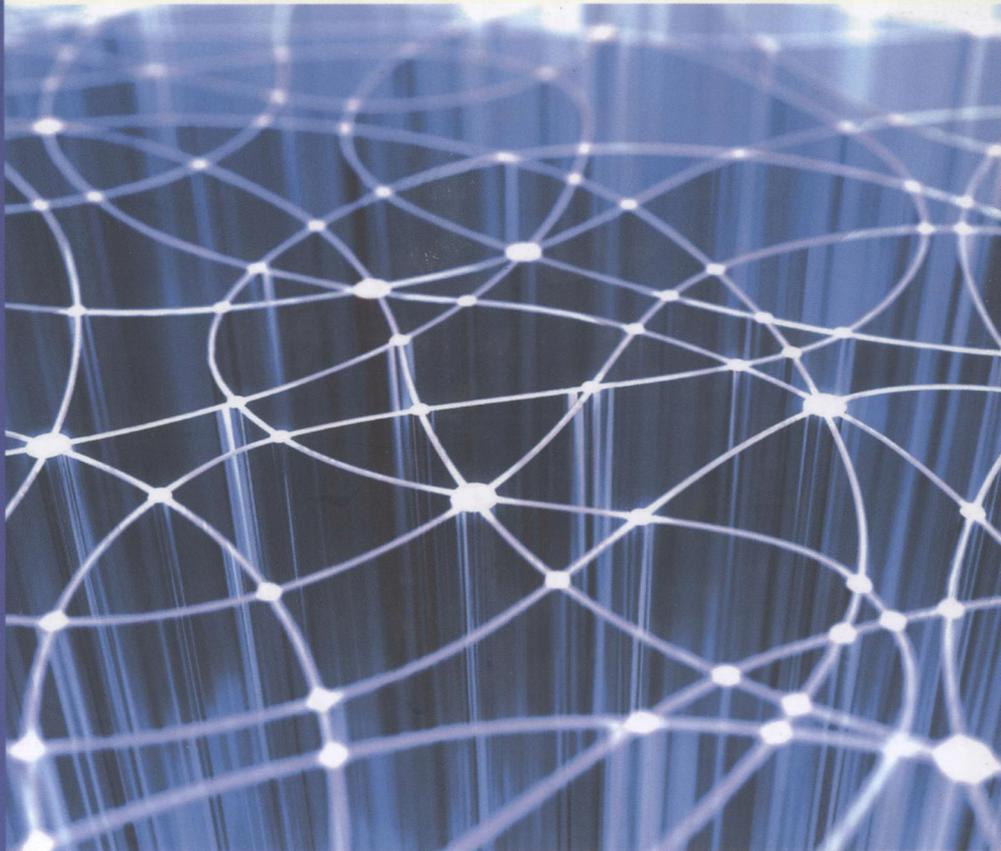
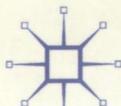


PUBLIC SECTOR ORGANIZATIONS



GOVERNMENT TRANSPARENCY
Impacts and Unintended Consequences

Tero Erkkilä

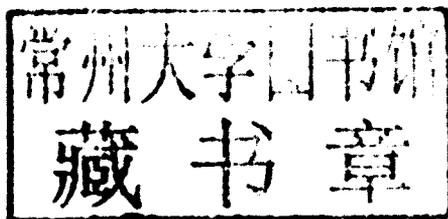


Government Transparency

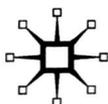
Impacts and Unintended Consequences

Tero Erkkilä

*Lecturer, Department of Political and Economic Studies,
University of Helsinki, Finland*



palgrave
macmillan



© Tero Erkkilä 2012

All rights reserved. No reproduction, copy or transmission of this publication may be made without written permission.

No portion of this publication may be reproduced, copied or transmitted save with written permission or in accordance with the provisions of the Copyright, Designs and Patents Act 1988, or under the terms of any licence permitting limited copying issued by the Copyright Licensing Agency, Saffron House, 6–10 Kirby Street, London EC1N 8TS.

Any person who does any unauthorized act in relation to this publication may be liable to criminal prosecution and civil claims for damages.

The author has asserted his right to be identified as the author of this work in accordance with the Copyright, Designs and Patents Act 1988.

