

# Europeanization of Central Government Administration in the Nordic States\*

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## Abstract

This article examines the Europeanization of public administration in the Nordic countries, and explores the changes in central administration due to EU and European Economic Area (EEA) membership. The focus is on Sweden and Finland, which have recently joined the European Union, and Norway and Iceland, whose participation in European integration is based on the EEA agreement. The database is a survey conducted in all ministerial departments and directorates in the Nordic countries. There are significant differences in the adaptation patterns between EU members and EEA members, but also important differences between countries with the same form of affiliation to the EU. The adaptation pattern of the EEA membership of Norway and Iceland seems to follow a somewhat different path. To understand this, we have to add structural factors such as the size of the public administration. The institutional context of the domestic administrative tradition and strategy also has to be taken into account.

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## Introduction

Europeanization implies that the integration process in the EU becomes more relevant and important as a factor leading to adaptation and change in domestic institutional and administrative arrangements (Olsen, 1996; Hanf and Soetend-

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orp, 1998; Sverdrup, 2000). It refers to a process by which change occurs due to membership of or exposure to political and economic co-operative institutions in the EU. The purpose of this article is to describe and discuss the effects of change in national affiliation with the EU on the structure and operation of central administrative bodies. The aim is to convey an understanding of how the central administration is affected by the EU in its daily working.

We are concerned with Europeanization at the national level, focusing on the impact of the EU on the domestic administrative apparatus and ask what happens to organized political units when they become part of a larger unit (Olsen, 1996, 1997; Bulmer and Burch, 1998; Hanf and Sotendorp, 1998; Sverdrup, 1998, 2000; Caporaso *et al.*, 2001; Héritier, 2001). In spite of increasing scholarly interest, the impact of European integration at the national level remains poorly understood (Knill and Lemkuhl, 1999). Thus, this article addresses a general research question that is receiving increasing attention in the literature, namely the impact of 'Europe' on domestic administrative structures and behaviour. Specifically, it deals with domestic adaptation patterns of the central administrative apparatus in the four Nordic countries: Iceland, Finland, Norway and Sweden. The main questions are to what extent we can observe domestic administrative change and new administrative behaviour and practices under the impact of the EU; and, how we can explain the observed adaptation pattern (Knill, 2001).

## **I. Conceptual and Theoretical Elaborations**

The research adopts a broad concept of administrative structures including a regular and stable pattern of interactions and practices, entailing both formal and informal, and internal and external structures, as well as the decision-making and access structures (March and Olsen, 1976). Changes in structural arrangements are revealed by focusing on the following dimensions based on a survey of the administrative units: the extent to which the units are affected by the EU; their participation in the EU network; the structural arrangements between politicians and bureaucrats in EU matters; and implications for the formal and informal organizational structure. The different dimensions are surveyed in the empirical section. Europeanization of the administration concerns the degree and manner in which EU-initiated changes affect particular dimensions of change in domestic public administration. Europeanization as used here focuses on changes in core domestic institutions of governance, understood as a consequence of European-level institutions and policies (Olsen, 2002). European-level development is treated as the explanatory factor, and changes in the domestic administrative structure as the dependent variable.

Our argument is that we have to supplement the effect of Europeanization with domestic context and strategies to understand the changes in central government in the period of increased integration in Europe (Goetz, 2001). European-level development does not dictate specific forms of institutional adaptation, but leaves considerable discretion to domestic actors and institutions (Olsen, 2003). To understand the variations in the adaptation pattern we will thus use a broad institutional perspective, focusing on external pressure from the EU, national strategies and institutional structures and processes (Jacobsson *et al.*, 2001a, 2003; Olsen, 1992).

The first set of factors represents a form of environmental determinism in which adaptation is traced primarily to pressure by the EU. The development of the EU plays a decisive role in what happens in the national administration. Regulations and structures within the EU impel changes in the domestic administration. With an explanatory approach that emphasizes developments in the EU and the adaptation of the Member States, one central issue is what the formal system of affiliation looks like. How the pressure for change is experienced may be expected to differ in Member States compared to non-members or countries not wishing to join. Even though the EU permits considerable variations in individual national arrangements, the form of affiliation appears to be of considerable significance (Trondal, 1999).

The general assumption is that adaptation will vary between members and non-members. Sweden and Finland became full members of the EU in 1995. The relationship of Iceland and Norway with the EU is governed by the agreement on the European Economic Area (EEA) dating from 1994. The EEA agreement is linked to pillar one in EU co-operation and facilitates an internal market between the EEA countries and the EU, ensuring the free movement of capital, people, goods and services. At the same time, the EEA agreement goes beyond the free trade area and paves the way for participation in other areas such as environmental protection, statistics, education, research, consumer affairs, social issues and technological development (Usher, 1998). As a consequence of the EEA agreement, Icelandic and Norwegian legislation has to be aligned with EU legislation in a number of areas to ensure a congruent legal framework. According to the Ministry for Foreign Affairs, Iceland adopts around 80 per cent of EU laws and regulations through the EEA agreement (Thorhallsson, 2002).

