordination has always been a problem and was accentuated by the absence of a stable, hierarchical national executive
in the person of a Prime Minister. Coordination is largely negative in the French system, taking the form of persistent compartmentalization, mutual avoidance and friction reduction between ministries (Hayward and Wright 2002, Bezes and Le Lidec 2011).

Going back to Table 1, we will argue that Norway and France have both developed strong vertical specialization, but horizontal specialization is stronger in France than in Norway. Concerning the mode of coordination, both administrative systems have major problems of inter-ministerial coordination at central level owing to ministerial silos, although the French system seems to have more informal mechanisms offering a limited counter-balance. This coordination problem is also stronger at the regional level in Norway than in France because the Norwegian prefect has less power than the French one. However, the important horizontal specialization of the French administration at regional level, embodied in a large number of state local units, generates more fragmentation than the Norwegian pattern with a rather small central government and a limited number of agencies. The Norwegian administrative system is also characterized by a clear separation between central government and regional authorities, paradoxically generating fewer problems than the French interdependent system.

Contemporary Reforms – Descriptions and Comparisons

In this section we will address contemporary administrative reforms in France and Norway, focusing mainly on those that have taken place since 2000. For each country we will first describe some general modes of change. We will then discuss reforms that address the challenges of vertical specialization linked to sectoral specialization and the implications of these reforms for coordination. Third, we will address reforms designed to tackle the problem of horizontal specialization across ministerial areas and the challenges of territorial specialization and the implications of such reforms for coordination. Fourth, we will consider the relationship between central and regional government and the issue of political decentralization. Finally, we will draw some comparisons between the two countries along these lines. These dimensions are all linked to our theoretical concepts of specialization and coordination and reveal some interesting similarities and differences between the two countries.

Norwegian reforms

The reform mode

The NPM reforms in the Norwegian civil service started slowly in the late 1980s and gained momentum from the mid-1990s onwards (Christensen and Lægreid 2001, Olsen 1996). The Norwegian approach to NPM reforms was pragmatic and espoused mainly the managerial tools of NPM: Management by Objectives and Results, increased structural differentiation of the roles and functions of government, structural devolution of agencies and state-owned companies and increased managerial autonomy. In the period 2001–2005, however, the Centre–Conservative government adopted some major
ideas from the NPM movement. After the centre–left government took office in 2005 more program-oriented reforms focusing on specific policy areas were introduced. Some features of these reforms may be categorized as post-NPM.

In the case of Norway we generally see dual processes of vertical specialization and horizontal de-specialization at work, especially in the 1990s (Lægreid et al. 2010). The general picture defines a movement of organizations further away from the central political authorities combined with mergers of similar types of organizations to increase coordination. This can be seen as a co-evolution of reform ideas and administrative practice producing hybrids and complex organizational solutions.

The centre–left majority government that came to power in 2005 ran pretty much on an anti-NPM ticket arguing that NPM reforms should be stopped or modified because of their negative consequences, such as fragmentation, proliferation and reduced political control. This view was particularly interesting coming from the Labour Party, which had previously been seen as supporting NPM. A crucial question is whether the anti-NPM rhetoric actually resulted in major changes. Today’s administrative policy in Norway is ambiguous. It is fair to say that the pace of NPM has slowed down but has not been reversed. What we see are post-NPM features supplementing previous NPM reforms. The process of external devolution to state-owned companies has more or less stopped, the performance management system is still going strong and we see increased horizontal de-specialization.

Vertical specialization and de-specialization – agencification and reassertion of the centre

In the 1990s structural devolution became a major reform trend in the central administrative apparatus in Norway. The first dominant element was internal structural devolution – ordinary agencies were given more autonomy and new independent central agencies were established. Some organizations were also moved from central to regional government. Part of this structural devolution also took the form of granting regulatory agencies more formal autonomy than the ordinary agencies mentioned above. This was combined with an increase in horizontal specialization of the roles and tasks of agencies, according to the principle of "single-purpose organizations". There has, however, been an unstable balance between autonomy and control. Three examples illustrating these dilemmas will be given in the following.

In 2001, a major reform of the central immigration administration took place in Norway. All responsibility for this policy field was gathered under the Ministry of Local Government and Regional Affairs, moving the regulatory role away from the Ministry of Justice and Police. The Norwegian Directorate of Immigration, established in 1988, was given more formal autonomy, and a new body was established with a lot of formal autonomy – the Immigration Appeals Board. The main motives behind the reform were to ease the capacity problems and burdens of the central political and administrative executive by hiving-off immigration cases, but it also involved a blame-avoidance component (Christensen and Lægreid 2009). After the reorganization, the political executive could no longer interfere in ordinary individual cases. Steering was to be done from a distance, via general policy directives, thus furthering professional autonomy.
After this reform was implemented it soon became clear that the minister was not satisfied with a situation where she carried responsibility for many immigration cases but had her hands tied in handling them. She therefore launched a reorganization process to exert more control. The new measures went into effect in 2005. Under the current Red–Green government the control measures have been tightened still further (Christensen and Lægreid 2009). The latter efforts at reorganization and reasserting control do not seem to have reversed the main features of the first reform but they do represent an attempt to weaken some of the autonomy in the reform of the immigration administration. It represents a case where agencification or vertical specialization has been followed by re-centralization or vertical de-specialization.

Another case for increased vertical specialization is related to regulatory agencies. In 2003, the Conservative–Centre government proposed a regulatory agency reform inspired by the OECD model (Christensen and Lægreid 2007) that had two main components. One was a proposal for structural devolution that would make the regulatory agencies more independent and the role of a regulatory agency more specialized and less ambiguous. It was proposed that there should be a principle of non-interference from the political executive in individual cases dealt with by the regulatory agency; this was followed up by more detailed proposals for eight specific agencies. It was also proposed that appeal cases should be moved out of the ministries to independent appeal boards. The second main element was to relocate the chosen regulatory agencies, i.e. move them out of Oslo. After a tug-of-war between the minority government and the opposition a compromise was reached. The relocation was agreed on, but it was decided that the devolution principle should not be applied to all regulatory agencies and there should be no change with respect to appeal cases. The minister behind the proposal supported the NPM principles concerning structural devolution. He argued that politicians, central administrative leaders, interest groups and ad hoc groups should stay away from individual cases and that the relocation would ensure that this happened.