First published 2012 by
PALGRAVE MACMILLAN

Palgrave Macmillan in the UK is an imprint of Macmillan Publishers Limited, registered in England, company number 785998, of Houndmills, Basingstoke, Hampshire RG21 6XS.

Palgrave Macmillan in the US is a division of St Martin's Press LLC, 175 Fifth Avenue, New York, NY 10010.

Palgrave Macmillan is the global academic imprint of the above companies and has companies and representatives throughout the world.

Palgrave® and Macmillan® are registered trademarks in the United States, the United Kingdom, Europe and other countries.

ISBN: 978–0–230–30005–7

This book is printed on paper suitable for recycling and made from fully managed and sustained forest sources. Logging, pulping and manufacturing processes are expected to conform to the environmental regulations of the country of origin.

A catalogue record for this book is available from the British Library.

A catalog record for this book is available from the Library of Congress.

10 9 8 7 6 5 4 3 2 1

21 20 19 18 17 16 15 14 13 12

Printed and bound in Great Britain by
CPI Antony Rowe, Chippenham and Eastbourne

Public Sector Organizations

Editors: **B. Guy Peters**, Maurice Falk Professor of Government, Pittsburgh University, USA, and **Geert Bouckaert**, Professor at the Public Management Institute, Katholieke Universiteit Leuven, Belgium.

Organizations are the building blocks of governments. The role of organizations, formal and informal, is most readily apparent in public bureaucracy, but all the institutions of the public sector are composed of organizations, or have some organizational characteristics that affect their performance. Therefore, if scholars want to understand how governments work, a very good place to start is at the level of the organizations involved in delivering services. Likewise, if practitioners want to understand how to be effective in the public sector, they would be well-advised to consider examining the role of organizations and how to make the organizations more effective.

This series will publish research-based books concerned with organizations in the public sector and will cover such issues as: the autonomy of public sector organizations, networks and network analysis, bureaucratic politics, organizational change and leadership, and methodology for studying organizations.

Titles include:

Cristopher Ballinas Valdes
POLITICAL STRUGGLES AND THE FORGING OF AUTONOMOUS
GOVERNMENT AGENCIES

Geert Bouckaert, B.Guy Peters and Koen Verhoest
THE COORDINATION OF PUBLIC SECTOR ORGANIZATIONS
Shifting Patterns of Public Management

Tero Erkkilä
GOVERNMENT TRANSPARENCY
Impacts and Unintended Consequences

Leslie A. Pal
FRONTIERS OF GOVERNANCE
The OECD and Global Public Management Reform

Amanda Smullen
TRANSLATING AGENCY REFORM
Rhetoric and Culture in Comparative Perspective

Koen Verhoest, Paul G. Roness, Bram Verschuere, Kristin Rubecksen and
Muiris MacCarthaigh
AUTONOMY AND CONTROL OF STATE AGENCIES
Comparing States and Agencies

Koen Verhoest, Sandra Van Thiel, Per Læg Reid and Geert Bouckaert (*editors*)
GOVERNMENT AGENCIES
Practices and Lessons from 30 Countries

Public Sector Organizations Series

Series Standing Order ISBN 978-0-230-22034-8 (Hardback)

978-0-230-22035-5 (Paperback)

(outside North America only)

You can receive future titles in this series as they are published by placing a standing order. Please contact your bookseller or, in case of difficulty, write to us at the address below with your name and address, the title of the series and one of the ISBNs quoted above.

Customer Services Department, Macmillan Distribution Ltd, Houndmills, Basingstoke, Hampshire RG21 6XS, England

Preface

Transparency has become a concept of global relevance for responsible governance. As I argue in this book, the transnational discourse of transparency promotes various policy ideas that can be contradictory, and can lead to unintended consequences and paradoxes in governance. In analyzing the related institutional developments in the Nordic context, specifically in Finland, I argue that there has been an economic reframing of access to government information as a result of policies related to transparency. Throughout this analysis, I critically examine whether or not increased transparency actually leads to increased democratic accountability. As will be evident from my empirical analysis, the institutional developments related to the pursuit of transparency may be paradoxical and contain potential unintended consequences.

