

# THE GOVERNMENTALITY OF CONSULTANCY AND COMPETITION: THE INFLUENCE OF THE OECD<sup>15</sup>

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## INTRODUCTION

When sociologists discuss social change, they often approach it from a systemic and evolutionary perspective. When using concepts like modernization or globalization, theorists of social change often ignore the question of how or why development has taken a particular direction. Instead, they concentrate on pointing out a new emergent era or age, such as postmodernity or reflexive modernization, showing how it can be identified and discerned from previous phases, and analysing how it has changed or will change society.

In this way social change acquires a somewhat mystical character: it is seen as if it were a stone that is already pushed in motion, rolling down a hill with accelerating speed. This kind of theorizing is concerned with the consequences of the motion, not with the factors that explain it, because the change and its direction are seen as somehow natural and inevitable.

Consider the notion of modernization. In its various guises it entails more or less openly the assumption that economic and technological development in a given country gradually leads into a similar social system, characterized by a market economy, democracy, individualism and differentiation. Talcott Parsons's modernization theory is an extreme example of such thinking. In the aftermath of the Second World War, Parsons and his

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followers developed the idea that contemporary market democracies, most notably the USA, represent the end stage in an evolutionary course, and that their features can be used as criteria in assessing the relative modernity of the so-called developing countries (Parsons, 1951, 1966; Shils, 1970; for a critique see Alexander, 1994). After the heyday of Parsonian modernization theory, theories of modernity have often assumed a much more critical stance toward the consequences of modernization, but the underlying assumption that social change leads to similar phenomena throughout the globe or at least in the most affluent societies has proven very persistent.

It is obvious that economically advanced societies have converged in several ways. That does not however prove that the social and cultural direction in which world societies are moving is predetermined, or that history has a goal. Instead, it can be suggested that this is because people (in this case particularly through governments) make their own history: in their policies governments adopt models from other countries, and they also make multilateral agreements. IGOs play an important role in affecting the policies that states adopt.

For instance, when we think about the history of the post-Second World War era, the OECD has played a key role in defining the direction that the so-called Western European and world market economies were to take in their development. The OECD grew out of the Organisation for European Economic Co-operation (OEEC), which was set up in 1947 with support from the USA and Canada to coordinate the Marshall Plan for the reconstruction of Western Europe after the Second World War. Created as an economic counterpart to NATO, the OECD's mission has been to advocate the market economy. The OECD has not only given its member countries statistical information about their performance as compared with others and recommendations about how to improve. By making multilateral agreements, applying peer pressure to member countries' governments (Pagani, 2002), and by less evident means such as establishing the measures used in gathering comparative statistical information, the OECD has set the standards for desirable social development, and thus contributed to defining what being a modern society and modernization mean, and so to the future direction of global socio-economic change. In other words, the OECD has greatly contributed to the path-dependent trajectory that developed and developing countries have followed.

Against this background it is clear that to better understand the dynamics of global social change, it is not sufficient to start off with the unearthing of a new era and how it is assumed to change society. We need

to go to the roots of global changes and also study how states influence each other, how policies are put into practice in a particular country, and how the forms of governance adopted change people's practices and mentalities.

This paper is a contribution to such an approach to social change. It introduces the starting points of the research project 'Knowledge production, power, and global social change: the interplay between the OECD and nation states', which is in its initial stages. In order to improve our understanding about the role of IGOs in global development, in the project we analyse the OECD as a prime example. Although the OECD has no formal jurisdiction over its members, let alone other states, it has been quite successful in directing forms of governance adopted in advanced market democracies. In this paper I particularly concentrate on the significant modification of welfare policies and the resurgence of 'neoliberal' policies that has taken place since the 1970s. What are the means by which these changes were pulled through, and what intended or unintended consequences have the new policies had? The recent changes in Finnish education policy are used as a case example.

The paper is organized in the following way. I first discuss previous research on the role of IGOs, and particularly the OECD, in affecting global change. Then I introduce Foucault's governmentality approach as the theoretical framework used. I then move to discussing the OECD-induced changes in Finland since the mid-1980s. The primary focus is on education policy. By way of conclusion, I discuss how the changes were pulled through and how inclusive the changes have been.