The greater the importance of the form of the association, the greater the difference which may be expected to exist between Finland and Sweden, on the one hand, and Iceland and Norway on the other, especially in those areas not covered by the EEA agreement. Within the Norwegian and Icelandic administrations, it can be expected that the contact pattern, participation and

influence are better developed in relations with the Commission than the Council (Egeberg and Trondal, 1997).

In addition to the effect of form of affiliation, we will discuss the implications of the national context represented by the administrative tradition and strategy concerning European integration. Even for countries with similar forms of affiliation there will be different adaptation patterns in different domestic institutions due to national administrative traditions, culture and strategy.

One set of non-European factors comprises national strategies and conscious choices made by the political leadership. Organizational decision-makers choose structure, and change is driven by intention and deliberate design. Structure follows strategy (Chandler, 1962). Based on this perspective, much of what is observed can be explained largely in terms of national strategies. There is either less emphasis on the EU as an autonomous force or, it is claimed, adaptation takes place because of deliberate actions. One important factor in this context is the dominant attitude to the EU in the different countries. National policies and strategies enforce variations, ranging from Norway's 'No' to full membership, to Iceland – the only non-applying Nordic country – and further to Sweden's reservations about EMU, and finally to Finland's relatively enthusiastic attitude to the EU. In remaining aloof from major aspects of integration, Norway stands out as the most negative nation in this respect. In two national referendums (1972 and 1994), its citizens rejected membership of the EU, and the government in power at the time of our data collection was a minority 'No to EU' government. Finland's strategy, on the other hand, has been that of the 'model pupil', motivated by a desire to be accepted as an equal and full member of the EU and to be regarded as a 'good European' as soon as possible. Unlike Sweden, Finland has entered the EU with few aspirations of changing the Union to fit its own image. The dominant strategy in the Nordic countries of adopting a positive attitude towards economic integration, free trade and intergovernmental co-operation, but being sceptical about political integration and supranational features, is thus strongest in Norway and Iceland, and weakest in Finland.

One aspect of the domestic administrative context is the strategy of anticipation and autonomous adjustment within the domestic administrations to European integration (Sverdrup, 2000). If the adaptation is primarily a process of anticipation it will occur at an early stage. Countries that aspire for membership of the EU will adapt a defined policy and reorganize their institutions before the change of form of affiliation (Scharpf, 1999). Countries without aspiration to membership, like Iceland, might not have a strategic adaptation before changing form of affiliation, and might handle EU matters in an incremental and pragmatic case-by-case approach. The implication could be a more radical change in policy areas after the form of affiliation has changed.

Another set of contextual non-European factors is domestic institutional structures and processes. The argument is that administrative culture, historical links and structures constrain the changes that occur. Frequently, processes are analysed from this point of view as path dependent (Krasner, 1988). Actual operation and adaptation of the administrative apparatus depends upon routines, established practices, resources, capacity and size of the structural arrangements. Administrative traditions, institutional trajectories and particularities of national administrative regimes will affect adaptation to the EU.

In this approach, adaptation can be seen as a result of the national tradition of international interaction. Countries that have experienced a high degree of interaction in international co-operation will adapt more easily to increased integration in Europe than countries that have limited international experience, like Iceland. In contrast to the other Nordic countries, Iceland has not been very active on the international arena, and has thus a weaker tradition in co-operation and participation in international organizations.

The effect of one particular structural feature should also be particularly emphasized – the size of domestic public administration. The assumption is that small countries with limited capacity will adapt to the EU differently from countries with a greater capacity in their public administration. Iceland, with its small administration, has fewer administrative units and thus less specialization, indicating that the scope of each unit will be broader. From the point of view of personnel, this will probably lead to more contact and higher participation and embeddedness than in larger and more specialized civil services.

## **II. Research Design and Data Basis**

Traditionally, comparative studies of the Nordic countries have often failed because of a lack of variation in either the dependent or the independent variables (Anckar, 1993). This is not the case when focusing on the consequences of Europeanization. Having two new members of the Union and two non-Member States presents us with the unique possibility of a quasi-experimental design, allowing for significant variations in potentially important independent variables at the same time as the dependent variable response pattern might show considerable variation. By studying the four Nordic countries, we include countries that share a cultural and geographic region as well as many features of parliamentary government, and the time of changing their form of affiliation to the EU. They differ, however, in their formal relationship to the EU, the size of their administration, and the national context represented by the administrative tradition and strategy on European integration (Bergman and Damgaard, 2000). We therefore have a system design which implies that the cases are similar on as many dimensions as possible except for the explana-

tory variables of theoretical interest and the dependent variables, which are the response patterns.

The data basis of this article is a comparative survey undertaken in Finland, Iceland, Norway and Sweden, comprising all ministerial departments as well as departments in central agencies and directorates. The survey was conducted in 1999–2000 in Iceland and 1998 in the other countries. We describe the response pattern by asking each individual department about its own experiences with EU/EEA cases. By using a standardized questionnaire with fixed response alternatives, the same questions were put to equivalent populations in the different countries (Jacobsson *et al.*, 2001a). Applying this systematic data collection in four countries, the study is based on a comparative approach rather than on a comparable design (Derlien, 1992). The aim is primarily to present an overview, a cross section of the central administration's European alignment in the Nordic countries as experienced in 1998–2000. EU-related concerns, questions or tasks are interpreted broadly, referring to various aspects of participation and assistance in EU work.