The idea of writing a book on the shifting information strategies of the state took shape between 2001 and 2003, when I was working on information society projects for the Finnish state. The initial idea was to study the commercialization of public sector information, but it soon occurred to me that the changes were of a more comprehensive nature. The privatization of public information eventually took up a full chapter of this study (Chapter 4). Though the book is problem-oriented, focusing on the emerging concerns of modern governance, I was most impressed by the willingness of civil servants in Finland to discuss the issues with me, and to share their insights and point me towards relevant sources. This book would not have been possible without their help.

I wish to thank my interviewees in the following organizations: the Audit Committee of the Finnish Parliament, the Finnish National Bureau of Statistics, the *Hufvudstadsbladet* newspaper, the KEPA Service Centre for Development Cooperation, the Ministry of Agriculture and Forestry, the Ministry of Finance, the Ministry of Justice, the Ministry of the Interior, the Ministry for Foreign Affairs, the Ministry of Trade and Industry, the Office of the Parliamentary Ombudsman, the Population Register Centre, the Prime Minister's Office, SAK – the Central Organisation of Finnish Trade Unions, and University of Helsinki. The Ministry of Finance, the Ministry for Foreign Affairs, and the Prime Minister's Office kindly permitted the use of one table and three figures appearing in the book.

Several people have helped and supported me in my work during this study. I particularly wish to thank Niilo Kauppi, whose comments and encouragement have been invaluable. I am also indebted to Henri Vogt and Jan-Erik Johanson, who read earlier versions of the manuscript. I had the privilege of discussing the work in detail with Guy B. Peters, whose insightful editorial comments helped to shape the book into its current form. I also thank Tom Christensen, Seppo Tiihonen, and my anonymous reviewer for their excellent comments.

I would like to thank my colleagues at the Department of Economic and Political Studies and in the Network for European Studies at the University of Helsinki, with whom I have greatly enjoyed working. In particular, my thanks go to Turo Virtanen, Kyösti Pekonen, Teija Tiilikainen, Satu Sundström, Johanna Rainio-Niemi, Norbert Götz, and Juhana Aunesluoma for their help with the work. My collaboration with Ossi Piironen on governance indices is also reflected in this book. I have greatly enjoyed the academic environment of the Network for Public Sphere Studies at the University of Helsinki. In particular, my discussions with Henrik Stenius and Pia Letto-Vanamo have been stimulating and encouraging.

I wish to thank Klaus Eder for his generous comments when I was conducting my research at the Humboldt Universität zu Berlin in 2005. I spent spring 2009 at the Zeppelin University. I am grateful to Eckhard Schröter and Patrick von Maravic for the invitation and the time I spent in Friedrichshafen. I am also grateful to Patrick for his encouragement throughout the process. I have very much benefited from my affiliation (2008–10) with the University of Strasbourg and the Maison Interuniversitaire des Sciences de l'Homme Alsace (MISHA). Strasbourg has become my home. Different parts of this book have been presented at numerous conferences over the years, and I would like to express my gratitude to all those who commented on the work in its various stages.

I also wish to thank Mark Waller for his work on the language. Max Eklund provided reliable assistance in formatting the manuscript for publication. My research has been mainly funded by the Academy of Finland and the Finnish Cultural Foundation, for which I am most grateful. I have also received funding from the Kone Foundation and the Network for European Studies.

My deepest gratitude goes to Almut Schröder for her love and support. I also want to thank my family for their unconditional support. The book is dedicated to my parents, Helena and Eero.

Abbreviations

EU	European Union
GATT	General Agreement on Tariffs and Trade
NGO	Non-governmental organizations
NPM	New Public Management
OECD	Organisation for Economic Co-operation and Development
PSI	Public Sector Information
PUMA	OECD's Public Management Committee
UN	United Nations

Introduction

Historically, the publicity of government information has been an area of social critique and democratization with differing national traditions and institutional trajectories. In recent years there has been a surge in international policy programs on good governance and the knowledge economy that endorse transparency and access to government information. These contemporary forms of governance tend to blur dichotomies between public and private, market and hierarchy, democracy and efficiency. This blurring of dichotomies allows us to see efficiency where before we saw democracy, and vice versa. It challenges previous perceptions of government, causing shifts in the beliefs, ideas and norms constituting institutional practices. The aspirations towards democracy *and* efficiency come together in the concept of *transparency*.