## **PREVIOUS RESEARCH ON THE IMPACT OF THE OECD**

Previous research about the impact of the OECD shows that there is a need for research that better captures the nature of IGOs like the OECD. There are several studies about the developmental trends in a policy area in OECD countries (for example Alfranca and Galindo, 2003; Curtis and Murthy, 1999; Huber, 1999; O'Connor and Brym, 1988) or about policy convergence in OECD countries (e.g. Arcelus and Arocena, 2000; Armingeon and Beyeler, 2004; Carree, Klomp and Thurik, 2000; Epstein, Howlett and Schultze, 2003; Freeman and Yerger, 2001; Gouyette and Perelman, 1997; Huber, 1999; Koski and Majumdar, 2000; Maudos, Pastor and Serrano, 2000; Montanari, 2001; Strazicich, Lee and Day, 2004), but these studies analyse the role the OECD plays only indirectly. Most of these studies do not even pose the question whether OECD activities have had an influence on the developments reported. Second, even when the idea is to test the impact of the OECD by analysing

whether national policies converge, the results are far from conclusive. In many cases, the indicators used show that hardly any convergence has taken place, or that the countries show greater divergence. In addition, the mechanisms that would explain either convergence or divergence have not been studied.

A recent ambitious, well-theorized and well-researched study about the OECD and European welfare states (Armingeon and Beyeler, 2004) is a good example of the problems social researchers face when trying to assess the impact of an IGO like the OECD. The aim was to assess the impact of OECD ideas concerning national social policies on national welfare reforms. That was done by contrasting the OECD recommendations with the reforms realized in Western European welfare states. Although the researchers found remarkable concordance between OECD recommendations and national policies, they rejected the hypothesis of a strong and direct impact. That is because, first, if there is concordance it could be due to other international organizations, such as the European Union, pursuing similar ideas. Second, in many cases the reforms are caused by domestic challenges. Third, some policy changes may result from new constellations of domestic political power. Finally, there has been a change in economic paradigms, not only at the level of the OECD but also on a national level.

Critical assessments of policy convergence studies and of theories and empirical studies of international institutions point out the challenges for future research and theorizing. According to Bennett (1991), studies of policy convergence among advanced industrialized states are often based on an overly deterministic logic, a static conception of convergence and an unclear specification of the aspects of policy that are supposed to be converging. In a similar vein, Martin and Simmons (1998) criticize previous research for focusing on proving that institutions matter, without sufficient attention to constructing well-delineated causal mechanisms or explaining variation in institutional effects. The critics recommend that more attention is paid to domestic politics rather than treating the state as a unit (Bennett, 1991; Botcheva and Martin, 2001; Cortell and Davis, 1996; Garrett and Lange, 1995; Kastner and Rector, 2003; Martin and Simmons, 1998). That is because, if IGOs affect global social change, they do it by influencing social and political developments and decision-making in national states, and there need to be mechanisms for such influence. On the other hand, the policies which the IGOs expect or recommend the national states to implement do not come from out of the blue; the issues on the agenda are brought there by representatives of nation states. The totality is a dense network of social

relations and material conditions, coupled with conflicting and converging definitions of the situation.

## THE GOVERNMENTALITY FRAMEWORK

To capture the complex nature of IGOs in global governance, we approach the case of the OECD using a perspective developed by Michel Foucault, who approaches governance from the perspective of power relations. Power, in this sense, refers to a network of dominance entangled with knowledge and with the subject positions and identities of the actors involved (Alasuutari, 1996, pp. 18–22; 2004a, pp. 34–5; 69–70; Foucault, 1972, 1979, 1980). It means that power is not conceived of narrowly as ‘the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance’ (Weber, 1978, p. 53). Instead, power is seen in a broader sense as productive, not only as repressive (cf. Heiskala, 2001). Second, to capture the complex dynamics involved we need to study the interplay between the OECD and a member country or countries. It is not sufficient to only study OECD knowledge production and publications, we must also consider the ways in which different actors in a member country are active in defining the OECD special projects agenda, and the way they use or make references to the OECD reports in justifying or criticizing political decisions in both official documents and the media.

On the other hand, to understand how policy models adopted from an IGO such as the OECD change societies, we need to study how discourses amount to institutions and practices, and how different actors’ mentalities adapt to changing conditions. The relevance of Foucault’s governmentality framework (Dean, 1999; Rose and Miller, 1992) for this kind of analysis was apparent in my previous studies about the post-war era in Finland. In those I was able to show how three socio-cultural periods in post-war Finnish society, the ‘moral economy’ from the end of the war until the mid-1960s, the ‘planning economy’ from the mid-1960s until the mid-1980s, and the ‘competition economy’ after that, have been so pervasive particularly because the dominant discourses of each period have been incorporated with practices that have produced mentality changes within the population (Alasuutari, 1996; Alasuutari and Ruuska, 1999). A more recent study (Alasuutari, 2004b) pointed toward the role of the OECD in these changes: in justifying the new legislation passed as part of the move from resource governance to market governance, the preambles of the relevant bills used other OECD countries as the self-evident reference group.

