

The EU and Finnish Administration

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1. INTRODUCTION

In this article I shall try to answer three questions concerning the relationships between Finnish administration and European integration. These are:

- What will europification will be from the Finnish point of view?
- What is the theoretical basis of the administrative relationship between Finland and the EU?
- What are the effects of European integration on the power structures of the Finnish administrative machinery?

I shall use the term *Europification* in same sense as Svein Andersen and Kjell Eliassen in their book *Making Policy in Europe* (Andersen and Eliassen, 1993). To me *europification* is more than the perspective of international politics or formal institutional descriptions of the integration. I emphasize, as Andersen and Eliassen do the integration processes as a deepening co-operation between the EU institutions and national political-administrative systems. While I concentrate on the administrative impact of the integration, these two elements cannot be separated from each other.

Finland is a small country in the North-Eastern corner of Europe. The distance from our capital to Brussels is almost 2000 kilometres and one must cross two seas to get from Central Europe to our country. The problems of the periphery are familiar to us. These problems bear greatly upon our opportunities of creating functional channels between our national administration and the EU institutions. The periphery problems accentuate our need to control our national EU strategies and coordination processes (Metcalf, 1992). These needs will cause in our case increasing centralization in the administration but they are also good reasons to make all possible efforts to organize Finnish participation in the integration processes effectively.

The most direct effects of the integration processes on the national state are caused by the EU legislative and judicial systems. The effects on the administration are more indirect, excluding some administrative sectors in which the EU has its strongest transnational powers. Normally, the national state determines its administrative structures and the way the country is governed autonomously. The most important effect of EU membership on the national administration result from the need to manage decision-making at the transnational level and policy coordination at the national level.

What are the models which a country like Finland can use in creating the networks with EU and the national coordination system in EU decision-making? We can also ask who the actors are in these adjustment reforms in the administration.

In our case the answer to the last question is clear. The most important reform agents in adapting Finland to European integration at the administrative level have been top civil servants. Most of them have been supporters of our membership of the EU (Temmes and Kiviniemi, 1995). They also have important roles as pioneers and as administrative thinkers in reforming the structures and systems in the administrative machinery. They are responsible for the general administrative tradition in the country, which means that their influence on the principles of good administration in the organizational structures, administrative system and processes and the civil service is prominent, acceding their formal mandate to make decisions concerning those matters (Temmes, 1994, pp. 13–17).

Administrative traditions among the EU institutions strengthen the position of top civil servants as those responsible for the general administrative tradition both at the transnational and the national levels. The European commission especially, which has the major responsibility for the administrative culture in the EU institutions, is a forum of this civil servance dominance.

2. WHAT EUROPIFICATION WILL BE FROM THE FINNISH POINT OF VIEW

Even the present confederal model of the EU means a new form of transnational system. A broad neofunctional integration process which today touches almost all socio-political sectors has made the EU integration increasingly critical to national political and administrative activities (Nicoll and Salmon, 1994 and Nugent, 1991). The links between each member state and the EU institutions are much more than the mere extension of foreign policy (Andersen and Eliassen, 1993, p. 11). The loose structure and legislation of the EU create complexity and heterogeneity in the relationships between EU institutions and national administrations. This complexity shows in national traditions both in their transnational and multilateral relations (Andersen and Eliassen, 1993, pp. 12–13). To a small country the complexity of EU policy-making necessitates finding ways of managing it. Europification by which the member country tries to adjust to the needs of integration, provide a solution to this problem.

In practice europification means primarily a closer approach between the administrative cultures of Brussels and the member countries. The national structures and decision-making processes are either not really tools to increase europification or are still being brought into this arsenal. The structures of national administration will also be a part of the integration in the federal model.

In the area of administrative culture Finland has its own tradition as part of the Nordic administrative tradition. The Nordic civil service tradition especially has its own features which emphasize a neutral role for a civil servants fixed by law but at the same time democratic and open government as the basic values of society and public activities. Finland and other Nordic countries belong to the Continental French-German law tradition family. A strong democratic influence and the development of the welfare state have shaped these historical administrative elements to the Nordic model.

It is clear that europification cannot easily change the Nordic administrative model within the national administration of Finland. On the contrary, Finnish civil servants as well as their Nordic colleagues will certainly work towards a greater understanding for their own administrative principles.

It is equally clear that Finnish civil servants have to learn many new approaches and ways to operate in the EU arena. We can identify ba-

sic questions of principle and pragmatic questions in which newcomers must be flexible and try to learn new rules and procedures as quickly and effectively as possible. These questions of principle are part of the Nordic heritage which will for its part determine the future of europification. The newcomers must also be ready to offer something of their own traditions and experiences to the integration process.