A third reform addressing the issue of vertical specialization and de-specialization was the hospital reform. In 2002, responsibility for Norwegian hospitals was transferred from the counties to the central government. This vertical de-specialization is one of the biggest contemporary administrative reforms in Norway. The reform centralized the ownership function, and the Ministry of Health was given main overall responsibility, aided in administrative and oversight functions by two subordinate agencies. Five regional health enterprises with separate professional boards were established, comprising 33 local health enterprises overseeing 250 health institutions of different types. Responsibility for hospitals was moved from the county municipalities to a new administrative territorial arrangement subordinated to the line Ministry of Health. The goals of the reform were to enhance coordination and utilize resources more efficiently through better control of the financial situation of the hospitals. The reform process was an entrepreneurial political effort by the responsible minister.

The case is an interesting example of administrative decentralization and political centralization (Lægreid, Opedal and Stigen 2005). The hospitals were removed from the ordinary public administration and transformed into enterprises which were supposed to have a lot of managerial autonomy. The central government, represented by the minister of health, took over the ownership function and established an ownership division in
the ministry. A small part of the hospital reform was reversed when the centre–left government came to power in 2005, because it brought politicians back onto the boards of hospitals. Overall the reform tilted the steering of the hospitals more in the direction of centralization, but this was balanced out by increased managerial autonomy of the hospitals. It created more bureaucracy, more control and more reporting in the hospitals enhanced by a sophisticated performance management system (Christensen, Lægreid and Stigen 2006).

There has been a general trend towards increased agencification and vertical specialization, but especially in politically salient areas such as immigration, health and regulation it seems to be difficult for politicians to grant the agencies extended autonomy and abstain from political control and interference. An important issue in the Norwegian case has been the issue of political control and vertical coordination, which has been somehow undermined by increased vertical specialization, as illustrated by the immigration case. Vertical de-specialization was applied in sectors where local authorities (counties) manage policy (here, hospitals). This is a major difference to the French case where no recentralization from the local authorities to the state has occurred.

Performance management: A way to control autonomous agencies?
The emphasis on vertical specialization that the establishment of more autonomous agencies brought in Norway has generated a need for central government to regain control over them. This has been achieved mainly by introducing performance management systems using NPM recipes but also by a degree of re-centralization.

The price the autonomous agencies have to pay for their increased autonomy is a tighter control and scrutiny system. In the early 1990s a system of performance management, Management-by-Objectives-and-Results (MBOR), was introduced and developed in Norway (Lægreid, Roness and Rubecksen 2008). A more formalized performance-assessment regime was established and made mandatory for all government organizations; it was integrated into the government Financial Regulations in 1996. This includes a Letter of Allocation which is a quasi contract-based arrangement between the parent ministry and the subordinate agencies concerning recourse, objectives and performance indicators. It is also assisted by a formal system of reporting and steering dialogue between the ministry and the agencies. Progress with government-wide systems of performance measurement has been slow, especially with respect to developing and using performance information. But many ministries and agencies have made a considerable effort to establish performance indicators and to implement performance reporting systems (Lægreid, Roness and Rubecksen 2008). In some sectors, mainly higher education and health, some funding is directly linked to results – with money following students or patients. The ownership function for hospitals is enacted largely through a performance-management system.

Horizontal specialization and de-specialization – and coordination efforts
From the mid-1990’s, Norway faced a two-fold process concerning the horizontal dimension of specialization. On the one hand, when different functions were fulfilled
within the same organization, reforms promoted horizontal specialization by splitting integrated government department services into single-purpose organizations. Typically separate bodies for regulation and scrutiny, for service delivery, for policy advice and for infrastructure were established.

On the other hand, there was also a process of horizontal de-specialization going on whereby different organizations that fulfilled the same function or had similar tasks were merged. This concerned regulatory tasks, such as when five regulatory agencies were merged into a single regulatory food agency, and service provision tasks, such as when different types of higher education organization were merged into university colleges. This kind of horizontal de-specialization thus typically takes place internally within a ministerial portfolio and rather than externally across sectoral boundaries. Two examples illustrate this process, one of which was a success while the other failed, showing how difficult de-specialization can be.

In 2005, a reform of the Norwegian Welfare Administration was approved by the Parliament. Together with the hospital reform, this reform turned out to be one of the biggest contemporary reforms in the Norwegian public administration. The implementation started in 2006 through a process aimed at lasting until 2010. The centre-piece of this reform was a merger of the employment administration, represented by the Directorate of Labour, and the National Insurance Administration into a single new labour and welfare agency, the NAV, represented on all levels. It was also decided that a new local frontline service should be organized – a one-stop shop – resulting from a new partnership between the NAV and locally based social services. This local partnership combined control and formalization with flexibility and variety (Fimreite and Lægreid 2009). In an unusual move it was the parliament (Storting) rather than the political or administrative executive that initiated this reform. Although controversial (Christensen, Fimreite and Lægreid 2007), the reform was successfully implemented in a two-step process that involved first merging the ministries and then the central agencies and their subordinate regional and local branches.

The merger finally decided on was partial, since it did not fully include the social services; nevertheless, it was the largest sectoral merger ever undertaken in the Norwegian central administration, so the holistic aspect of the reform was central. On the central level, the NAV reform implied extensive horizontal de-specialization and has probably tilted the balance more in the direction of central control (Fimreite and Lægreid 2009). In some cases, however, the merger appeared to be politically sensitive and problematic.

The case of internal security illustrates the difficulties of horizontal specialization. In 1999, a process was launched to reorganize the central apparatus for internal security. A public commission assessed the vulnerability of Norwegian society and proposed ways to improve vertical and horizontal co-ordination in the security administration. The suggestion was to establish a new ministry of internal security that would merge the various agencies in charge of functions viewed as interdependent. These recommendations were not, however, approved by the government in the White Paper presented to parliament in 2002, and most of the bodies and actors involved refused to be merged into one organization. They all acknowledged the problems of fragmentation, weak co-ordination, and low priority assigned to internal security, but they failed to
reach agreement on a radical organizational merger. Somewhat surprisingly, the process resulted in only minor changes in the security administration (Lægreid and Serigstad 2006). The compromise solution was to strengthen the coordinating responsibility of the Ministry of Justice by merging two agencies into a new Directorate for Civil Protection and Emergency Planning. The Ministry of Justice has gradually increased its cross-ministerial responsibility in this policy area, but it is still weak. The main principle of individual organizational responsibility for internal security based on sectoral specialization trumped the need for stronger horizontal coordination across ministerial areas. These two examples of recent cross-sector reform initiatives show that it is easier to achieve such integration within a ministerial portfolio than across ministerial areas.

