

NEW CONDITIONS FOR POLICYMAKING IN TRANSPORT?

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Abstract

An organisational revolution has taken place in the Danish transport sector. Corporatization, division and tendering have become widespread. From a theoretical point of view one could expect that this revolution would create a new way of decisionmaking in the field. Hence, policymaking through network management and negotiations should be widespread. One could also expect a lack of coordination in transport planning and policymaking

The aim of the paper is to discuss to what extent and how conditions for planning and policymaking in the area of transport have changed. The largest railway operator in Denmark (DSB) has been chosen for closer analysis. Three themes are discussed: Autonomy, logic of action, and coordination.

I conclude that conditions for policymaking and planning have changed. The process of coordination is more difficult compared to earlier, and at lower levels of the organisations network seems to be an important mechanism of coordination. Contrary to the expectations, however, so far the autonomy of the DSB has been reduced and not increased, and so far the DSB's logic of action only has changed to a limited extent.

Keywords: New public management; Corporatization; Coordination; Transport policy; Transport planning; the Danish state railways (DSB)

Topic Area: H4 Strategic Changes in Transportation Organisations

1. Introduction

During the last 15 - 20 years reforms inspired by so-called New Public Management have swept the public sector all over the world. This is also the case in the transport sector. One can divide NPM reforms roughly into two groups, reforms regarding internal organisation, and reforms that are interorganisational and regard the organisation of the public service (Klausen, Ståhlberg, 1998: 11-12). This paper deals with interorganisational reforms.

Since the mid-1980s what might look like an organisational revolution has taken place in the Danish transport sector. Previously, some important characteristics were the following:

- The Danish state railways (DSB) ran trains as well as busses and ferries.
- When the possibilities of building large bridges linking together different parts of Denmark and linking Denmark and Sweden were discussed, they were expected to be state bridges.

¹ The main part of this research was carried out at Roskilde University, Denmark, and funded by the Transport Council/The Ministry of Transport in Denmark. Since this paper originally was written, a couple of legislative changes have occurred, and furthermore one organisation has disappeared while another has been formed. I address these changes briefly in the chapter "New conditions for decision-making and coordination in transport? Corporatisation and division in the Danish railway sector", which is going to appear in Thomsen, T.U., Nielsen, L.D. and Gudmundsson, H.: *Social Perspectives on Mobility*, Ashgate, 2005.

- 88% of the busses in the Greater Copenhagen Area were in-house production by a politically managed company.
- The sole large airport in Denmark, Copenhagen Airport, was run by Copenhagen Airport Service, which was an administrative unit in the Ministry of Transport.

Today, this organisational set-up has been drastically changed.

- The former state railways has been split into several corporations - some of which have private owners, while others are publicly owned.
- Two of the large bridges have been built (the third is subject to a decision making process), and the owner of them is a limited company, however the Danish (and the Swedish) State are the only shareholders.
- Several private buss companies nowadays run the busses in the Greater Copenhagen Area and they are all subject to tendering.
- Copenhagen Airport is nowadays a limited company quoted on the stock exchange, the state owning 33.8% of the shares.

Other changes have been seen, but these are probably the most important. The main argument for these reforms is the wish to improve efficiency, often stimulated by EU legislation. Investigating whether efficiency has improved is important and interesting, and it seems that efficiency gains have been obtained in several cases in Denmark (Pedersen, 1996: 7, Greve, 1999: 13). However, the point of departure in this paper is not efficiency.

These reforms in the transport sector are equivalent to similar reforms in other societal sectors. At the level of the Danish state, the transport sector has to a large extent been subject to reforms. Some years ago, The Danish Ministry of Transport characterized the area as a sector, where “the development of new forms of organisation and management [...] have had a large impact”, so that the transport area “today is the sector having the widest range of governance forms, [and] now is a kind of exploratorium” (Trafikministeriet, 1998: 49). This development is continuing.