In the new project, the governmentality framework will be useful in analysing whether the role of the OECD is due to its ability to affect the frameworks and discourses within which national economies and economic and social policies are perceived and assessed, including the criteria by which the OECD countries are compared with each other. In this continuously ongoing process, including different subject positions from OECD civil servants all the way to voters, political parties and NGOs, dominant discourses are materialized in organizational forms, which in turn give rise to new discourses and forms of knowledge.

Foucault's theory, which emphasizes the productive role of power relations, has particularly inspired research that analyses the way in which individuals are constructed as subjects, and how their mentalities are formed in various institutions of territorialized polities. Foucault himself studied the birth of the clinic (1975), the prison (1979), the asylum (1973) and the formation of the discourses of sexuality (1980, 1985, 1988). Scholars inspired by his approach have studied, for instance, alcoholism (Alasuutari, 1992), the museum (Bennett, 1995) and the 'psy' disciplines (Rose, 1996). There is relatively little research that applies Foucault's governmentality framework to the study of international politics, but previous research shows that it is well suited to analysing global governance (Bryant, 2002; Dillon and Reid, 2000; Elyachar, 2003; Lipschutz and Rowe, 2005; Walters and Haahr, 2005). Keeley (1990) argues that Foucault's work gives us analytic devices to better understand the formation and change of international regimes. In a similar vein, Merlingen (2003) argues that the governmentality framework is particularly suitable for studying IGOs because it brings into focus the micro-domain of power relations, thereby highlighting what mainline IGO studies fail to thematize. According to him, they exercise a molecular form of power that evades and undermines the material, juridical and diplomatic limitations on their influence: 'Our understanding of IGOs remains incomplete if we do not pay attention to the effects of domination generated by their everyday governance tasks and projects of improvement' (Merlingen, 2003, p. 377).

## FORMS OF THE OECD INFLUENCE

Within the governmentality framework, we approach the role of IGOs like the OECD from a holistic perspective. Instead of assuming that the influence of the OECD is due to a single main reason, I suggest it is because of several intertwined measures. In the OECD influence I suggest we can distinguish four levels. They are the micro, ideological, ontological and formative levels.

By the *micro*-level influence, I refer to its role as an international governmental organization that arranges meetings and training for administrators and politicians. In that role it forms a community among people from different countries, and in that way exerts peer pressure on the ones who prepare and decide about reforms in nation states. It also makes administrators' work easier by providing ready-made models for new, tested practices.

Building such peer pressure is achieved through different methods. One motivating factor is that the initiative for special projects comes from the member countries themselves. In other words, at least a substantial number of member countries' representatives have already agreed that a particular theme is an important challenge for future research and development. When the members are then given information about the situation in different countries and agree on the future goals and means by which to pursue them, representatives of individual countries are committed to advance the organization's recommendations in their own countries. As the Finnish OECD civil servants emphasize in the interviews, countries are particularly committed if the initiative comes from their own country and they have their own representative on the board of a project. For a representative of an individual country it is also hard to defy the views of the majority because they have respect for the expertise of their international colleagues.

By the *ideological* level, I refer to the valued principles that contribute to the importance of OECD's views within a country. For instance, in order to respect OECD's views the actors involved need to feel a need to win or maintain the acceptance of other member countries. The OECD obviously has a good image as an elite club of countries that are 'modern', or socially and economically advanced.

This can be clearly seen in Finland, which joined the OECD in 1969. As a country located between two power blocs, belonging to the OECD was important also because of the country's international image as a country that belongs to the West, not to the socialist bloc. That is why OECD recommendations were a powerful means to advance a policy. This can also be seen in the fact that in the Finnish discussion about the OECD it is occasionally suspected that policy-makers themselves request that a specific complaint be filed or recommendation made by the OECD team of experts. Be that as it may, it indicates that the OECD is a strong way to justify a policy change.

National pride is also a factor that promotes the implementation of the OECD's recommendations. When a comparative study shows that a country

is doing worse than others by certain criteria, countries want to improve their performance to keep up with ‘international competition’.