During the first term of the centre–left government elected in 2005 the problem of inter-ministerial coordination also became a higher priority on the political agenda. After the government was re-elected in 2009 the Prime Minister’s office was strengthened by the appointment of a special minister for inter-ministerial coordination. Having a minister without his own portfolio but with special responsibility for horizontal coordination was a new construction in the Norwegian central government.

**Decentralization: Attempt at regional reform ends in failure**

Significantly, another kind of vertical specialization, involving political decentralization combined with horizontal de-specialization, failed in Norway. When the centre–left government came to power in 2005, regional reform was high on its agenda and was a central element in the government declaration. The government wanted to merge the nineteen counties into five or six larger regions and to transfer responsibilities and tasks from central government to the new regions. The new regions were to be polities with their own elected politicians and councils.

A regional reform was first and foremost important for the junior coalition partner, the Centre Party, which has traditionally strongly favoured decentralization. The major coalition partner, the Labour Party, however, was sceptical about this reform, having traditionally favoured centralization. Added to this, there was also strong opposition from powerful sector ministries. None of them were eager to decentralize tasks and responsibilities to the proposed new regions. The proposal also met with resistance from the administrative and political executive in the counties who were afraid of losing their responsibilities and positions if they were merged into five or six large regions. Another reason for opposition to the reform was that its proposal to simultaneously merge counties and decentralize was considered too ambitious. Instead of an extensive reform, the Norwegian government ended up keeping the nineteen counties as they were but delegated some additional tasks to them, such as responsibility for regional roads. The main purpose of the renewed counties is said to be regional development of all sorts. To sum up we can say that the regional reform tried to enhance territorial vertical specialization at the expense of sectoral specialization, but failed.
French reforms

The reform mode
Like in Norway, the influence of NPM recipes on administrative reforms in France increased gradually from the late 1980s but was only significant in transformative policies in the early 2000s (Bezes 2009, 2010). The first "managerial reform" was launched in 1989 in the form of a policy entitled "Public Service Renewal" (PSR). The modernization program valued service quality, user concerns, some managerial techniques and a continuing set of distinctive public service orientations with the strong participation of public servants. Experiments were favoured as the dominant style of reform. The reform attempts of the 1990s resulted from the competing initiatives of three major transversal ministries within the French state: Budget, Home Office and Civil Service (Bezes 2007, 2009). In sharp contrast to Norway, the French reforms were rather transversal and consisted of initiatives from the centre extending to all sector-based ministries. In 2001, the reform of the French budget procedure systematically adopted many internationally dominant instruments of performance management and imposed them on ministries as a new mode of control. In 2007, the Fillon right-wing government and the newly elected President Sarkozy launched a General Review of Public Policies (RGPP) with explicit references to the Canadian Program Review initiated in 1995–1996. The RGPP claimed to be engaged in "rethinking the state" in response to the fiscal imperatives of state debt and the state deficit. A major program of mergers affecting all ministries was decided, concerning central administrations but also, even more systematically, the territorial state and its ministerial local units.

Since 2007, forms of horizontal de-specialization have been more systematically adopted at various levels (Bezes and Le Lidec 2009). The global picture shows politicians being generally rather reluctant to lose control by moving organizations further away. In the French context, horizontal de-specialization also seems to be associated with budgetary reductions, which are likely to be generated by mergers.

Vertical specialization and de-specialization and the implications for coordination
During the 1990s and early 2000s, the process of agencification remained limited. On the one hand, newly created agencies were set up to respond to social or economic demands or to face the growing issues of risk regulation, often in crisis situations. The health sector has been the privileged site for the creation of agencies over the last few years, with the aim of ensuring that these bodies would be more independent of political control. On the other hand, new agencies were tasked with new functions and moved away from their initial ministries or institutions. New agencies were rare in the four key ministries of state (the Interior, Justice, Defence and Foreign Affairs), but numerous in Agriculture, Social Affairs, Culture and Research. The number of agencies increased considerably. The creation of agencies made the already fragmented organization of the state even more complex. This resulted in overlapping responsibilities and poor cooperation between agencies as well as between agencies and traditional state services.

Another move towards increased vertical specialization was generated by the 2003–2004 decentralization wave that transferred new competencies to the regional and
départemental levels. Owing to the two waves of decentralization, public policy is now mainly implemented by local authorities and not by the state. Contrary to Norway, no process of vertical de-specialization to central government occurred in the French case where decentralization policies have been the favourite reform route. However, a process of vertical de-specialization has taken place very recently within the French territorial state. The first emergence of this trend appeared for specific sector-based policies. In 1996, regional hospital agencies were developed with power of accreditation and the remit to merge public hospitals. Endowed with increased powers to control hospitals in 2003, these regulatory health care organizations are designed to reduce the autonomy of non-state actors and develop regulatory standards and contracts over hospitals (Hassenteufel 2008).

Launched in 2003 but intensified in 2008, the reorganization of legal control over local authorities, traditionally exercised by sub-prefectures was transferred to prefectures at the départemental level with the creation of several inter-regional "back-office" agencies that grouped together highly qualified bureaucrats with professional expertise and extensive experience in law. More systematically, within the RGPP the process of vertical de-specialization was intensified in relation to another dominant horizontal de-specialization movement through mergers at regional and départemental levels. It was decided to tighten the départemental organization of state services by merging units and creating three inter-ministerial directorates. The organizational change defines an implicit objective to significantly decrease the number of "front office agents" in local ministerial units at the departmental level. Several "back-office" agencies grouping together highly qualified bureaucrats with professional expertise were created at different levels. This achievement of vertical de-specialization by reducing the départemental level of the state organization has been gradual, and given that the départemental level has historically been the organizational choice for the French administration, it is likely to encounter resistance or indeed provoke a backlash.

Vertical specialization and de-specialization within the French public administration have implications for coordination issues. Two types of coordination mechanism have been reactivated: one is the hierarchical, and the other, more important one, the political. On the one hand, a new hierarchy between administrative levels (regional, départemental) was introduced in 2007–2009, combined with the functional specialization of state field services and related to a repositioning of the prefects. The regional level was thus strengthened at the expense of the départemental one. The regional prefect is now considered to be the pilot, coordinator and arbitrator in state inter-ministerial action. Regional prefects have gained stronger formal powers over the eight merged regional units but also over other ministerial services. A new hierarchy was also introduced within the prefectoral corps: the regional prefect is now supposed to have more authority over the prefects of départements, although the latter have reinforced their inter-ministerial powers. This reform has reinforced a hierarchical mode of coordination which has been reactivated through the creation of new General Secretariats within the main ministries (Chevallier 2005).