Social-scientific studies of transparency tend to fall into two categories, looking at the issue either from the perspective of democracy or from that of economic efficiency. Interestingly, 'transparency' works as a mirror for these studies, often reflecting the authors' own aspirations, and simultaneously concealing another perspective: that in a democratic framework, transparency enhances democratization, while from an economic perspective it brings economic gains and better performance. This study assesses the shifts between the categories of democracy and efficiency in which there are re-descriptions of certain public activities as efficient, or of certain efficiency-enhancing activities as open and transparent, and hence democratic.

I will argue that the new economic- and performance-driven understanding of transparency poses often paradoxical and unintended consequences for public administration. Most notably, such increased transparency might not lead to increased democratic accountability. In Part I, I will present a framework for studying these ideational changes and their outcomes. Empirically, this study explores new ideational changes in the information strategy of the Finnish state between 1998 and 2007, following a juncture in Finnish governance in the early 1990s. Part II scrutinizes the economic reframing of institutional openness in Finland that entails significant and often unintended institutional consequences. In this context, the constitutional *principle of*

publicity – a Nordic institutional peculiarity allowing public access to state information – is now becoming an instrument of economic performance and result-based accountability. While I consider that, since the mid-1990s, access to public information has become a stronger citizen's right than it was before, I also argue that there are institutional developments that run counter to this trend.

These changes are visible in state agencies and government ministries whose work is information-intensive in domains such as registry-keeping and cartography, but we also find them in the administration of foreign affairs. When exposed to the new ideas of performance management and transparency, these organizations start to perceive their information resources as assets of economic value. This has altered the way such resources have come to be allocated, leading to surprising institutional outcomes. On a larger scale, states are now exposed to external scrutiny by market actors, leading to their perceived need to produce market-relevant information on their institutional activities, often presented in numerical form. This is manifested in the rise of global governance indices and country rankings that render the performance of state institutions visible to external audiences.

International policy discourses such as that of transparency often tend, when they are adopted, to take nationally specific forms. In Finland, 'openness' has become a central concept of governance, and the narrative that the Finns now relate about themselves depicts institutional openness as a central characteristic of Finnish government. Seen as part of a broader Nordic tradition, this is often referred to as *Nordic openness*. However, the discourse of openness also legitimizes various other acts of government. Along with the commercialization of public information, openness is a Finnish national asset in the globalizing economy that now endorses transparency. Access to government information is increasingly interlinked with Finnish national competitiveness and Finland's fate in the global economy. In this study I explore how the above ideational changes in the state information strategy came about between 1998 and 2007 in Finland, and why they took place. This process therefore relates to research on a shift in the ideology of the state – from that of a Welfare State to that of a Competitive State – revealing a new theme in institutional adaptation.

I will focus strongly on the role of ideas in institutional change, and thereby draw on previous studies on new institutionalism and political economy. Methodologically, this study combines interviews with civil servants, textual analysis of general and case-specific government documents, and analyses of statistical time-series data. As I will

show, there has been a general shift towards the economic conception of transparency, resulting in tensions with the previous democratic understanding of public access to government information. Formerly, government openness was seen as a component of democratization, potentially even opposed to efficiency. There is now a broadly shared understanding that transparency is beneficial for economic efficiency and national economic competitiveness. In this study I question how the above ideational changes have been possible, and indicate the importance of policy discourses and normative concepts and narratives of governance.

However, the very shift from an old to a new understanding of openness in government has injected a conceptual incoherence into the various policies adopted in the name of transparency. As we will see, when we look at the paradoxical effects of transparency, there is no single rationale behind the current emphasis on transparency; rather, a proliferation of rationales creates the potential for unintended consequences and counter-finalities, such as the privatization of information, effectively reducing public access to government records, or diminishing public debate through the pressures of globalization. In relation to institutional developments, this study observes changes in central steering mechanisms (political, normative, and financial), institutional developments at the central government level (in the judiciary, information services and performance management), and in two specific areas: census data (from the Population Register Centre) and foreign political information (from the Ministry for Foreign Affairs). I also look at the new policy domain of governance indices as means of achieving transparency. A further question raised here is: What are the institutional transformations and unintended consequences that we find in the above cases and in systems of accountability?