The survey forms were answered either by the head of department, another person in a senior position, an EU/EEA co-ordinator, or someone else in the unit with a reasonable knowledge of EU/EEA-related work. The respondents were asked to answer on behalf of the unit and not on behalf of themselves. This systematic standardized data collection should make it easy to replicate the data. A total of 1060 units in the four countries replied to the questionnaire: 331 in Norway, 90 in Iceland, 381 in Sweden, and 258 in Finland. Twenty-five per cent of the units were in ministries and 75 per cent in directorates. This proportion does not vary markedly across the four countries. The response level was 86 per cent in Norway, 72 per cent in Iceland, 83 per cent in Sweden, and 77 per cent in Finland.

### **III. The Administration's Adaptation Pattern Towards the EU**

#### *Effects of EU/EEA Membership*

The findings of the analysis indicate that a greater number of departments in Iceland, Sweden and Finland are significantly affected by EEA membership and EU integration than in Norway (Table 1). Firstly, a higher percentage of departments in these three states are affected in issues connected with the internal market than in Norway. Secondly, around one-fifth of the Icelandic respondents state that their department's activities are significantly affected by justice and police co-operation. This is similar to Sweden and Finland. On the other hand, Norway stands out with only 9 per cent of respondents stating that co-operation in the EU on justice and home affairs affect their departments.

Table 1: % Considering that the EU/EEA Agreement Significantly Affects the Department's Area of Competence, According to the Three-pillar Structure

	<i>Norway</i>	<i>Iceland</i>	<i>Sweden</i>	<i>Finland</i>
Internal market (pillar 1)	48	55	58	61
Foreign and security policy (pillar 2)	5	14	8	9
Justice and police co-operation, home affairs (pillar 3)	9	21	17	22

Thirdly, Iceland is most affected by co-operation in the second pillar of the EU on foreign and security matters.

Table 2 further demonstrates that the Icelandic administration seems to be more affected by European integration than the Norwegian administration, but less so than Sweden and Finland. Full membership of the EU has clearly had greater consequences for the administration of the respective countries than EEA membership in the period 1994–98 and 1999–2000.

The overall assessment of respondents indicates that departments in Iceland have been more affected than those in Norway on issues related to all three pillars of the EU. This response may be due to the small size of the Icelandic administration with consequentially fewer departments and less specialization, resulting in a relatively greater effect on each department compared to the bigger and more specialized central administration in the other countries. Another explanation of this is the limited adaptation of the Icelandic administration prior to EEA membership, manifested in the important changes the administration has made as a result of the EEA agreement in the last few years. Activities related to EEA membership are becoming increasingly relevant. This is reflected in the higher priority which EEA issues are given within the administration.

Table 2: Degree to which the Department is Considered to be Affected by EU/EEA Policies and Regulations (%)

	<i>Norway</i>	<i>Iceland</i>	<i>Sweden</i>	<i>Finland</i>
The department is much more affected than the previous four years	18	30	52	51
The overall consequences on the policy area have been fairly large/very large	31	64	57	57
The overall consequences on the policy area have been fairly positive/very positive	41	70	5	57

All ministries now have experts in European affairs, and all have officials in the Icelandic embassy in Brussels.

One general observation is that, when the overall consequences of EU/EEA customization are under review, the four countries reveal that they are generally large and positive, but with a significant variation between them. Moreover, on occasions Iceland has more in common with EU Member States than Norway, and is even more affected by European integration than Sweden and Finland. For instance, the survey indicates that the overall consequences of EU/EEA integration on the departments' area of competence are greater than in the three other states. Further, Icelandic respondents find that the overall consequences of European integration on their department's areas of competence have been more positive than is the case of their counterparts in Sweden, Finland and Norway.

### *Participation in EU/EEA Networks*

Table 3 indicates that departments in Sweden and Finland participate in EU bodies more frequently and contact them more often than departments in Iceland and Norway. The form of association can explain this difference. The lack of access to a considerable part of the EU decision-making processes explains the limited participation of Iceland and Norway compared to that of Sweden and Finland. An important difference between EU membership and EEA membership is that a country with full membership of the EU has access to all the EU bodies. Participation by the EEA countries is primarily restricted, however, to preparatory and implementation committees connected with the Commission

Table 3: Departmental Staff who have had Contact with or Participated in the Following EU Bodies at Least Once a Month during the Last Year (%)

	<i>Norway</i>	<i>Iceland</i>	<i>Sweden</i>	<i>Finland</i>
<b>Contact:</b>				
The Commission/Directorate-General	21	18	43	40
Expert committee in the Commission	14	23	31	36
Comitology committee	5	11	14	15
The Council, Coreper/working groups	1	2	23	18
Governments in EU countries other than the Nordic countries	12	6	25	28
<b>Participation:</b>				
Preparatory/expert committee in the Commission	7	18	21	26
Comitology Committee	2	7	11	7
Coreper/working group in the Council /Coreper	0	2	17	17



system and comitology committees up until the final stage of procedures in the committees. Norway and Iceland have very limited access to other EU bodies. Thus, their contact with the Council, the European Parliament, the Court of Justice and the Court of First Instance and other EU bodies, except for the Commission, is almost non-existent.