On the other hand, political coordination mechanisms have been reaffirmed. This is related primarily to a change in executive relationships. At the level of the political executive, the French system granted greater powers to the President. Under President Sarkozy,
there has been a "Presidentialization" of the political leadership. These changes in the political leadership have been driven by various kinds of dynamic reinforcing political modes of coordination and new organizational forms of steering (Bezes and Le Lidec 2011). Several new organizations have been put under the supervision of the Office of the Presidency and are therefore accountable to the President.

Performance management: favoured vertical modes of coordination

The way NPM has been introduced in the French context is very different from the Norwegian way. Specifically, it has been disconnected from any thinking about the organizational restructuring of the state. The 2001 reform of the French budget procedure, which introduced performance tools, was passed in the Institutional Act on Budget Legislation (LOLF) and implemented in 2006 (Bezes 2010). It was originally marked by the adoption of several internationally dominant instruments of performance management and articulated in a significant attempt to strengthen the role of Parliament in budgetary procedure. The reform was based on a major change in the format and content of the Budget, moving away from line-item budgeting towards public policy and performance-sensitive frames. The reform drew up a programme budget based on 34 task forces, corresponding to the French state’s major areas of public policy, and further broken down into a set of 132 programmes to which appropriations are allocated. This change in the budget format was accompanied by the introduction of a performance management structure (Annual Performance Plan and Report). The primary aim was to restore the balance of power between Government and Parliament by giving MPs more stringent control over budgetary processes and by shaping a new form of accountability to Parliament for spending departments.

This choice favoured the development of managerial instruments based on a ministerial specialization. However, given that all the budgeting instruments were to frame vertical lines within ministries it also ran counter to all attempts to reinforce territorial and inter-ministerial dynamics at the local level. It was decided that all programmes should be strictly ministerial. By allocating resources on a ministerial basis and by strengthening the existing mechanisms of ministerial centralization, the LOLF reinforced the "ministerial pattern" of the French state and modes of coordination based on vertical lines, here superimposing a managerial hierarchy on the legal hierarchy already existing within the ministerial framework. At the same time, the LOLF undermined the territorial-based dimension of the French administration. Specifically, the prefects were considerably weakened by a managerial reform that favoured ministerial tools and did not offer any horizontal budgetary instruments (Bezes and Le Lidec 2011).

Horizontal de-specialization, specialization and the implications for coordination

Another reform trend that has recently affected the French administration is related to its horizontal form of specialization. The dominant and most systematic move has been towards horizontal de-specialization through mergers while some specific cases of horizontal specialization of state management tasks have also taken place. From the late 1990s, state services related to a specific function were given greater autonomy to fulfil
operational tasks at a national level and were given the new status of "Offices with National Competence". The aim of this process of horizontal specialization was to create new specialized agencies at the national level in order to offer increased competency and economies of scale and to professionalize the delivery of specific managerial tasks within the state. The French Treasury Agency was created in 2001 with responsibility for managing the national debt and the Exchequer. Several new organizations followed, including a national agency for delivering confidential official documents, a national organization for wages, a state property agency and a state purchasing service. The creation of these new organizations brought about the horizontal specialization of the inter-ministerial, internal and "back office" functions of the state.

In 2007, after the Presidential election of Nicolas Sarkozy and the launching of the RGPP, the government decided to carry out a drastic reorganization designed to systematically bring about horizontal de-specialization through mergers. First, in the new government led by Prime Minister François Fillon in 2007, boundaries between ministries were redrawn and the number of full ministers was significantly reduced leading to the creation of big meta-ministries. Second, several mergers took place of central directorates or central organizations within ministries. In 2008, the creation of the "Pole Emploi" involved the merger of two large agencies, respectively in charge of employment and benefits. The same year the creation of the General Directorate of Public Finances merged two of the oldest departments of the Ministry of Finance: the General Directorate of Taxes and the General Directorate of Public Accounting, both well known for the importance of their territorial state units. In 2009, a merger between the national police belonging to the Ministry of the Interior and the French Gendarmerie, a state military force belonging to the Ministry of Defense was initiated, whereby the Gendarmerie became attached to the Ministry of the Interior. More generally, from 2007, a reduction in the number of central administrative directorates took place. Like in Norway, these mergers can be said to gather organizations fulfilling "proximate functions" but historically the activities of these organizations have been more complementary than similar. Mergers thus appear to be chiefly political decisions that give rise to much conflict and resistance.

The movement towards horizontal de-specialization was reinforced by the reorganization through mergers of the territorial state administration, both at the regional and the départements levels. Within the RGPP it was decided to reorganize the regional level, merging the twenty-three ministerial regional directorates into eight regional directorates whose boundaries match up with those of the new "big ministries". At the départements level, the organization of state services was also tightened by the creation of three inter-ministerial Directorates, thus merging the dozen existing ministerial directorates at the départements level and departing from the logic of ministerial boundaries. Here, in contrast to the Norwegian case, the majority of mergers aimed to internalize conflicts and arbitration between different policy units and their specific policy areas and interests and to weaken historical ministry-based specialization.

Reorganizations designed to bring about horizontal de-specialization can be said to have favoured the reinforcement of the political mode of coordination (Bezes and Le Lidec 2011). Since the 2000s, the logic of organizational reforms has sought to increase
the coordination of public policies within ministries but has also considerably tightened political control over ministry activities by having a small number of "super senior civil servants" at the central level, thus reinforcing politicization at the territorial level. Indeed, reducing the number of central administrative directorates was one requirement for strengthening the bonds of trust that the heads of the executive may have with each of them. These "super senior civil servants" enjoy more direct relationships, not only with their own minister, but also with the Head of State. In short, the rationale for the process of reorganization in the 2000s is aimed at having fewer full ministers and fewer but more politicized civil servants at the centre with more authority, who are more loyal and who report more directly to the Head of Government or even the Head of State (Bezes and Le Lidec 2011).

The political decentralization reforms: A success?
Contrary to the Norwegian case, decentralization policies have been politically attractive for the last thirty years in France and still were in the early 2000s. Supported by local politicians and benefiting from their influence on the policy-making system, decentralization has remained high on the French political agenda. The approval of a new Decentralization Act in 2003/2004, whereby more competencies and 130 000 civil servants were transferred from state to regional government, illustrates this fact (Le Lidec 2007).