In looking at ideational changes, I draw on various studies of policy discourses (Schmidt 2002, 2006a; Marcussen 2000; Bacchi 1999). The process of conceptual change in Finland has proceeded hand-in-hand with the new discourse of 'openness' or 'Nordic openness' that emerged in the mid-1990s. This discourse communicates new policy ideas concerning transparency and the knowledge economy. Policy discourses tend to be shaped into a contextually appealing form, resonating with prevailing norms and values, and with perceived traditions. In Finland the new discourse on openness resonates with a range of current values and narratives that present the Finns as being Nordic, open, progressive and competitive. Nevertheless, the discourse on Nordic openness is a variant of the international policy discourse on transparency.

The transnational discourse of transparency has various modalities. It emphasizes freedom of information as a civil right ('the right to know'), implying a conflict of interest between the government and the general public. Transparency is also evoked in the calls for new forms of collaborative governance, where it is seen to enhance citizen trust, making governance more effective. Finally, transparency is an economic concept, referring to public information on the performance of organizations and countries. These different modalities are also present in the conceptual constituents of the discourse on Nordic openness. While access to government information in the Finnish context was already understood in terms of democratic control and consensual governance, the perceptions of effectiveness and economic competitiveness are altogether new additions to thinking on governance.

I also use conceptual historical analysis to identify and examine conceptual shifts from 'publicity' to 'openness' and 'transparency' (Skinner 2002a; Koselleck 2004). Adding to current theoretical treatments of discursive institutionalism, I wish to stress that political concepts carry policy ideas and prescriptions (Skinner 1969, 1989). Such concepts are exchanged between actors, and they tend to be part of a wider narrative. With the help of such concepts as 'transparency', 'openness', and 'public sector information', the publicity of government information is framed differently from one context to another. Though I see these concepts as reflections of the current drive for economic transparency, they have differing underlying rationales and pursue different ends.

This political adversity (Palonen 2003) – combined with contextual path-dependencies (Thelen 2004; Streeck and Thelen 2005) – causes unexpected and often paradoxical outcomes in governance (Hood and Peters 2004). The perspective of a long institutional history in the Nordic countries renders the general ideational changes visible, as access to government information is actively reframed from a previous democratic understanding of publicity to one of trust-based openness and economic transparency. Though their intensity and frequency might vary from one country to another, the paradoxes and unintended consequences of transparency presented in this book are also potentially more general problems for contemporary governance.

The understanding reached by this study is that transparency is the vector of the recent conceptualization that public acts of governing can be economically efficient. While this is a broad idea, often discussed in Finland in relation to the idea of openness more generally, it is most apparent in new attempts to provide standardized information on government, even to the extent that it can be expressed

numerically. The specific observations on economic transparency are mostly made in relation to governance measurements – namely performance-management measurements, or in global governance indices and country rankings.

I will begin with a brief overview of the history of the publicity of government information, with a focus on legal developments in Europe. I will outline various historical trajectories that are now converging, with most countries now having passed legislation on information access. Yet there is a clear shift to be observed from old ideas of publicity to the new performance-driven ideas of transparency. I will then present the theoretical framework for this study, concentrating on ideational changes in accountability and their potential for producing paradoxical outcomes and unintended consequences (Chapter 1).

In Part II, I will explore how the discourse on Nordic openness emerged in Finland in the 1990s, and how it has evolved with respect to economic performance, including conceptual changes (Chapter 2). I will then explore ideational changes in the area of central steering – particularly legal and financial steering – and analyze the communication of the new performance rationales and economic beliefs concerning ‘openness’ among policy actors. I will also present institutional developments in accessing government information on a national level in Finland (Chapter 3), pointing to the low level of conflict in attaining information but growing concerns about privacy. Although there is currently an increased awareness of citizens’ rights to information following public debate on openness and transparency, I intend to show that many of the economic re-descriptions come together in the current performance-management initiatives and governance indices, which strive for calculable results.