By the *ontological* level, I refer to the OECD’s ability to affect the actors’ notions of reality. For instance, the OECD creates the criteria and indicators by which countries and their performance are described, compared and assessed as societies, thus forming an epistemic community. Based on the concepts that the OECD uses and creates, it also produces research that supports the policy recommendations it gives. The OECD also makes use of and affects the dominant, popular philosophy of history – that is, notions about inevitable global trends and about the direction taken by development.

By the *formative* level, I refer to the long-term effects of the convergence that the OECD has brought about. Because of the same concepts and indicators used in assessing states of affairs, and due to harmonized standards, rules and practices, similar dynamics of social change take place in OECD countries. For instance, there are similar changes in forms of subjectivity and identity formation, which make the same reform policies relevant and further accelerate convergence.

## RECENT REFORMS IN FINNISH SOCIETY

To study in practice how these different levels of OECD influence work, let us now take a look at recent changes in Finnish society. After that, I point out how they are related to OECD recommendations and special projects.

### From resource steering to market steering

As was mentioned in the introduction, the advanced market societies have seen a significant modification of welfare policies and the resurgence of ‘neoliberal’ policies since the 1970s. In Finland these changes started from the early 1980s onward, and in a previous study I have characterized them as a shift from ‘planning economy’ to ‘competition economy’.

The changes started first at the level of public discourses within which public administration and welfare services were assessed. From the early 1980s onward, the big centralized welfare systems and institutions were increasingly criticized for neglecting their clients’ needs and wishes. Simultaneously, in the late 1980s it was often demanded that the role of bureaucratic systems in providing welfare services should be replaced by privatized or by other deinstitutionalized services. In public discussion, the users of welfare services were increasingly pictured as a consumers, or customers, not as hospital patients or clients of public services.

In some areas institutional changes started from the mid-1980s onward. For instance, the deregulation of the public service broadcasting was started in 1985 when it became possible to establish commercial radio stations. However, major changes did not start until the late 1980s, with the creation of state enterprises out of many former government agencies. Between 1989 and 2001, fourteen state enterprises were created (OECD, 2003a, p. 95). Most of them have now been turned into state-owned companies, many of which have been privatized.

From an institutional viewpoint, the changes have been threefold. Firstly, the privatization of services that used to be part of the state has shrunken the public sector economy and the number of state employees. The number of state employees was 213,000 in 1985; in 1996 it was only 122,000. A similar development has taken place in local communes, but unfortunately I do not have the figures available.

Second, related to privatization of services, competition policy became a centrepiece of economic reforms. Price controls were abolished, cartels revealed and ended and monopolies banned. The economics-based competition policy was part of a general shift from collective corporatism to a more individualist market order. The list of measures taken by the Finnish Competition Authority is impressive, and illustrates how extensive the change since the early 1980s was. Here are some examples:

- abolition of price control (1988)
- liberalization of crude oil and petroleum product imports (1991); this was the outcome of a joint working group of MTI and OFC, established in 1989 on OFC's initiative
- liberalized entry into trucking, by eliminating the needs test for licensing (1991)
- liberalization of the kiosk business (1991)
- liberalized entry into the hotel and restaurant industries (1991)
- abolition of the sugar import monopoly (1992)
- abolition of needs testing in scheduled domestic air traffic (1993)
- increased competition in telecommunications (1994)
- abolition of needs testing from driving school operating permits (1994)
- liberalized entry into motor vehicle inspection (1995)
- adoption of the Electricity Market Act (1995)
- abolition of the University of Helsinki's almanac monopoly (1995)

- abolition of the state-owned monopoly's exclusive right to import, export, produce and wholesale alcoholic beverages (1995); Alko retained its retail monopoly, though (OECD, 2003c, p. 35).

Third, the reforms have meant a move in the public sector from resource steering to market steering. The role of the public administrative system in steering development has become smaller. In its stead there is a steering system in which real and quasi markets and the competition legislation aimed at strengthening market competition have an important role.