The other area in which the Finnish contribution to the development of europification can be significant is the strategies used in planning the common European policy areas. What would the appropriate Finnish strategy in the EU be? Must we concentrate only on some main policy areas of the great national interest or must we have strategies for all possible policy areas handled in EU planning and decision-making? Or should it be something between these two extremes?

For a small country which is also a newcomer these are difficult questions. One solution might be to create differentiation among the various strategies. Policy areas of great national interest need more planning and attention, but perhaps at the same time we need plenty of minor strategies as a response to various other matters which might appear on the EU agenda.

Diplomats and Foreign Ministries naturally hope for strategies in all policy areas because they need them in the transnational, pluralistic, diplomatic game in which the member countries seek support for their own targets, emphasizing their own role as general controllers and gatekeepers in the EU processes.

A small country must, however, have a credible profile in national EU politics. A credible strategic profile can be built on the national priorities and proper coordination and planning systems. EU integration gives point to the meaning of national planning. In national administration it probably also increases centralisation of the planning systems.

3. WHAT IS THE THEORETICAL BASIS OF THE ADMINISTRATIVE RELATIONSHIP BETWEEN FINLAND AND THE EU?

EU integration is a process which has old and young elements simultaneously. It is old if we consider it as an international organization and a peace agreement between France and Germany (Paul, 1995, pp. 22–25). It is a young organization if it is considered a network of national administrations. This is true especially from the

viewpoint of those areas which have come into the integration process later. In fact, the neofunctional integration model has influenced various networks and situations which have come together to form the EU transnational integration model (Väänänen, 1994). Parts of this model are so various that a new member country must really sacrifice a lot of energy and activities to hold the national coordination processes and networks together at various development stages and ages.

There are several alternative descriptions of the relationship between EU integration and a national state. These include:

- the formal-legalistic approach
- the international political approach
- the well fare state approach
- the managerial approach.

These angles on the integration processes represent the national viewpoint. If we look at integration at the transnational level, it is mainly international politics and formal-legalistic institutions. At the national level integration is a game of many actors and factors.

In national administration a formal-legalistic approach to EU integration means dominance by lawyers and diplomats. The international political approach and well fare state approach are the most political viewpoints of all. The Foreign Ministries naturally stand behind the international political approach and try to dominate the other political sectors of the national state.

In our case there is probably also a tension between the Foreign ministry and so-called well fare state ministries concerning the main strategies of national integration policies (see experiences in the other EU countries, Siedentopf and Ziller, 1988). Finland, as a Nordic well fare state, could be a strong defender of these policy areas in the EU.

The administrative problems of the integration processes seem to concentrate around the tension between the formal-legalistic and managerial approaches. Finland belongs as mentioned above to the French-German or Continental law tradition family. We shall not have much difficulty in adapting to EU law systems. The problems are in the area of administrative culture. The formal-legalistic approach will be approved perhaps even too easily as an old-fashioned bureaucratic model of good administration. The EU is an organization of Continental heritage. The formal-legalistic approach suits the administrative culture of EU institutions very well, perhaps too well.

The EU has been a creation of the French and German administrative cultures (Sihvola, 1995), cultures which have developed so much recently in many member countries that it is difficult to see what the dominant administrative culture in EU in the near future will be.

The great challenger in that field is the Anglo-Saxon NPM (New Public Management) approach (Pollit, 1993). More liberal regulatory policies, marketization, privatization and target-oriented steering systems have arrived in many member countries including the Nordic countries and the Continent. Finland, as a Nordic well fare state has followed NPM doctrine as much as possible from our own viewpoint and has tried to analyse the impact carefully of NPM reforms on Nordic well fare state policies.

It is quite clear that Finland will, however, be one of those countries which will hope for more managerial development with EU integration. Les Metcalfe speaks of the managerial deficit of the EU (Metcalfe, 1992 b). In our opinion, a more managerial approach instead of formal legalism in EU integration could be a way out of the managerial deficit which threatens the small member countries.

In the Finnish analysis of the administrative culture of EU institutions there has been ventilation of the basic nature of EU integration process. It has been asked how rational or evolutionary, and how monocentric or polycentric this process has been. The nature of EU regulatory policies has also been an important theme in these discussions. Is the main regulatory policy interventionist or liberal (Hyyryläinen, 1995)? The current answers for the EU situation show that EU integration is more evolutionary and polycentric than those more rational and monocentric political-administrative national systems.