I will then examine organizational cases (Part III), analyzing the interplay of contemporary performance management, renewed legal frameworks, and the economic perceptions of ‘public sector information’ in managing census information (Chapter 4). I will conclude that the drive for budget transparency has led to the marketization of census information in Finland, accommodated by a historical narrative of openness and citizens’ trust. I will then move to assess openness and transparency in the context of the Ministry for Foreign Affairs, showing that a rhetorical shift from secrecy to openness was a consequence of budget transparency and demands for measurable results (Chapter 5). In both of the above cases, civil servants are exposed to a new type of transparency through external governance assessments, making them increasingly responsible for performance, including with respect to market actors.

Finally, I will discuss the findings of the previous chapters, critically exploring current governance reforms, especially in relation to unintended consequences, democratic accountability and perceptions of history (Conclusions). I will conclude that, while there is an increasing awareness of the historical trajectories of government openness as a democratic institution, it is paradoxically being reframed as economic transparency, with significant and often unintended institutional consequences and trade-offs.

Contents

<i>List of Illustrations</i>	vi
<i>Preface</i>	viii
<i>List of Abbreviations</i>	x
<i>Introduction</i>	xi
Part I Background and Theory	
1 Paradoxes and Unintended Consequences of Transparency	3
Part II Transparency and Central Steering	
2 Transparency and Ideational Changes: Nordic Openness as a Policy Discourse	45
3 Transparency and Institutions of Public Accountability	105
Part III Organizational Developments	
4 NPM, Budget Transparency and Census Information	129
5 New Domains of Openness and Transparency: Performing Foreign Affairs	172
Conclusions	220
<i>Notes</i>	230
<i>Bibliography</i>	243
<i>Index</i>	273

Illustrations

Tables

1.1	Adoption of information access laws in Europe	5
1.2	Different types of accountability	11
2.1	Ideational cycles of responsibility in Finnish government programs, 1917–2007	51
2.2	Historical reference points in negotiating access to government information in Finland	71
4.1	Accrual charges for digital conveyance in selected public agencies, 2002	140
5.1	Development of the term of secrecy at the Ministry for Foreign Affairs, 1952–2001	179

Figures

1.1	Shifting conceptualizations of accountability	21
2.1	The transparent logo of the Finnish EU presidency in 2006	66
2.2	Timeline of changes in central steering, 1998–2007	70
2.3	Basic performance criteria: true and fair information	99
3.1	Number of appeals addressed to the Supreme Administrative Court regarding access to information, 1992–2008	107
3.2	Supreme Administrative Court's cases regarding access to information by appellants, 1992–2006	108
3.3	Number of cases initiated and closed by the Data Protection Ombudsman, 1988–2008	110
3.4	Information services reported by ministries, 1999–2007	114
3.5	New entries to the public diary reported by ministries, 1999–2007	115
3.6	Number of state committee reports, 1976–2008	117
3.7	Publicly reported projects by ministries, 2001–2008	118
3.8	Performance management in the Finnish central government	120
4.1	Joint history of the PSI policies and performance management in Finland, 1998–2007	135
4.2	Conveyance of data units, 1985–1988, by customer	145
4.3	Conveyance of data units, 1998–2006, by sector	146

4.4	Sale revenues of census information per client groups, 2005	149
4.5	Restrictions on disclosure of personal information, 1995–2008	155
4.6	Supreme Administrative Court’s cases on population register, 2000–2008	156
5.1	Secret messages received and sent by the Ministry for Foreign Affairs, 1994–2002	187
5.2	Number of secret documents in the Ministry for Foreign Affairs, 2002–2008	188
5.3	Non-secret documents created in the Finnish Foreign Service	190
5.4	Number of EU documents in the Finnish central government, 1995, 2002–2008	193
5.5	EU documents created and received in the Ministry for Foreign Affairs and in Finland’s Permanent Representation to the EU, 2003–2008	194
5.6	EU documents created and received in the EU secretary of Prime Minister’s Office, 2003–2008	195
5.7	EU documents created and received at the Ministry of Agriculture and Forestry, 2003–2008	196
5.8	EU documents created in Finland by publicity classification, 2003–2008	197
5.9	EU documents received from EU institutions by publicity classification, 2003–2008	198
5.10	Annual number of online news items, 2001–2006	205