As an integral part of the reform, the role of many state administrators has changed from normative controllers to consultants. Several state departments that used to function under different ministries, with the task of giving regulations to local state administrators or to local commune public servants, were changed into 'development centres'. Their role is no more to give instructions or regulations or to control the functioning of public administration, but rather to collect information from and to consult the local-level administrators. The power to decide how public services are organized is delegated to the local level. The development centres in different branches of public administration produce reports about the ways in which services are organized in different parts of the country, thus providing local-level civil servants and political decision-makers with the possibility of comparing experiences from different arrangements. The development centres not only collect existing information; they also organize and fund experimental projects in which new practices are tested. In other words, they take part in research and development of public services and public administration. Recommendations about good ways to organize a service are often given by publishing lists of 'best practices'. Development centres also organize more or less state-subsidized training for public servants, such as administrators or school teachers.

### **The case of Finnish education policy**

Opetushallitus, the Finnish National Board of Education (NBE), is an example of the development centres mentioned above. Founded in 1991, the NBE is an expert body responsible for the development of educational objectives, contents and methods in basic, general upper secondary, vocational and adult education and training. NBE prepares and adopts the core curricula and is responsible for the evaluation of the Finnish education system. According to its own 'mission statement', the board 'supplies development, evaluation and information services regarding education to owners and managers of schools,

teachers, policy makers and working life'.<sup>16</sup> As an organization, it gets most of its resources from the state budget, but a statute lists services for which it must charge a fixed price and services for which it is to charge a market price. Thus, in part, the NBE is, at least formally, just another consultation service provider among other consultants that can be found in the market.

There is no separate inspection department for schools in Finland. The steering of the education system is decided by the government and the Ministry of Education. However, several matters have been entrusted to the providers of education. Their operations are steered through the core curricula and the objectives laid down in legislation. Feedback concerning the operations of the education system is collected by means of statistics and evaluations.

For the purposes of the state's regional administration, Finland is divided into six provinces. Each province has a provincial state office led by a governor. Local administration is managed by local (municipal) authorities, which have self-government and the right to levy taxes.<sup>17</sup> The municipal power of decision is exercised by the elected municipal council. The council appoints the municipal executive board and the specialized boards. There is at least one education board or equivalent body elected by the municipal council in each municipality.

In line with the general trend discussed above, development of the educational system is organized by implementing special projects aimed at improving the performance of the system in areas where the results of evaluations have shown the need. The main tools with which the Ministry of Education advances its goals are management by results and performance-based financing. At the moment, the Ministry of Education lists seven development priorities:

- information society
- education in mathematics and natural sciences
- language teaching and internationalization
- raising the standards and quality of education
- cooperation between education and working life
- initial and continuing training for teachers
- lifelong learning.

16 See <http://www.oph.fi/english/frontpage.asp?path=447>, accessed 23 June 2010.

17 There are 448 municipalities in Finland. They vary considerably in size; the smallest municipality only has 700 inhabitants, whereas the population of the largest exceeds half a million.

Many special programmes aimed at improving performance in these areas are international research and development programmes launched by the OECD. At the moment, Finland takes part in seven research themes, which deal with, for instance, the transition from education to working life (OECD, 2000), the challenges of lifelong learning for early childhood education (OECD, 2001*a*) and for adult education (OECD, 2003*b*), the link between public policy and career guidance (OECD, 2004*b*), and effective teacher training (OECD, 2004*c*).

## THE ROLE OF THE OECD IN THE RECENT REFORMS

It is not always easy to say precisely how much the OECD has influenced the changes in Finland discussed above. There are also other players involved, particularly the European Union, which makes laws and directives that contribute to the transformation toward neoliberal policy. We must also bear in mind that most of the major reforms are based on new legislation passed by the Finnish parliament.

Yet it is clear that the OECD has had a major role, primarily as the think-tank where the ideas and outlines about policy reforms have been discussed and developed. For instance, the OECD Public Management Programme (PUMA) was quite influential in affecting public-sector reform efforts in some English-speaking and Scandinavian countries in the late 1980s and 1990s. The main objectives of this programme were to make public services more efficient and more responsive to clients. Second, started at the time when the Soviet centralized system proved feeble, the reforms were directed at ‘managerializing’ the public sector. The well-established term ‘public administration’ started to sound unappealing, and it became fashionable to talk about public management. Many countries reduced their reliance on centralized regulation, giving managers autonomy in exchange for better accountability. A number of countries significantly reduced the cost of public services by divesting activities and by using non-government service providers. Governmental processes moved away from the external control of cost, input and process to internal control and management by performance (OECD, 2002).