Iceland and Norway are more active within the Commission than in other EU bodies, but they are not as active as Sweden and Finland. It is interesting to note that the EEA states have significantly less contact with the Commission compared to EU states, even though they have formal access to its committees. Similarly, they do not participate in the Commission's committees to the same extent as EU Member States. This emphasizes that EU membership has placed a greater burden on Member States than the EEA agreement.

Table 3 also indicates that departments in Norway have twice as many contacts with EU governments other than Nordic governments compared to Iceland. However, the contacts are limited compared to the contacts that departments in Sweden and Finland have with these governments. EU membership seems to result in more contact with other EU governments.

The limited contacts that departments in Iceland have with governments in Europe, other than the Nordic governments, can be explained by the fact that Iceland has always placed great emphasis on strong links with the Nordic countries, and it focuses mainly on Nordic co-operation. Nordic co-operation has been Iceland's bridge to Europe, and has also been an important pool of information on European affairs. Iceland has also placed great emphasis on strong relations with the US because of the bilateral defence treaty. Another important factor which explains why Iceland has limited contact with governments in EU countries outside Scandinavia, is the small size of the administration which limits its capacity to increase contacts with governments in EU countries. Iceland, for instance, has embassies in only eight of the 15 EU Member States, of which three are located in the Nordic states. By comparison, Norway has embassies in 14 EU countries.

### *The Administration and Politicians*

Departments in Sweden and Finland have more contact with the government and political leadership of ministries than in Norway and Iceland (Table 4). The form of association probably provides an explanation for this. Departments of EU Member States need to have more contact with the political leadership than departments in the EEA states. Iceland and Norway do not have access to the Council where ministers take an active part in decision-making, and the EEA decision-making framework does not include ministers in day-to-day decision-making. Thus, the handling of European affairs is more in the hands of civil servants in the EEA states than in the EU states.

Table 4: How Frequently have Executives in the Department had Contact with the Cabinet/Political Leadership of the Ministries in Connection with EU/EEA Related Work During the Last Year? (%)

	<i>Norway</i>	<i>Iceland</i>	<i>Sweden</i>	<i>Finland</i>
Every week or more	10	15	22	22
Every month	10	11	15	10
A few times	33	49	37	29
Never	47	25	25	39

Table 4 also demonstrates considerable differences between Norway and Iceland, i.e. 47 per cent of departments in Norway never have contact with the political leadership, while the same level is only 25 per cent in Iceland.

Table 5 indicates that a considerable number of civil servants in Sweden and Finland find that tight deadlines on EU issues make it difficult to present cases to the government and political leadership. This is much less the case in Iceland and Norway. The different decision-making frameworks between the EU and the EEA may explain this. EU Member States are directly involved in decision-making processes, while EEA members can be active only in committees in the Commission and in EEA institutions. Norway and Iceland do not experience the pressure of more effective decision-making in the Council to the same extent as the others. Departments in EU Member States have to respond without delay to new developments in the Council. The EEA states frequently have more time to respond. For example, it usually takes a long time for a proposal to go through all the relevant decision-making levels within the

Table 5: % in Agreement with the Following Statements on the Character of EU/EEA Work Concerning the Department's Area of Competence in the Last Year

	<i>Norway</i>	<i>Iceland</i>	<i>Sweden</i>	<i>Finland</i>
Tight deadlines makes it difficult to present cases to the political leadership	18	26	46	39
The political leadership has become more directly involved in the work of the Department since EU/EEA membership	9	7	23	20
Politicians interfere more in EU/EEA related cases than other cases in the Department	6	3	12	14
Employees in the Department have greater influence in EU/EEA cases than in other cases compared with politicians	10	18	18	27

Commission, while the EEA Joint Committee meets to decide on new EEA legislation only when the EU Council has taken its final decision.

There is also some difference between EU Member States and EEA members in the extent to which the government and political leadership have become more directly involved in departments' work concerning the EU. There is very limited direct interference in Norway and Iceland, while around 20 per cent of respondents in Sweden and Finland argue that the government and the political leadership have become more directly involved in the departments' work on EU issues. This may be explained by the structure of the EEA agreement. The EEA framework does not include ministers in the decision-making system to the same extent as in the EU. EEA cases are left in the hands of civil servants, and politicians are largely absent from the formal EEA decision-making system. On the other hand, participation in European integration seems not to lead to greater involvement by politicians in the work of the vast majority of departments. This is further confirmed by the findings that indicate that politicians interfere only to a limited extent more in EU/EEA affairs than other matters.

Civil servants have somewhat more influence compared to politicians in EU/EEA cases than in other cases. The finding that Iceland ranks the same as Sweden may indicate that politicians in Iceland tend to be less involved in decision-making in EEA affairs than in other affairs. A further possible explanation for the difference between Norway and Iceland might be the historically greater involvement of politicians in Iceland in the daily work of the administration, which is difficult to carry out within the EEA decision-making framework.