For that reason, it is quite difficult for small and young member countries like Finland to monitor the development of administrative culture in the EU. For instance, in the field of the regulatory policy the EU seems to have many strategies. It is partly very interventionist (in the common agriculture policy, CAP) and quite liberal in some other policy areas. We probably cannot speak of a homogenous EU administrative culture at all but a coalition of many partly contradictory sub-cultures and trends towards changing the EU administration.

4. WHAT ARE THE EFFECTS OF EU INTEGRATION ON THE POWER STRUCTURES OF THE FINNISH ADMINISTRATIVE MACHINERY?

Transnational EU integration influences the Finnish political-administrative power structure in many ways. We can separate following approaches to these effects:

- the constitutional approach involving relationships between the parliament, the council of state and the president
- the central administration approach including relationships between the central administration and the parliament
- the vertical approach, centering on power relations between hierarcial levels in the administrative machinery
- the horizontal approach, centering on power relations between horizontal administrative sectors.

Since we concentrate on the impact of the integration on the administrative machinery, we can pass over the constitutional level very briefly. Changes at this level have, however, some effects which are important for the administrative machinery. Because of the Finnish semi-presidential political system, EU membership has brought the roles of the President and the Prime Minister at the forum of the European Council under discussion. As a result of these discussions it seems that in Finland the concret main responsibility for managing national EU policy belongs to the Prime Minister. The role of the President is to be the basic foreign policy leader and to represent Finland when foreign political aspects dominate the agenda of the European Council.

The clearest mark of this division of labour is the Prime Minister's role in informing the Parliament of Finnish EU policies. Our constitution has been changed to accord this responsibility to the Prime Minister. The main channel for both the Prime Minister and other ministers to the Parliament is the grand committee of the Parliament which has the role of general EU committee in our system. Its role is formally similar to that of The Danish Market committee (a special committee for EU integration matters in the Danish Parliament). The Finnish model of the grand committee as a strong EU committee has obviously been borrowed from Denmark.

The Finnish political tradition favours broad coalition governments which can also dominate national EU desicion-making in the Parliament by

their majorities. It remains to be seen how much our political culture can develop toward a situation where the need of the Parliament to cooperate with the national decision-making are not ignored in EU matters.

The most significant changes in the power structures of the administrative machinery will happen at the central administration level. Of course changes in the relationships between the President, the Parliament and the Prime Minister influence positions of power in the central administration. For instance the position of the Foreign Ministry depends on the roles of the President and the Prime Minister both in the EU and in Finland. The main tension in the central administration seems to be in the power relationship between the Foreign Ministry and the other ministries. The leading management role in EU policies can be alternatively in the hands of the Foreign Minister or the Prime Minister.

In the Finnish case, in the first place we appointed a special EU minister located in the Foreign Ministry in the first new government following EU membership. There were also discussions about locating him in the Prime Minister's Office but for mainly practical reasons the Foreign Ministry got the position. It will be quite interesting to see how the Prime Minister and other ministers cooperate with the Foreign Ministry in developing Finnish EU strategies in immediate future.

The Finnish national coordination system for EU policies and decision-making is an example of tensions among the ministries in EU policies (Temmes, 1995, pp. 229-235). The national coordination model was initially dominated by the Foreign Ministry even before the final membership decision. All coordinating bodies excluding specific ministerial committees organized by subject areas (55 committees) were chaired and staffed by the Foreign ministry.

As evidence of the pragmatic and intimate Finnish way of cooperating among top civil servants, these problems were solved already two months before the beginning of the EU membership in a confidential meeting of permanent secretaries of the ministries. The coordination system was reduced, the number of special coordination committees in the ministries was decreased to 36 and the dominant role of the Foreign Ministry was formally diminished. In spite of that episode, the Finnish national EU coordination system will long be dominated by the Foreign Ministry which naturally has the best qualifications for this work at the pioneer stage.

It is, however, clear that the ministries responsible for the professional subject areas of EU policy could increase their roles. The balance between the foreign political aspects and the everyday professional preparatory work will move little by little toward the latter. In a small country like Finland this will not mean any bigger problems in the future.

More interesting and more lasting problems can be found horizontally in the power relationships between ministries and their ministerial sectors. It is, of course, very difficult to estimate who will be the losers and winners in this game. One interesting aspect in this game is the obvious problem of the empty room in national EU coordination which will be filled by the active and fast-moving ministries.

The results will also depend on the Finnish strategies and policies in the EU context. If Finland for instance adopts a strong role in defending the Nordic well fare state policy or approves a more liberal approach as a general principle in EU politics, the roles of various ministries may change accordingly.