Like in Norway, however, the idea of rationalizing the structures of regional government by merging or reducing the départemental level is still on the presidential agenda but is unlikely to succeed because local politicians are acting as strong veto players through multiple office-holding and the Senate (Le Lidec, 2009a) has been abandoned because it is very unpopular. Political decentralization tends to be supported when it is dissociated from the rationalization of local government structures. Nevertheless, the decentralization ambitions of Prime Minister Raffarin also faced strong ministerial opposition and suffered from his lack of political authority and leadership. The initial project envisioned a quasi-federal mode of organizing the French State (Le Lidec 2008). Compared to these goals, the achievements have been rather limited. The political decentralization of the 2000s also relied on complex and ambiguous rationales: while local governments were ready to take on more competencies, central government favoured more devolution to local governments but without increasing their financial resources. More recently, central government has systematically increased its financial control over local authorities.

Comparative discussion
Both countries embarked on NPM reforms later than many other Western countries. Although they have both been afflicted with reorganization fever, each has followed a distinct mode of reform and a different structuring pattern. A major difference between the French and the Norwegian reforms is that the French reforms have recently become more radical and comprehensive, while the Norwegian reforms are more hesitant. Another major difference between Norway and France is that while many of the major
reforms in Norway are typically sector-specific reforms, such as the hospital reform or the welfare administration reform, the French reforms have more systematically pursued cross-sectoral and overarching goals.

The pattern of reforms has also been different. The Norwegian reforms have favoured vertical specialization and specialization by sector, as exemplified by the hospital reform and the reorganization of the immigration administration. To some extent, this has reinforced the historical tradition of the Norwegian administration – i.e. its strong vertical specialization in silos – while introducing some new directions. This trend has served to highlight the problems of horizontal coordination. NPM instruments such as performance management or attempts to reinforce political control have been used to counter-balance the trend towards more vertical segmentation. Path-breaking trends – reforms aimed at increasing vertical specialization from the state to the local authorities via decentralization and mergers – such as the regional reform, or reforms challenging sector-based specialization such as the reorganization of internal security, have been rather limited and unsuccessful. Reforms addressing horizontal specialization have been more successful in cases where they are able to operate within a broad ministerial portfolio, such as the welfare administration.

Table 3: Comparing Contemporary Administrative Reforms

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th>Norway</th>
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<tbody>
<tr>
<td><strong>Modes of change</strong></td>
<td>Reluctant reformer until the early 2000s.</td>
<td>A reluctant reformer until the mid-1990s. More eager NPM reformer until 2005. Then post-NPM-oriented reforms related to problems in specific sectors.</td>
</tr>
<tr>
<td><strong>Vertical specialization</strong></td>
<td>Vertical specialization through decentralization and sporadically through the creation of agencies in specific policy sectors. Some vertical de-specialization by reducing the départemental level.</td>
<td>Reinforcement of historical vertical specialization – Moving politics out by agencification. Then attempts at vertical de-specialization</td>
</tr>
<tr>
<td><strong>Performance management</strong></td>
<td>A budget-focus reform disconnected from agency and restructuring perspectives</td>
<td>Management-by-Objectives-and-Results is a strong feature from mid-1990s, strengthening central control.</td>
</tr>
<tr>
<td><strong>Horizontal specialization</strong></td>
<td>Systematic horizontal de-specialization within all sector-based ministries and for policy-delivery functions Horizontal specialization for managerial tasks</td>
<td>A mix of horizontal de-specialization for organizations fulfilling &quot;similar&quot; tasks and of horizontal specialization by splitting different functions fulfilled within the same organization.</td>
</tr>
<tr>
<td><strong>Decentralization reforms</strong></td>
<td>Success of decentralization reforms but recently more central control</td>
<td>Failure of decentralization reforms</td>
</tr>
<tr>
<td><strong>Coordination and political control</strong></td>
<td>Reaffirmation of hierarchical mechanisms of coordination (between administrative levels) + Reinforcement of political mechanisms of coordination through increased politicization + bringing politics back in.</td>
<td>Increased problems of coordination due to an increase in vertical specialization – Creation of a special minister for inter-ministerial coordination – Attempts to increase political control</td>
</tr>
</tbody>
</table>
By contrast, the French reform pattern has predominantly favoured vertical specialization by decentralization and a late but systematic horizontal de-specialization through mergers. Vertical specialization through agencification has remained gradual, and has mainly taken place in policy sectors where political blame is likely to occur. Both systems have faced big challenges regarding horizontal coordination, but these issues have been addressed differently by France and Norway. In France inter-ministerial coordination has been more up front. It is significant that existing modes of coordination, hierarchical but also political, have been reactivated but also redirected. Nevertheless, in both countries negative coordination remains more common than positive coordination.

Explaining Divergences in Reform Style and Organizational Choices

There is no one factor explaining change in the structural anatomy of the Norwegian and French state apparatus. To understand and explain the reform trajectories in the two countries, we will apply a transformative approach which regards reform processes as a complex mixture of external pressure (financial crises, budgetary difficulties, internationally dominant administrative doctrines, institutional environment), polity factors and domestic historical–institutional legacies that constrain the initiatives and the leeway of political and administrative executives when committing into active administrative reform policies (Christensen and Lægreid 2001; see also Bezes and le Lidec 2009).

We will here combine explanatory factors and try to identify how they interact. Our argument is that the way these factors are combined and their modes of interdependence differ between the two countries. More specifically, we will address the importance of institutional and polity features, in line with our theoretical approach. Two broad questions will be addressed. First, what explains the differences between the two reform styles? Second, what explains the dominant Norwegian preference for more vertical specialization and no decentralization while France has favoured horizontal de-specialization with political decentralization?

Explaining differences in reform styles: combining polity and institutional factors

A first significant difference to explain is the administrative reform style and the fact that while major reforms were sector-specific, pragmatic and gradually implemented in Norway; organizational reforms were blocked for a long time in France but then became radical and cross-sectoral. Here, the historical ties, polity features and institutional administrative arrangements that characterize the Norwegian and the French states can be cited to explain how change has occurred in each country over the last two decades.