### *Structural and Cultural Implications of EU/EEA Membership*

When it comes to the organization and structural development of public administration with regard to EU matters, it has been emphasized that countries within both the EU and EEA do not have to follow any particular standard. How they respond to the demands, responsibilities and opportunities is mostly in their own hands (Page and Wouters, 1995; Veggeland, 1999). Nevertheless it is obvious that European integration is a demanding task that puts pressure on the service capacity of public administration.

An indicator of the adaptation of central public administration to EU/EEA integration is the allocation of personnel resources to handle the tasks related to EU/EEA work. In all four Nordic countries more personnel resources have been allocated, the increase being largest in Finland and smallest in Norway (Table 6).

In accordance with other countries, adaptation to the EU in the Nordic countries has taken place within the established administrative framework (Bulmer and Bursch, 1998; Hanf and Soetendorp, 1998; Harmsen, 1999). But there is a tendency for EU/EEA-related work in all four countries to be somewhat special-

Table 6: In General, has the Department Increased the Number of Employees to be Able to Handle EU/EEA-Related Cases in the Last Four or Five years? (%)

	<i>Norway</i>	<i>Iceland</i>	<i>Sweden</i>	<i>Finland</i>
No	77	69	68	61
Yes, 1–2 employees	16	18	18	21
Yes, more than 2 employees	7	13	14	18

ized. This specialization takes place through EU/EEA co-ordinating positions rather than through separate units. While 8 per cent of the departments have a particular unit within the department handling EU-related cases, 27 per cent also have a special position. Iceland has the highest ratio of specialized units, while Norway scores highest in the number of positions.

As emphasized above, there has been no radical change in the structural configuration of the public administration unit: rather, development can be characterized as a kind of gradual adaptation. The overall results indicate that European integration is not having any radical effect on the prevailing form of public administration in the Nordic countries. The changes, however, find more favour in the bureaucratic part of the administration than in the political part.

An important premise for making an impact in the European setting is a wider organizational coherence, both horizontally between different public authorities, and vertically between the levels of administration, i.e. municipalities and the state (Jacobsson *et al.*, 2001a). This coherence is supported in both directions, especially between the two EU countries. In this respect the data from Iceland (Table 7) reveal that the horizontal contact between administrative units is developed to a lesser degree, indicating that EU boundary-spanning activities are less specialized in the small Icelandic administration.

Paradoxically, Iceland scores highest in relations and contacts between departments and the Brussels delegation, which can probably be explained by the fact that the representatives from each ministry in the government in the delegation play a key role in EU/EEA co-ordination in Iceland.

Table 7: % of the Department's Staff Having had Contact with Other Departments, Local Authorities or National Representatives on EU Cases and Matters at Least Once a Month During the Last Year

	<i>Norway</i>	<i>Iceland</i>	<i>Sweden</i>	<i>Finland</i>
Other domestic administrative units	42	33	61	66
Local government within the country	12	13	18	27
National representatives in Brussels	23	35	34	30

When it comes to national and vertical co-ordination, results from Iceland and Norway reveal a similar pattern, and support the idea that there is indeed a difference in adjustment to EU/EEA integration based on the formal structure of the association (Table 8). The countries differ, however, in the horizontal co-ordination pattern. One explanation for this could be that there was little horizontal co-ordination on European issues before Iceland subscribed to the EEA treaty.

When the results from Iceland are compared to the data from Norway, Sweden and Finland the overall impression is that Iceland does not stand out in the Nordic pattern, although the country has a profile of its own (Table 9). The importance of political evaluations falls between Sweden and Norway, and the emphasis on expert and professional evaluations in Iceland is the same as in Norway and Sweden. Finland scores high on professional evaluation and low on political evaluation.

Iceland stands out when it comes to the weight on signals from interest groups and stakeholders. This indicates that the different types of stakeholders, both for and against increased European integration, have a stronger voice and more bargaining power in Iceland than in the other Nordic countries. The relative size of the public administration sector in Iceland compared to the other countries may also result in capacity problems and a greater reliance on information from interest groups. There are close ties between the government and different interest groups, and short communication lines between all the parties involved. The focus on efficiency is considered to be of significant importance in Iceland, which puts Iceland second highest and in between Sweden and Norway.

Table 8: To What Degree has EU/EEA Work Influenced the Department's Co-ordination with Authorities in Other Sectors and Within own Department during the Last Year? % Agreeing with the Statement

	<i>Norway</i>	<i>Iceland</i>	<i>Sweden</i>	<i>Finland</i>
EU/EEA work has increased the co-ordination between the department and governmental authorities in other sectors	33	49	38	69
EU/EEA work has increased co-ordination between the section and other authorities within own departmental area	47	44	58	67
It has become more normal to formulate a common national standpoint within the section's area of competence	27	32	46	65

Table 9: Emphasis on Different Factors when Executing EU/EEA Work, % According to the Different Factors Significant Importance

	<i>Norway</i>	<i>Iceland</i>	<i>Sweden</i>	<i>Finland</i>
Political evaluations from government/ministries	46	38	36	25
Expert/professional evaluations	67	68	69	39
Views of stakeholder and interest groups	19	42	33	27
Cost-benefit evaluations, productivity	16	23	29	13

## VII. The Administration's Degree of Formalism

The situation in Iceland is unique compared to the other three Nordic countries when it comes to the guidance and the influence that the public administration employees have to take into account and with which they have to comply. The results from Iceland indicate that the employees responsible for handling EEA/EU work are acting from a very autonomous base, which can partly be explained by the small number of employees in public administration in general, and partly by the small number of people in each department in particular responsible for EEA/EU matters.