Third, the OECD recommendations on member countries’ competition policy have been quite closely related to PUMA. This is particularly the case when we think about the OECD’s Regulatory Reform Programme, which is aimed at helping governments improve regulatory quality – that is, reforming regulations that raise unnecessary obstacles to competition, innovation and

growth, while ensuring that regulations efficiently serve important social objectives. The Regulatory Reform Programme has also been crucial in changing Finnish society from the late 1980s onward.

As was already implied, the changes in Finnish education policy are also closely related to OECD special programmes. The Programme for International Student Assessment (PISA) could be called their flagship. It has been considered one of the core projects launched by the OECD's Directorate for Education. The PISA study measures the learning skills among 15-year-old students nearing the end of their compulsory education. Finland has performed extremely well in the surveys conducted, and on the basis of this it might be assumed that Finland has not felt that much need for any major reforms for its education policy. However, that is not the case. The PISA surveys and other performance evaluations are an integral part of the new education policy based on management by performance.

## **TOWARD A NEW NEOLIBERAL GOVERNMENTALITY?**

Several things in the Finnish public administration are now quite different from the decades before the 1980s. The public sector is not only smaller as a result of marketization and privatization, the administrative structure and the steering system have been reformed considerably on many levels and in many sectors. The practices at the operational level are no more dictated by orders given by state departments of different ministries. Instead, the power and responsibility for deciding about the practices of the branch in question have been delegated to a lower level. The former central governments have been abolished and replaced by consulting organizations or development centres such as the NBE. They may still have official tasks in the administration but their main method of governance is to offer consulting services.

According to this new idea of public governance, public administration is based on management by results and accordingly, incentive wages: staff agree about their goals and how to reach them, and are assessed by their bosses. Money is the most important tool of management, because if, say, the ministry wants to steer development in a particular direction, it can achieve it by weighting the result indicators accordingly, or by allotting an earmarked sum of money to be divided between the lower-level units who take part in a special project.

Formally the steering system is coming to the close of a complete reform, although the development and fine-tuning of the new system continue. In the reformed steering system the state officials who assign the budget money are

buyers, who order the service products from the producers of their sector. For instance, the officials of the Ministry of Education order school teaching services or university diplomas from regional producers, which are either local communes or state-owned institutions, as are all the Finnish universities. The parties make agreements about the quality of the products, and unit prices or other pricing criteria. The directors of the regional units have corresponding negotiations with their subordinate officers, and the same model is extended all the way to the lowest step. In the education system, it does not even stop at the level of individual teachers, because the model is applied also to university students, schoolchildren and even to preschool. Although the last part of the system is still being developed and has not yet been implemented throughout, the plan of the ministry is that students and pupils should agree a personal study plan and annually discuss their goals and past results. They also sign an agreement which states the rights and duties of the parties.

In other words, no one is actually ordered to do what they are supposed to do. The system is based on free will and on the fact that good results give the right to certain benefits. Also the means by which actors at different levels try to achieve results can often be freely chosen. Attempts to find even more effective methods are not only tolerated but actively encouraged: there are special experimental projects funded by the ministry.

Although the change has been quite thorough at the level of the administrative steering system, the practical changes have not necessarily been large. For instance, Finnish education policy is still quite centrally administered. In primary education, although formally power is delegated to regions and local communes, the core curricula and the objectives laid down in legislation balance out regional differences. Additionally, although the NBE presents itself as a consultant and only suggests how goals are best achieved, in reality its role is not that different from the time when a similar organization provided detailed guidelines about school curricula. In fact, the state's grip on local-level administration is in many ways firmer than it used to be in the previous system of resource steering.

In that sense the new market steering system and management by performance have obviously been quite successful. That is also the most important reason behind the OECD's ability to influence its member countries. Instead of giving orders the OECD consults policy-makers in individual states: it suggests good, tested ways to advance the goals of the leadership. When this is combined with knowledge production that pictures the countries in terms of the same concepts and indicators, the result is increasing convergence without the actors' awareness of being under control and surveillance.

On the other hand, in individual countries and at the level of cultural frames, the new market steering administration lives side by side with the old resource steering. What used to be orders given by the central administration are now often given as hints about best practice, strengthened with incentives for those who voluntarily take the hint and do as suggested. However, the outcome is so similar to the old model that actors may quite well frame their encounters with the state administration in terms of the old system. To what extent the new principles and practices actually change people's mentality differs from sector to sector. In some sectors some administrators and state employees may assume mentalities that are in concert with their new role as sellers of services and as some kind of public sector entrepreneurs, but in other sectors the new practices are just dead letters in new kinds of forms and agreements.

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