The organisational revolution is reflected theoretically. In political science, a huge amount of literature written over the past few years argues that the nation state is taking a new shape, and many labels are used to characterize these changes. Several authors talk about “governance” - a buzz word which is used in a multitude of ways - but often to describe a “structural change from one formal and authoritative centre of public decision and policy making [...] (‘government’) towards a multitude of more or less autonomous entities, public as well as private institutions, associations and actors, networking within their respective domains of policy making (‘governance’) (Hansen, 2001: 110). Rhodes stresses the same development when he defines governance, as “self-organizing, interorganizational networks characterized by interdependence, resource exchange, rules of the game and significant autonomy from the state” (Rhodes, 1997: 15 – see also Rhodes, 2000: 346). In Rhodes’ view NPM reforms created networks: “[M]arketizing public services fragmented the institutional structure delivering those services. Because service users and their problems do not fit neatly into institutional boxes, organizations have to co-operate to deliver their services effectively. Such sets of organizations, or networks, do not work through competition but by co-operating with one another. So co-operation vies with competition as the organizing principle of service delivery” (Rhodes, 2000: 353). Hence, reforms to ensure market management ended up in cooperation, negotiations and network management, according to Rhodes.

The form of the state has changed, and conditions for policy-making have changed simultaneously. The hierarchical state has been reduced. The state form we experience now is a less powerful (but not necessarily smaller), more fragmented state. Policy networks are

widespread, and the state, to some extent, participates with private organisations in these networks.

2. Aim and scope of the paper

This paper deals with reforms of the organisation of transport in Denmark. More specifically, I centre on corporatization and division, although tendering and decentralization to regions and municipalities are also important elements in a coherent picture of interorganisational NPM reforms in the sector. The term “corporatization” differs from privatisation because the new corporations are not necessarily private although they are to a varying extent regulated according to private law. “Quangos” (quasi non government organisations) is a commonly used label for those corporations that are not totally privatised (Barker, 1982: 4). Corporatization goes hand in hand with the division of large organisations into smaller ones.

Taking my point of departure in governance and network theories, the aim is to discuss the extent to which, and how, conditions for planning and policymaking in the area of transport have changed.

Although taking a policy network approach, I limit the scope of the analysis to political and governmental authorities and those organisations and corporations which have experienced reforms. All other sorts of (private) organisations, which usually are part of a network analysis, are not included in the paper.

I furthermore limit the paper by analysing and discussing only one corporation, the largest railway operator in Denmark (DSB) and its environment. The DSB is chosen because it is the corporation which has undergone the most comprehensive changes in terms of corporatization and division in the sector. In the analysis I will discuss three questions:

- To what extent the DSB has autonomy from the state?
- Whether or not the DSB has changed its logic of action?
- How coordination is achieved, and if coordination today is threatened?

In the conclusion I shall discuss how and to what extent conditions for policy making have changed.

The empirical part of the paper concerns changed conditions for policy making and planning as it looks from the point of view of persons of central importance in the DSB and The Ministry of Transport. Thus, six persons have been interviewed for this paper: A former permanent secretary of state in the Ministry of Transport, two former deputy permanent secretaries in the Ministry of Transport, of which one is also member of the supervisory board in the DSB, a former chairman of the supervisory board of the DSB, a former chief executive officer in the DSB, and finally a head of division in the DSB. All interviewees have seen a draft of the paper and confirmed their quotations. The interviews were carried out during spring 2003. It might be relevant to mention that although five of the interviewees are chosen because of their former occupation or position they all retired recently.

3. What has happened to the DSB?

In the mid-nineteenth century, the first railway tracks were opened in Denmark. The railways were organised as limited companies often with the state involved to some extent. However, the Danish state took over the main lines in Jutland and Funen, and in 1880 the railways in Zealand (Olsen, 2000: 805). In 1885 a directorate-general for railways was founded, and from 1915 this directorate functioned as a department, i.e. the director

general referred directly to the Minister for Transport. Later shipping and buses became part of the DSB's activities.