When looking at the extent of precise guidelines in handling individual cases in international EEA/EU relations in the department in question, Iceland stands out with only 14 per cent, the next lowest being 43 per cent in Norway. Iceland and Norway are similar when the question is on guidance from a higher-ranking level, but the two countries report considerable lower percentage than Sweden and especially Finland. Precise guidelines from a political level are measured very low in Iceland. A similar pattern is revealed when looking at written guidelines.

Previous findings indicate that official instructions to, and guidelines for, national officials taking part in EU negotiations vary according to the importance of the issue and the size of the state administration. Officials in the smaller EU states have some room for manoeuvre if the state regards an issue as not being of high importance. On the other hand, they receive strict instructions in negotiations concerning their state's vital interests. Instructions to negotiators from the larger states are always fairly strict (Thorhallsson, 2000). The small size of the Icelandic administration probably contributes significantly to the autonomy of officials in dealing with EU/EEA affairs. Furthermore, this limited guidance seems to indicate that in Iceland, and probably in Norway and even Finland, the assignment of handling EEA/EU relations is mainly in the hands of public servants and not politicians.

Table 10: Which Guidance Signals are Given when Employees in the Section Meet in International Fora in Connection with EU/EEA Work? (%)

	<i>Norway</i>	<i>Iceland</i>	<i>Sweden</i>	<i>Finland</i>
Precise guidance signals in each individual case				
– from the department	43	14	49	47
– from a higher-ranking level of administration	14	14	23	31
– from a political level (government, minister)	10	4	28	11
Written guidance				
– from the department	21	11	32	24
– from a higher-ranking level of administration	20	18	23	27
– from a political level (government, minister)	17	8	24	15

#### IV. Discussion

In general, there are two different expectations of the impact of Europeanization on domestic change. First, we argue that the form of association for different countries will produce different response patterns. Second, we also argue that domestic factors like size of administration, experience with international co-operation and the anticipation of Europeanization will affect domestic adaptation behaviour.

The comparison of the four Nordic countries indicates a mixed picture of response patterns. The domestic impact of the EU varies not only from one country to the next but also across different dimensions of change. This review has shown, first of all, that the Nordic countries' central administrations are not closed to influence from Europe. Stability and the *status quo* do not characterize the development of the administration. The pattern that has emerged does not display a unique Nordic administrative regime where the administrative bodies appear with great autonomy in relation to the EU. One interpretation of this is that EU requirements for change have remained within the range of feasible options determined by domestic administrative tradition (Knill, 2001). There is an adaptation to the EU along all dimensions of change but different in scope and scale.

The basic formal forms of administration in the Nordic countries have not, however, been radically altered as a consequence of EU adjustment, even though the activities and networks developed within the formal structures have changed significantly as a result of increased integration (Lægneid, 2001). EU adjustment in the Nordic countries leads to significant changes in informal

structure, rules and regulations, participation networks and contact patterns, at the same time as the formal structures of organization remain fairly stable and robust. This implies that institutional continuity and changes go together (Eising and Kohler-Koch, 1999). One interpretation of this is that the formal administration structures are relatively broad categories that allow fairly large variations in actual behaviour (Olsen, 2003).

Domestic adaptation to the EU takes place in the context of reforms run by an active national administrative policy and local agency-specific initiatives, and co-evolves in mutual processes that develop in transnational networks (Jacobsson *et al.*, 2001a, 2003). Thus, it might be difficult to isolate the effect of the EU on administrative changes. In spite of this, a plausible conclusion from this survey is that membership matters, but does not determine the adaptation pattern. Even if the EU permits significant leeway in the adjustment of domestic arrangements in the light of existing national structural features and constellations, it is fair to say that pressure on national administrative bodies asserted by the EU is stronger along some dimensions for Member States than for the EEA countries Norway, and (to a lesser degree) Iceland.

There are significant differences along some dimensions between new members and EEA members even if the boundaries of the EU are both internally and externally fragmented (Sverdrup, 2000). Becoming a member of the EU in the 1990s resulted in strong pressure for administrative adjustment. Membership leads to hectic activity in order to catch up with the established Member States in areas such as contact, participation, co-ordination and competence. There is, however, no automatic element in the adjustment processes, and *how* and *how far* membership matters differ from country to country.