The changes in these power structures between ministries seem to have benefitted those ministries which have succeeded in getting a specific role in relation to EU institutions. It is also a question of how well the national ministerial organization fits into the organization of the EU institutions, especially to the DGs of the Commission.

The winners are, excluding the Foreign Ministry, whose role increases in any case, the Interior Ministry, the Agriculture Ministry and the Finance Ministry. Both Interior and Finance Ministries have specific coordinating roles in the Finnish central administration. The Interior Ministry coordinates Finnish regional politics and the economic and administrative relationships between the state and the municipalities. These tasks give it a correspondingly important coordinating role in EU politics.

The strong Finance Ministry model seems also to be preserved in the EU context. This has been built into the Finnish EU coordination system by the special coordination committee for the financial questions and also by preserving the normal financial control systems also in EU decision-making.

Which ministries are the losers? Finland's membership is so recent that it is really too early to evaluate the long-term changes in the division of labour between the ministries. However, some signs of the probable changes and main prob-

lems can be outlined. Firstly, the centralization of power in the coordinative ministries flowing from the national EU coordination system decreases the room for manoeuvre of the so-called line, well fare state or spending ministries. This, however, will be partly eliminated in future and we can probably see this mostly as a problem caused by the transition period.

Secondly, the transnational activities of the EU institutions have as mentioned above influenced the division of labour between the ministries. The structural policy of EU and its main instruments, the Community's structural funds, have a powerful influence on everyday life of the national ministries. The Agriculture and Interior Ministries have also acquired more tasks and power in the same way. At same time, the political power of the Agriculture Ministry has decreased at the national level because of the great influence of transnational agriculture policies.

The losers are the well fare state ministries such as the Social and Health Ministry and the Education Ministry. Among the other potential losers are the Trade and Industry Ministry and the Labour Ministry, because of their unclear role in national decision-making concerning EU structural policy. However, this power change cannot be seen as planned and implemented nationally for good reasons, so that it probably cannot be a permanent situation in EU Finland.

A third element influencing the power changes between ministries is those practical arrangements in the internal organization of the EU institutions. In many cases the division of labour in the EU Commission among DGs differs essentially from the division of labour between the Finnish ministries. For instance, our Trade and Industry Ministry working together with five or six DGs. Ministries like the Agriculture Ministry which has only one main partner in the EU Commission, have a better and stronger position.

The new power profile of the ministries is also felt in the relationship between the Council of State and the Parliament. The Parliament works through their internal committees which have direct liaison to the relevant ministries. The changes in the power profiles of the ministries also influence on the internal power structure among the parliamentary preparatory committees. The grand committee is now seeking a role as a coordinator in the internal power structure of the Parliament. If it assumes an strong position externally this probably also means strong internal position in the Parliament. There is a threat that the grand committee will support the coordinative elements

in the relationship between the Parliament and the Council of State from its position of strength.

The EU membership has also vertical impact on the power structure of the administrative machinery. These effects are not easily identified. The first experiences suggest that EU increases centralization in our already strongly centralized tradition. Those recent reforms which have increased the tasks and responsibilities of the ministries have accentuated this development. Our former Swedish-type two-level central administration has shrunk significantly in recent years. The EU matters have been concentrated on the ministries in our system, which has notwithstanding made it easier to control these new activities.

The biggest vertical problems in the division of labour in EU matters appear at the regional level. One of the first national reforms resulting from EU membership was to transfer the responsibility for planning the proposals of the regional development to the structural funds, to the newly-organized regional associations (maakunnan liitot) and their councils. In Finland we have a strong and autonomous municipal administration which bears the main responsibility for the public services, local taxes, political institutions and elections.

The regional level has been politically very weak in our system, and those organizations working at regional level have been dominated by the state. This has also emphasized the autonomy of the municipalities. The new regional associations were built on this basis. They are ruled and controlled by the municipalities who form the regional area in question.

While after a year's experience and one round of proposals to the EU structural funds, it seems to be obvious to us that the regional associations will continue in this role in future, it is less clear what their relationships with the other regional authorities will be and through these authorities with the central administration. The main problems which have remained largely unsolved until now concern the power structure between the sectional regional administration under the ministries, the regional associations and municipals

in question behind them. My guess is that in Finland we also need a specific national coordination system at the regional level in which these viewpoints are coordinated (Temmes, 1995, pp. 238–239). The mere regional association is too narrow an organization model to manage this task, but its democratic approach and planning capacity are important parts of the preparatory processes.

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