CORPORATIZATION AND DIVISION IN A PERIOD OF 10 YEARS CAUSED THAT THE DANISH STATE RAILWAYS (DSB), WHICH FORMERLY WAS A DIRECTORATE-GENERAL, TODAY IS DIVIDED INTO A NUMBER OF ENTITIES OF WHICH SOME HAVE AMALGATED INTO OR BEEN BOUGHT BY OTHER COMPANIES:

- THE NATIONAL RAIL AUTHORITY (TRAFIKSTYRELSEN)
- THE DANISH NATIONAL RAILWAY AGENCY (BANEDANMARK)
- THE DANISH RAILWAY INSPECTORATE
- DSB - INDEPENDENT, PUBLIC CORPORATION
- DSB S-TRAIN LTD
- SCANDLINES DENMARK LTD
- RAILION DENMARK LTD
- ARRIVA DENMARK LTD
- DANSKE FRAGTMÆND A.M.B.A. (DANISH ROAD HAULIERS LTD)

Figure 1. Corporatization and division of the Danish State Railways.

This organisational form means that running the railways was the responsibility of an organisation which was part of a politico-administrative system with the Minister for Transport as its head. The organisation remained until 1993 where several changes followed in rapid succession, and further changes are expected in the future. It is the consequences of these changes which are the subject of analysis in this paper.

Hence, the DSB over a period of 10 years, developed from a directorate-general referring to the Minister for Transport, to several units owned in different ways and to different extent by the state: Three state agencies (The National Rail Authority, The Danish National Railway Agency, and The Danish Railway Inspectorate), an independent, public corporation (DSB), three limited companies with the Danish State owning respectively 100% (DSB S-train Ltd), 50% (Scandlines Ltd), and 2% (Railion Group). Furthermore, two sections were sold off to private capital (DSB Busses to Arriva Ltd, and a section in the Freight Division to Danske Fragtmænd A.m.b.a.).

Freight transport in Denmark now works as a free market without subsidization from the state. Passenger transport in principle can also be free traffic but in practice contracts are made either after negotiations with the Ministry of Transport or after tender. By January 2003, a new train operator (Arriva), following a tender, took over part of the lines previously run by the DSB. The DSB and the DSB S-train Ltd now run approximately 90% of all passenger train traffic in Denmark.

The reformations of the DSB is not finished yet. Probably, the DSB will be transformed from an independent, public corporation into a limited company (as has happened to the postal services), providing the possibility of selling shares. One also could expect that the DSB S-train Ltd will be sold. As an interviewee said in connection to this research: "The

DSB S-train could be sold, the organisation is cut-and-dried for it". Some interviewees also mention the possibility of a common organisation of Public Transport in Greater Copenhagen, which would imply some changes for the DSB.

Now, how have conditions for planning and policymaking around the DSB changed due to these reforms? I commence by discussing the DSB's autonomy from the state.

4. To what extent does the DSB have autonomy from the state?

To answer the question as to what extent and how conditions for planning and policymaking have changed in that area where the DSB is involved, it is important to analyse whether or not the DSB's autonomy from the state has changed - the subject in this section of the paper. The state is seen as equivalent to the Ministry of Transport and the politicians in Parliament.

I will proceed by describing the current conditions, and afterwards compare them to the previous conditions. Regarding the current conditions, I will begin with the legal situation.

The DSB came into existence as an independent, public corporation by a special Act. This Act stipulates that the independent, public corporation has similarities with a limited company. Hence, also the Danish Companies Act lays down conditions for the autonomy of the DSB. This Act stipulates that in limited companies - and in general it also applies for the DSB (DSB Act, § 6) - the management and the supervisory board are not allowed to take steps that unduly benefit shareholders at the expense of the corporation (Companies Act, § 63). This section has been construed to mean that it would be "incorrect of the supervisory board - or for that matter of the management - in a corporation where the state has determinative influence to attempt to undertake an independent evaluation of what the minister or the majority of the Parliament would expect of the corporation and its supervisory board in a specific case". Rather "the supervisory board in any case both has the right and the duty to undertake an independent assessment of what will serve the interests of the corporation" (Werlauff, 1993: 196). Hence, the DSB should behave independently, in decision making, only safeguarding the interests of the corporation.

The DSB Act to some extent leaves the same impression of autonomy. Thus, it stipulates that the DSB is a corporation, which "is to be run in a businesslike way" (DSB Act § 2). In the comments to the Bill (which in Denmark are important contributions to the interpretation of a law) this specific section is related to the obligations of the supervisory board and the management to manage the corporation in line with "normal practice for the management of private corporations" (DSB Bill, comments to the Bill).