Through the EEA agreement, Icelandic and Norwegian administration is greatly affected by the EU, especially on the internal market. Nevertheless, EU adjustment in the Norwegian central administration is clearly weaker than in the EU countries of Sweden and Finland, and also weaker than in Iceland along some dimensions. The Norwegian central administration is by no means excluded from Europe, but is clearly less embedded in European co-operation than the Member States. The growing impact of the EU has been smaller in the Norwegian central administration than in the new Member States, and less time is spent on Europeanization cases in Norway than in Finland and Sweden (Jacobsson *et al.*, 2001b). Participatory and contact networks with the Commission are less developed in Norway. The Norwegian central administration also has weaker signals from the government and the political leadership. In comparison with the other countries, politicians have become less directly involved in EU/EEA work. The feeling of being heard in EU institutions is also weaker in Norway than in the Member States. All in all, however, it is more surprising to find that the Norwegian central administration, and even more



so the Icelandic, is as 'adjusted' or strongly adapted to the EU as it is without being a Member State even though Norway scores lower than Sweden and Finland along most of the indicators of change.

The handling of EEA affairs within the Icelandic administration is slowly changing one particular feature which has distinguished it from other Nordic administrations. This can be illustrated by the observation that the development of the administration has been moulded by a lack of regulation of working procedures. The handling of individual issues has traditionally been much less cohesive than in other states in western Europe. Politicians have strongly influenced the handling of individual cases and have not hesitated to intervene in the day-to-day work of officials (Thorhallsson, 2002). The close working relationship between civil servants and politicians means that the civil servants in Iceland contact the government and leading politicians in ministries more frequently than their counterparts in Norway. On the other hand, Icelandic politicians seem to interfere to a very limited degree in the work of the EEA affairs administration. Icelandic civil servants have also greater influence in EEA cases than in other cases compared to politicians. Furthermore, the Icelandic administration has had to increase its number of staff to a greater extent than Norway in order to handle EEA affairs. The influence of EEA membership shows less emphasis on political evaluations by the government and ministers in Iceland than in Norway, and the Icelandic administration prioritizes the views of stakeholders and interest groups, efficiency and transparency to a greater extent. Finally, Icelandic officials are less likely to receive precise signals and written guidance from politicians when working on EEA cases internationally than their counterparts in Norway. As a result, the EEA agreement has strengthened the position of officials in Iceland and limited the traditionally strong role of ministers in the day-to-day work of the administration.

To explain why, on occasions, Iceland appears to be more affected by EU/EEA integration than Norway, and in some cases as affected by European integration as Finland and Sweden, we have to add factors related to the administrative context represented by national strategies and the domestic institutional structure and processes.

Firstly, the adaptation of the Icelandic administration to European integration took place at a later stage than other Nordic states. Thus, the Icelandic administration was not as prepared for EEA membership as the Norwegian administration, and had some difficulty in dealing with EEA affairs in the first years of membership. Strategic adaptation within the Icelandic administration prior to EEA membership did not take place, and Icelandic politicians did not initiate any formal mechanism in order to adjust the administration to the new environment. As a result, adaptation to membership has largely occurred through a case-by-case approach in the handling of EU matters, and it has

taken the administration some years to adjust to membership. However, the administration has slowly gone through important changes and seems at present fully capable of dealing with EEA affairs (Thorhallsson, 2002).

Secondly, there was a fundamental change in a number of policy areas in Iceland following EEA membership. These policy areas had not followed changes in the Nordic states in the 1980s and the early 1990s, and as a consequence the EEA agreement had a considerable effect on the administration. The workload increased considerably and ministries and their institutions had to oversee radical changes in policy areas such as competition, finance, telecommunication and consumer affairs.

Thirdly, Norway, Sweden and Finland have traditionally been more active internationally than Iceland. Iceland started to take a more active role in a number of international institutions, such as Nato, the UN, EU and the World Trade Organization only in the last four to five years. This internationalization of the Icelandic administration has to be seen in the light of an increased awareness in Iceland of limited influence within the EEA. Moreover, experts' knowledge of European affairs was rather limited in Iceland in the early 1990s (Thorhallsson, 2002). Icelandic experts in international affairs focused mainly on Nordic and EFTA co-operation, Nato affairs and the bilateral defence agreement between Iceland and the US. Thus, the increased participation of Iceland in European affairs in the mid- and late 1990s seems to have had a greater consequence for the Icelandic administration than for Norway. This coincides with the finding that the administrative competence of the new EU Member States Sweden and Finland had a considerably greater effect than the EEA Member States in this period.

Fourthly, size has an effect. One indicator of the small size of the Icelandic public administration is that the number of people working in the Foreign Service in Iceland is 150 compared to 1150 in Norway, 1500 in Sweden and 1642 in Finland (Thorhallsson, 2002). The fact that the number of departments in the Icelandic central public administration is one-third of that in Norwegian administration – which is the smallest of the other three countries – affects the response pattern. Fewer departments mean wider responsibilities and less specialization, and thus tighter contact and involvement in Icelandic departments than the more specialized departments of other Nordic countries. Even if the Icelandic departments that are strongly affected by increased integration in the EU are few in absolute numbers, their relative share is large. Due to low capacity the Icelandic departments have to act more generally and handle a broader range of issues than their counterparts in the other Nordic countries. The result is that the Icelandic administration as a whole reports relatively more involvement in EU matters than the Norwegian, not because there are

more Icelandic bureaucrats dealing with the European agenda, but because of their smaller numbers.