In Norway, the style of administrative policy reforms corresponds with the general Norwegian policy-making style of peaceful coexistence and "revolution in slow motion" based on common interests and consensus (Olsen, Roness and Sætren 1982). Norway seems to have adjusted to the new international trend of administrative reforms and to
the specific problems generated by its organization in a pragmatic, incremental and cautious manner. The multi-party system, minority governments and proportional representation in multi-member electoral districts tends to result in negotiation whereby support is sought from different parties on an issue-by-issue basis. The balance of power is therefore favorable to the Parliament (Storting), with numerous parties involved in finding a compromise on policy issues. In line with the established political–administrative culture in Norway, the concrete reform measures can be interpreted as a political cooperation process of finding solutions that are administratively and politically reasonable, appropriate and possible in the light of opposing views and demands. The Norwegian state is used to coping with changes in its institutional environment through a process of permanent adaptation and long-term budgetary planning in the context of a balanced budget. This seems to reflect high levels of mutual trust and shared attitudes and norms among political and administrative leaders, within the public sector in general and in the relationship between the central and local authorities in particular (Christensen and Lægreid 2005)

As illustrated by the reform of the welfare administration, administrative reorganizations are usually long-term processes where the diagnosis of the problem and the calling in of expertise to solve it are subject to discussion, debate and iterations. The historical legacy of a governmental model of ministerial rule has also clearly affected changes in the formal organizational structure of central government in Norway. Norway’s model of ministerial administration is based on the principle that a minister can be held responsible for any decision made by the part of the administration he or she controls. The existence of strong sector ministries and a government administration ministry with weak horizontal coordinative power means that reform processes are more often driven by sector-specific initiatives than by government-initiated comprehensive and binding general reform programs. In Norway, the polity features seem to reinforce the institutional segmentation of the administrative system and explain why the major reforms were driven by sector specific issues, demands and problems. Compared to the overarching reforms, the sector-specific reforms have been bigger and more comprehensive. It is obviously easier to implement radical reforms within each sector than across sectors.

In France, administrative reform policy style is informed by a more elitist administrative culture and a more confrontational policy-making style where long periods of institutional inertia alternate with radical, sudden and disruptive reforms. On the one hand, the French semi-presidential system and the use of majority electoral rule gives the executive, and specifically the government, the power and authority to take unilateral action at the policy formulation stage, without a specific need for prior consultation with stakeholders, a "statist pattern of policymaking" (Schmidt 1996:46). This policy style has been traditionally described as a "heroic" (Hayward 1973) or a "crisis-related" (Crozier 1963) mode of change and is associated with certain French polity features. It relies on a combination of strong political leadership, small circles of "functionally politicized" top bureaucrats serving the government who have spent time in diverse departments or in the private sector and asymmetrical relations between the Parliament and the Executive in favour of the latter, which exerts control over the political agenda. This mode of change has been observed on several occasions in
administrative reform policies and usually leads to confrontation at the implementation stage (Bezes 2001, 2009).

That said, however, this is just one aspect of the French process, which is more often dominated by periods of "institutional inertia" (Hayward 1976) characterized by strong institutions and considerable interdependence and accommodation due to the constraining influence of veto-players. Organizational reforms in the French context have been embedded in the multi-tiered system of French administrative organization, whereby two strongly competing but interlinked patterns – territorial and sector-based forms of vertical specialization – are combined. The French system is a complex nexus of interlinked and institutionalized relationships between central administrations, state regional units within ministries, prefects, regional authorities and the political executive (Le Lidec 2006, Bezes 2010) with access to and power over the national decision-making process in which locally elected representatives (presidents of departmental or regional councils) benefit from institutional positions at the centre (multiple office-holding) (Le Lidec 2008). For ministries, reforming the structures of their central administrations will generate side-effects on their territorial ministerial organization that will limit their initiatives. In addition ministries often find it difficult to reform their territorial ministerial organization on an autonomous sector-specific basis because the proposed reorganization conflicts with the interests and conceptions of the prefects, who defend the territorial state.

This dual and competing supervision of the territorial state units (vertical/sector-based/ministerial and horizontal/territorial/prefectoral) explains why before 2007 sector-based ministerial initiatives were always designed on an ad hoc and experimental basis with limited effects. Finally, local governments often oppose reorganizations of ministerial territorial units because they are likely to reduce public jobs in their respective geographical areas. Because all reorganizational issues are linked and interdependent, reform design, when it emerges, is more likely to be cross-ministerial and transversal than sector-based. This is all the more likely as centripetal and centralist administrative actors – the Finance, Interior/Home Office and Civil Service ministries – are more powerful actors (Bezes 2007) in the French context than their corresponding ministries in the Norwegian system. These actors are eager to impose their transversal and general views on the whole system.

To sum up, reorganization negotiations involve many actors, each defending distinct interests and strategies and each having the potential to be a veto player. This generally results in everyday lowest-common-denominator reforms, with limited implementation and uncertain impact. Veto actors are numerous and transaction costs are high due to the strong horizontal and vertical specialization of the state. The result at the level of everyday policy is usually more incremental reforms or even institutional inertia, because the political costs are high and politicians usually want to avoid blame for organizational matters. When change does occur, like it did in 2007, this reflects the presence of a strong political leadership but this situation is rare.
Explaining organizational choices: combining political, institutional and environmental factors

The second set of evidence to be explained concerns the global patterns of organizational change and the choices related to these. Why did Norwegian reformers dominantly and continuously favour the reinforcement of vertical specialization with some de-specialization for specific sectors (hospitals) but no overall political decentralization while French reformers mostly favoured horizontal de-specialization, political decentralization and some vertical specialization in specific sectors? None of these complex forms of change strictly mirror the historical traditions of organization so the mechanical "path-dependency" argument cannot be applied here. Rather, the explanation lies in specific combinations of policy-driving factors, external pressure and institutional constraints in each country.

In the Norwegian case, political factors and the influence of NPM and of institutions favoured the option of more vertical specialization. The first main explanatory factor is political. Both before and after 2005, politicians were key actors in putting reform issues on the political agenda. While before 2005 the Centre–Right government was a rather eager NPM reformer, after the Red–Green coalition was elected in 2005, the government became much more sceptical vis-à-vis new NPM reforms without wanting to turn the clock back to the pre-NPM period. In the welfare administration, the parliament was a main initiator of reform, deciding on its main components while the responsible minister also played a key role. In the hospital reform and also the regulatory reform, the responsible ministers were the key reform agents. The recent reforms of the immigration administration were also heavily influenced by the political executive.