However, the legislative autonomy of the DSB should not be exaggerated. The relation between the state and the DSB is equivalent to the relation between a parent company and a subsidiary company (Werlauff, 1993: 22). A subsidiary company to some extent have to accept being ranged under the interest of the entire group if it does not harm the subsidiary company.

The DSB Act also stipulates limitations to the company's autonomy, of which I see four:

- The minister's right to lay down the articles of the DSB (DSB Act, § 5)
- The minister's right to appoint and dismiss members of the supervisory board. The minister can at any time dismiss members of the board (DSB Act, § 4).
- The duty of information and the right of instruction regarding civil servants on the board of which there are two, one from the Ministry of Transport and one from the Ministry of Finance. The two principles are disputed in the literature (Werlauff, 1993: 22, 277, 288-294, Christensen, 1995: 102-104, Heidmann, 2001: 448-451, Rigsrevisionen, 1998: 20), and

- A number of other provisions in the DSB Act that secure the Ministry and the Parliament all relevant information and impose some restrictions on the DSB's economic activities (DSB Act, §§ 4, 12, 20, Comments to the Bill)

How about practice? How do these rules work in practice? What autonomy does the DSB in practice possess?²

So far, The Minister for Transport has not dismissed members on the board of the DSB in between the annual meetings.

The duty to provide information, and the right of instruction, however, seem to have a large impact on practice. One division in the Ministry of Transport is responsible for railway policy and thus for the DSB. The deputy permanent secretary from another division represents the ministry in the DSB's board. The responsible division, however, reads all the material regarding the board and makes a note to the board member commenting on each item on the agenda. "And depending on the subject matter he will comply with it [the note]" a former deputy permanent secretary said. A former permanent secretary of state similarly stressed that the civil servants on the board are obliged to follow instructions from the minister. He also said that the ministry's representative on the board informed him about discussions going on the board. Hence, the two principles, duty of information and right of instruction, although disputed in the literature, seem to be employed in practice.

The literature often stresses that the right of instruction usually is not employed, either due to cautiousness because the right is disputed (Greve, 1999: 18), or because it is needless due to the representative's knowledge of the government's policy (Christensen, 1995: 104). My study renders another impression. The pure existence of the right of instruction seems to be the underlying prerequisite for notes and discussions in the ministry.

The interviewees do not quite agree regarding the influence of the civil servants on the board. A former permanent secretary of state found that the civil servants from the ministries of transport and finance possess a unique knowledge because "They are sitting at the foot of the throne." Thus, they possess a particular position on the board, and the other board members listen to them with particular interest. A head of division in the DSB similarly emphasized that the DSB board is an "Odd board, the members with the most influence on the board are the man from the Ministry of Transport and the man from the Ministry of Finance". However, a former deputy permanent secretary in the ministry finds that the board members listen to those representing the ministries, but "The board doesn't always do what they say. They don't have a majority on the board."

Regarding the relations between the DSB and the ministry, the ministerial representatives on the board, although important, do not seem to be the most important tool. Of more importance are conversations and meetings between representatives from the DSB and the ministry. Thus, a former permanent secretary of state stressed that letters are not a typical way of communicating, but telephone conversations and meetings are. He often called the chief executive officer in the DSB, and sometimes the minister called the chairman of the board. Meetings are not held regularly but when there is a need. In some periods there might not be much communication while in other periods the contact is frequent. A deputy permanent secretary stressed that the meetings are rather dominated by briefings and discussions than by instructions and warnings. The impression is that the main purpose of these meetings is to establish a common understanding of different problems. An interviewee, who has been vice-chairman and chairman for three years all in

² Information and quotations in this and the following two sections stem from interviews if nothing else is mentioned.

all, emphasizes that during this period of time he has had about five meetings with the minister altogether. He never experienced that the minister called him and he never called the minister. “That is not the way it works. It goes on a little further down in the system, and comes to me that way.” Thus, he stressed that there is quite a lot of communication between civil servants in the ministry and employees in the DSB, but usually not between the chairman of the board and the minister. More interviewees emphasize that the extent of contact and autonomy depends on whether or not the DSB is in economic or political trouble.