The size of the Icelandic administration made it difficult to cope with the EEA burden during the first years of membership. The administration had to increase its number of staff to a greater extent than other administrations. The result has been a rapid expansion of the Ministry for Foreign Affairs and the requirement of expert knowledge in EU affairs has led to the hiring of highly qualified young people in all ministries. As a result, EEA membership led to the swift internationalization of the small Icelandic administration. The survey illustrates these drastic changes in the administration.

Furthermore, the small Icelandic administration has had to prioritize in order to cope with EEA membership. It has also granted its officials autonomy and flexibility in their dealings with EEA issues. EEA cases are dealt with in an informal manner in order to implement EEA laws and regulations in time and in an attempt to follow and influence decisions made within the EEA framework (Thorhallsson and Ellertsdóttir, 2001). This coincides with previous findings which indicate that the working procedures of small administrations dealing with the EU decision-making system are characterized by prioritization, informality, flexibility and autonomy of officials (Thorhallsson, 2000).

Even though the Finnish administration is possibly one step ahead of Sweden in its adjustment to the EU, this study shows that there are no dramatic differences in how Swedish and Finnish bureaucrats have mastered this adjustment, a finding which goes partly against other descriptions (Raunio and Wiberg, 1999). However, there are also some interesting differences between Sweden and Finland. A trend can be seen in which the Finnish administration's EU work is more loosely coupled to the political level and slightly more characterized by an administrative and bureaucratic dominance. Finnish EU work takes place within a more pragmatic, closed, technocratic culture in a central administrative apparatus with great autonomy, whereas the Swedish working method is more characterized by greater public accountability and participation by the government and the political leadership. The Finnish administration's appearance as the most EU-adjusted overall, can also be seen in relation to the extra pressure for adjustment connected with Finland's taking over the EU Presidency in the summer of 1999. Finland, in contrast to Sweden, has also had a more flexible and integrative EU policy. This is expressed, among other things, through Finland being the only Nordic country that is a member of EMU.

Summing up, these data show varied developmental traits in adjustment to the EU in the Nordic central administrative apparatus. This coincides with a pluralistic approach, which allows for various models in the national administration's EU adjustment (Spanou, 1998). There are changes in domestic structures generated by European policy and institutional changes, but the

adaptation pressure varies from state to state depending on the form of association with the EU, and also on the domestic administrative context and structural features.

## Conclusion

The empirical and analytical discussion in this article leads to the following conclusions. First, the Europeanization process has significant consequences for the central administration's *modus operandi* in the Nordic countries. Adaptation and change are more typical than persistence and stability. Civil servants have become indispensable in European affairs (Bergman and Damgaard, 2000). Second, the domestic impact of the EU on national administrations varies across the different dimensions of change. The impacts are greater on the emergence of external networks than on the internal organization structure. Third, the impact of the EU varies from country to country. This is generally greater on Member States than on non-Member States, which implies that the extent to which EU applies pressure for domestic change varies with the form of affiliation. Fourth, adaptation is restricted by the institutional context of national administrative traditions.

The typical pattern of change is incremental rather than being a fundamental departure from existing arrangements at the domestic level. But the adaptation pattern varies in a complicated way. When studying the impact of Europeanization on domestic arrangements, it implies that we have to take account of the 'living institutions' (Olsen, 2001) both within the states and between the states and the EU, and not just the formal legal arrangements. One implication of this is that the effect of Europeanization occurs not only via a vertical logic through an adjustment process downwards from the EU, but also via a horizontal logic incorporating learning and model-borrowing across national boundaries (Goetz, 2001). Furthermore, there are also mutually dependent processes going not only from the EU to the individual country but also in the other direction (Jacobsson *et al.*, 2001b). EU-related adaptation within the state administration cannot be traced back to a single explanatory factor or basic perspective. The changes that take place in an administration as a consequence of increased integration in the EU are not purely a result of the form of affiliation. Different features of national actors also have to be taken into account, such as the size of the administration, the national EU strategy of autonomous adaptation to the EU, the administration's independence from political leaders and experiences in international co-operation within the public administration.

To obtain a better understanding of adaptations in the national administrative apparatus, it is necessary to address the complex interplay between form of affiliation, strategies and particular path dependencies that can be traced through

the administrative history of each country (Christensen and Lægheid, 2001; Jacobsson *et al.*, 2001a). EU integration is significant, but its significance is not as simple as is often claimed in the literature on Europeanization (Goetz, 2001). This implies that both formal structures and actors need to be considered when studying the impact of Europeanization on domestic administrations. Within the institutional constraints there is room for both manoeuvrability, and deliberate choices and strategic actions through active policy-making. To obtain a more comprehensive understanding of the adaptation processes there is a need to specify the agents who behave and are acted upon, and who is responding. But it is also necessary to supplement the outside-in perspective with a more open approach allowing for interplay between domestic and supranational entities and to take into account that adaptation might go through stable periods and significant phases, as shown in this article.

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