Although differences exist between the Bondevik II government’s enthusiasm for NPM and the skepticism of the Centre–Left government towards NPM (specifically expressed in the extent of corporatization), there is no major cleavage between the different governments regarding the reform process. None of the reforms have been reversed by incoming governments, and indeed, many of the major reforms have been decided on by one government and implemented by the next government without any big changes being made. This applies to the hospital reform and the welfare administration reform. The adoption of this "continuity" option reveals that, generally speaking, Norwegian political reformers have no problem with installing existing or new organizations at arms’ length from the political executive, thus reinforcing the distance between them and the more autonomous agencies. Politicians in Norway do not consider more vertical specialization to present major or insoluble problems of control. In general, they do not fear losing their capacity to intervene in the day-to-day functioning and management of their services. Of course, there have been cases where changes in the political leadership or partisan majorities or the specifics of some politically sensitive policies may generate greater concerns about political control. This was the case with respect to immigration policy, for instance.

The new 2005 government has also generally been more reluctant to launch new major reforms, and in its overall reform program labelled "An administration for democracy and community" has signalled an increased interest in post-NPM reform
initiatives focusing on democratic participation, horizontal coordination and integration in the administrative apparatus (Christensen and Lægreid 2010b). However, the dominant trend is that entrusting autonomous agencies with responsibilities for public policy does not represent an unusual political choice in the Norwegian context. One reason for this is that there is a high level of mutual trust between central agencies and ministries and also between political and administrative executives. Besides, the fact that electoral campaigns in Norway are collectively defined and held according to proportional representation, so that parties rather than individual politicians compete with one another, does not make political control a salient problem.

A number of other factors reinforced this orientation towards vertical specialization. It is hard to see reform as only home grown, since a lot of inspiration and learning is derived from abroad with reform ideas diffused from one country to another, but these processes are often rather complicated. Even though neither Norway nor France were NPM front-runners the reforms they have implemented still bear the stamp of international reform movements, especially more recent reforms. In Norway NPM ideas and later post-NPM ideas coming from abroad are obviously part of the story. Examples of this are structural devolution, regulatory reforms, and the ideas of single-purpose organizations and performance management systems. These NPM ideas, which reinforce vertical specialization, were specifically compatible with the historical organization of the Norwegian state so that reforms were likely to be implemented quickly. Another argument is that because the NPM performance management recipe was simultaneously adopted it offered a positive counter-balance, in terms of control, to increased vertical specialization.

The budgetary situation did not represent a constraint on increased governance at distance either, even though this could potentially generate an increase in public expenditure. Norway is a prosperous country with a healthy economy and a high standard of living. Its management of oil assets by the government Pension Fund – Global is an example of long-term budgetary planning. Owing to its small population and huge revenues from offshore oil and gas, Norway has experienced less budgetary pressure than many other European countries and hence the pressure for cut-backs and savings has been weaker in Norway. Besides, vertical specialization was also compatible with the historical configuration of veto players and was supported by the state employees’ unions (Roness 2001) in line with the strong corporative tradition in Norway and the participatory model of modernization in the Nordic countries.

From this perspective, how can we explain the case for horizontal de-specialization (welfare), vertical de-specialization (hospitals) and the failure of political decentralization? Our argument is that these changes occurred when one of the three converging factors was distinctly oriented. As previously said, the financial crisis had no obvious general effect on the reforms. Most of the reforms started before the global crisis occurred, and Norway’s healthy financial situation meant that the public sector reform process was not affected by it to any significant extent. However, in sectors where budgetary problems arose, distinct organizational changes were introduced. One of the main arguments behind the hospital reform was to gain (political) control over the budget deficit and over the galloping and uncontrolled expenditure on health care. This explains why vertical de-specialization (from local governments to the state) was
preferred (but linked to vertical specialization from the state to publicly owned enterprises.) Financial arguments and issues of political control were also important in the welfare administration reform and explain why horizontal de-specialization was the preferred option here. The failure of political decentralization is compatible with our argument about Norwegian politicians’ espousal of management of public policy by autonomous administrations. Political decentralization would amount to entrusting regionally elected politicians and complex partisan majorities with public policy. Hence, for political reasons this has not been the dominant approach chosen in Norway in the recent period.

Contrary to their Norwegian counterparts, French political reformers have been consistently reluctant to support organizational choices devolving functions to authorities further away from political control. Significantly, the various official commissions for reforming the state, created in the 1990s, never strongly advocated the idea of differentiating the French administration into autonomous administrative units or agencies (Bezes 2007) while other NPM recipes were more popular. Generally speaking, French politicians have been hostile to every organizational change likely to decrease their political control. This could be explained by several institutional mechanisms in the French context: the domination of the executive, strong individualization of political careers linked to extensive use of the single-member district system (Le Lidec 2009b), stronger political uncertainty than in Norway, lower level of mutual trust between administrative organizations at different levels and between political and administrative executives and the historical and long-lasting use of politicization and centralization mechanisms. All these elements have historically favoured the development of structures that maximize capacity for political control, for individual casework and servicing voters. Agencies have mainly been created in policy sectors where risks were high (health, etc.) due to uncertain expertise and where politicians were likely to be blamed.

In other situations, French reformers have been very reluctant to relinquish their capacity to intervene in ordinary, day-to-day policy. This explains why vertical specialization was developed on an ad hoc rather than a systematic basis. It is hence not surprising that horizontal de-specialization through mergers was the favoured option. From a political point of view, mergers at the central and regional levels have considerably tightened control over ministerial activities by creating a small and reduced number of leading positions and "super senior civil servants" whose task is to implement the goals pursued by the political executive (Bezes and Le Lidec 2011). These "super senior civil servants" enjoy more direct relationships, not only with their own minister, but also with the Head of State. In short, fewer full ministers, fewer senior civil servants at the centre. Horizontal de-specialization through mergers is likely to reinforce politicization and political control. What is more, the design of the mergers intends to internalize conflicts and arbitration within the new big entities. Positive coordination and the resolution of conflicts between public policies is then more likely to be strengthened within macro-ministries and directorates, thus forcing them to make political choices between contradictory alternatives. The purpose of merging here is to reduce ambiguities and internalize political choices.
This political factor in favour of horizontal de-specialization was reinforced by external pressures. In France, the growing deficit and debt as well as European pressure from 2004 to 2007 highlighted the objective of reducing public expenditure and lent it more political weight. These budgetary problems have led to major reorganizations of the public sector and the architecture of the state, which have been advocated as a way of downsizing and achieving economies of scale. The RGPP systematized these aims and evolved a government policy dedicated to scrutinizing how resources in the administration could be better used. The RGPP claimed to be "rethinking the state" as a way of tackling the fiscal imperatives of reducing the debt and the deficit and realizing the two-fold objectives of downsizing government and implementing managerial-style reforms intended to make the bureaucracy more efficient (Bezes and Le Lidec 2009).