Above, I have explained some of the tools the Ministry of Transport can utilise to influence the DSB. Legally and in practice, the Ministry of Transport has considerable power over the DSB. The former permanent secretary of state laughed when I referred to the stipulations in the Companies Act according to which the DSB should behave independently, only safeguarding the interests of the corporation. He is convinced that in cases with one sole owner, any corporation whether owned by private or public capital is heavily influenced by the owner, and that the board in such situations does not behave independently. He furthermore found that Parliament forces the ministry to act that way. Hence, for the parliamentarians there is no limit to what they will direct the minister to do regarding corporations where the state is the sole shareholder. He found that the National Auditors similarly expect that the ministry controls the corporations closely and makes its influence tell. And it is true that the National Auditors some years ago found that the ministry had neglected to safeguard the interests of the state in a specific case regarding a limited company (Magid, 2001: 5-6).

Two out of three interviewees from the DSB argue along the same line. For example, a former chief executive officer in the DSB said, “a board always agrees with its sole proprietor. If not it will be kicked out.” He considered it would be wonderful if the supervisory board in between the annual meetings only served the DSB’s interests, “and it is clear that they try – part of the way - but when it comes to the crunch, they yield.” However, a former chairman of the board stressed that he, in conversations with the ministry, several times emphasized that the role of the board was not to safeguard the interests of the ministry, but to safeguard the interests of the DSB. That is the aim, but the board only go into battle when it is worthwhile, and he points out that the ministry can take revenge in many ways. Which brings us to the next paragraph.

All interviewees from the DSB underlined that the Ministry of Transport has too many roles in relation to the DSB: The ministry is the owner, the main contractor through the Danish National Railway Agency, the regulator through The Danish Railway Inspectorate, the main customer through contracts. “Totally surrounded! No matter what you do, you will collide with the owner, the contractor, the regulator or the customer [...] So, that is the vice, that is what we call it”, a former chief executive officer in the DSB said³.

Hence, in practice, the DSB’s autonomy from the ministry seems to be limited. The autonomy of the DSB stipulated by the Companies Act is legally restricted in various ways. Some of these restrictions are disputed, however, in practice they seem to be the underlying prerequisites for activities in the ministry. Due to parliamentarian’s expectations, the ministry controls the DSB closely and makes its influence tell. Interviewees from the DSB feel “surrounded” by the ministry. Members of the board representing the ministries have considerable influence. Meetings and telephone conversations are held when considered relevant. Functional independency, i.e. the board’s

³ During 2003, a National Rail Authority was established. The idea of this agency is to relieve the Ministry of Transport for some of these hats. Furthermore, a supervisory board recently was established in the Danish National Railway Agency. These changes might loosen the vice, but it is likely that the DSB still will find the corporation surrounded by the ministry.

and management's authority to decide in specific situations seems to be challenged (Werlauff, 1993: 252).

Does this degree of (limited) autonomy constitute a change from the previous situation when the DSB was a general-directorate? Five years before the change of the DSB from a directorate-general to an agency in the Ministry of Transport two researchers published a book about the DSB. In this book, they also touched upon the autonomy of the Danish State Railways. Because the DSB as a directorate-general referred directly to the Minister for Transport, the ministry did not influence the DSB much. However, the minister and other parliamentarians to some extent did. Regarding the autonomy, the authors conclude, "one cannot say that the politicians do not rule the state corporations. But their direction is mainly implicit and reactive. They never provide the corporation with clear instructions for its activities [...] The system implies that the state corporation itself looks after strategic planning and 'translates' its consequences to the decision makers at the political level" (Arnfred, Olsen, 1988:136-137). Their analysis leaves the impression that the DSB had considerable autonomy previously. Today, the DSB is subordinated the Ministry of Transport, the control by the ministry does not seem just to be reactive, the ministry seems to provide the DSB with sometimes very clear instructions, and the ministry sees itself – and not the DSB - as the unit responsible for strategic issues.

Thus, my conclusion regarding autonomy is that the DSB's autonomy from the state has changed, and is today more limited than in earlier situations. The former chairman of the DSB board, however, stressed that in the ministry it is a growing awareness that the entire corporatization process does not make sense unless the ministry is ready to give the boards considerable independence.

Autonomy is one thing, another is the DSB's logic of action. One could expect it to be more market oriented due to reforms. That is the topic in the next section.