Organizational mergers involving both central directorates and state field units, and the promotion of the regional level as the main level for steering and coordinating public policy have been defended as an "efficient form" with a twofold purpose. Mergers are likely to generate a significant decrease in the number of state public agents, specifically by reducing the important number of "front office agents" in local ministerial units at the departmental level. In addition, the supremacy of the regional level over the département state units may allow significant economies of scale to be made by merging back-office functions in such areas as finance, IT support and human resources management but also in policy-oriented functions requiring specific expertise. This call for mergers and horizontal de-specialization was supported by consultancy firms, which have played a major role as producers and disseminators of "structural reform" standards since the early 2000s. The growing influence of their rationalizing and "cost-killing" recipes has been recognized (Berrebi-Hoffmann and Grémion 2009, Bezes and Le Lidec 2009). In the French context mergers are thus "ambiguous" organizational solutions likely to be adopted as a result of "ambiguous agreement" (Palier 2005). A precise analysis of the different positions adopted towards mergers shows that the various reformers involved agree on them but for very different, often contradictory, reasons. Mergers are expected to achieve economies, to favour reinforced political control and also to offer a response to the French problems of coordination.

In this perspective, the case for horizontal specialization only refers to situations where the objective was to make specific tasks within the state more efficient and professional through rationalization and the creation of specifically allocated units. The success of political decentralization – and hence of increased vertical but political specialization – confirms the specificity of the French organizational trend. Political decentralization transfers responsibility for public policy and related political arbitration from central to local government, thus illustrating French government concern to reinforce political control over policy and its hostility towards solutions where public policy is entrusted to autonomous administrative organizations/agencies.

**Conclusion**

The reform cases analyzed in this paper show diverse reform processes in which several driving forces supplement and complement one another and in combination explain
reform trajectories. Rather than an either-or explanation we need to combine different explanatory factors. Reform outcomes cannot be explained in terms of single features – be they home-grown reforms, sectoral challenges, diffusion and learning from abroad, adaptation to the financial crisis and budget deficit, or free choice by powerful political executives – but only by a combination of such features. Another theoretical lesson is that in trying to rearrange the historical structure of sectoral and territorial specialization, reform processes introduce a balance of autonomy and integration elements. The discussion has revealed that we need to treat autonomy and integration and specialization and coordination as mutually dependent processes. This argument of co-evolution and mutually dependent processes in multi-level governance is well known in the literature on integration and autonomy in the European Union (Egeberg 2004, Olsen 2004), on autonomy and control in the field of administrative reform (Verhoest et al. 2004) and on the relationship between specialization and coordination (Bouckaert, Peters and Verhoest 2010).

What can be learned from these findings about the evolution of coordination and specialization in the modern state both in a comparative perspective and in more general theoretical terms? A first lesson concerns the effects of globalization and the financial crisis. One might have expected external pressure, NPM diffusion and institutional choices to have resulted in convergence towards similar organizational forms or at least similar trends of reorganization. There are two reasons why this is not the case. Firstly, the two countries have not faced the same pressures: the financial crisis imposed strong constraints in France, offering a window of opportunity to reorganize and amplify existing and available solutions rather than generating new directions in reorganizing trends; this was not the case in Norway. Secondly, the two countries have not systematically adopted the same reorganizational recipes. General conclusions advocating convergence or divergence (Pollitt 2007) are too broad to successfully explain the diverse empirical realities and the operating trends. Our comparative perspective emphasizes the need to make distinctions between elements of convergence and divergence. While both countries experienced a renewal of control through managerial tools, it is remarkable that French reformers predominantly focused on horizontal de-specialization while Norwegian governments tended to favour vertical specialization. In a schematic way, the Norwegian administration favoured intra-sectoral reforms reaffirming ministerial silos with a managerial counter-balance while the French state gave priority to inter-sectoral reforms aimed at weakening ministerial logic and reintroducing coordination issues. At first glance, these dominant trends seem to be "path-dependent", with the Norwegian state reaffirming its historical vertical specialization while the French state has hybridized its two structural patterns of specialization – territorial and sector-based.

A second lesson relates to the changing organization of the modern state. The first trend of reorganization identified, strongly influenced by Anglo-American countries, has been the idea of increased fragmentation of the state through increased vertical specialization. Our two cases show that while vertical specialization does constitute an organizational recipe it is neither necessarily the dominant one (in France) nor systematically implemented for all ministries and all related policy issues (in Norway). The picture is more complex and our analysis emphasizes the importance of horizontal
de-specialization as a strong reorganizing trend. Some have labeled it a post-NPM trend and see it as a reaction to, or even a reversal of, previous NPM reforms and their unintended and undesirable effects. The empirical findings in this paper help to open the "black box" of horizontal de-specialization by identifying four rationales. First, merging units may be a response to problems of coordination, although neither in France nor in Norway were these issues of coordination exclusively provoked by NPM reforms. Second, horizontal de-specialization is also a way to cut public expenditure by downsizing and achieving economies of scale in times of budgetary crisis (France) or in policy sectors where these problems are relevant (Norway). Third, in some contexts, mergers also reflect a political strategy to regain political control by strengthening hierarchies. This has been the case in France at a general level and in Norway in specific policy sectors (immigration for instance) where issues of political control were sensitive.

A last lesson would suggest that all public organizations have faced a common pattern of reorganization with a renewed division between front office and back office and distinct trends of reorganization for each level. For front-office delivery tasks, horizontal de-specialization has been the dominant design for change geared to downsizing and building a front-line "one stop shop". This has been observed, for instance, within the welfare organization in Norway and is an ongoing trend at the départements level in France where local state units have been reorganized. At the opposite end of the spectrum, reorganizations of back-office functions have followed a global trend of increased specialization aimed at enhancing professionalism. Here Norway has been more systematic than France, accepting the specialization of all kinds of functions including regulatory ones. By contrast, French politicians have been consistently opposed to reorganizations likely to weaken their political control. Distinct combinations of polity and political and institutional features explain these differences.

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