5. Has the DSB changed its logic of action?

Although the DSB's autonomy from the Ministry of Transport is restricted, and even more limited today than previously, the logic of action of the DSB might have changed. As a directorate-general the DSB was part of a politico-administrative system. Today the DSB Act stipulates that the DSB "is to be run in a businesslike way" (DSB Act, § 2), and also the Companies Act stresses that the board and the management should only serve the interests of the corporation (Companies Act, § 63). Similarly, a former permanent secretary of state found that representatives from these new corporations including the DSB should explicitly act to the benefit of the corporation they represent. Thus, also The Ministry of Transport's influence on the DSB might be used to push the DSB towards a changed logic of action.

However, the legislation regarding the DSB is ambiguous. Hence, the Comments to the DSB Bill stipulate that the DSB takes care of among other things railway stations, "which is a common interest for all train operators and for the state." (DSB Bill, Comments to the Bill). The contracts that exist between The Ministry of Transport and the DSB similarly imply that the DSB and the DSB S-train Ltd should consider public interests, e.g. they should work actively for a consistent and coherent public transport system with good coordination between bus and train. Hence, the DSB should at the one hand behave businesslike, and on the other safeguard public interests.

Against this background, the question is whether or not the DSB has changed its logic of action? To discuss the topic, I will distinguish between "a logic of appropriateness" and "a logic of consequentiality". Logic of appropriateness refers to action based on identifying the normatively appropriate behaviour. Thus, the concept emphasizes that individuals and organisations behave according to what they see as appropriate behaviour for people in

their situation. While a logic of consequentiality is based on calculating the return expected from alternative choices. Hence, the concept stresses that we behave according to a utility maximizing behaviour (March, Olsen, 1989: 21-26). A logic of appropriateness is what one could expect to dominate in the politico-administrative organisations, while a logic of consequentiality would be expected to dominate in the market (Sørensen, 2001: 45)⁴.

Interviews with people from the DSB leave the impression that in the previous situation the DSB saw itself as an organisation that existed to the advantage of society, in the DSB as in other public organisations a certain public service ethos existed. “We weren’t a company which had to sell anything. We were a public service you could buy,” a head of division in the DSB said. Literature suggests that a public service ethos among other things has to do with tolerance of other’s wishes and interests, a common discourse within which conflicts and contradictions are handled, and a recognition of the need to work in partnership with others to contribute to the promotion of community well being (Dalsgaard, Jørgensen, 1994: 36-37, Stoker, 2003: 9-10). My impression is that such an understanding was present in the DSB as long as it was explicitly part of a politico-administrative system.

Several written sources as well as interviewees emphasize that the DSB especially in the 1970’s and 1980’s acted politically in various ways. Consequently, a former Minister for Transport labelled the DSB “The 9th party of the Parliament” at a time when the Parliament consisted of eight political parties (Enemark, Lund, 1997: 125). However, in the DSB’s understanding these political activities, too, were in the interests of the passengers and society. This, however, is disputed, observers have stressed that the purpose of these activities was also to look after the interests of the DSB (Sørensen, 1993: 115).

Now, it is safe to assume that some degree of public service ethos existed in the previous situation. The DSB to some extent behaved according to a logic of appropriateness. Does this logic still exist, or has it disappeared due to reforms? A head of division in the DSB stressed the difference between the DSB and the new, private train operator, Arriva Denmark Ltd, “They behave differently from us because we still conceive of ourselves as a public service”. Another example is the qualifications that members of the DSB supervisory board are expected to have. A former permanent secretary of state and a former chairman of the board both emphasized that the board members and especially the chairman should be capable of “reading the political game”, and have a certain “sense” for the working of the political system. A situation where The Ministry of Transport disqualified the DSB’s tender is also instructive. In that situation the DSB considered the possibility of bringing the matter before the courts, but decided not to: “I do not find it appropriate that a supervisory board institutes legal proceedings against the owner. It would be highly unusual,” the former chairman said. Thus, the interviewees from the DSB leave the impression that a logic of appropriateness still exists. The DSB largely sees its function as contributing to the promotion of community well being, and not as contributing to a private company’s profit. Considerably, the DSB behaves according to what it sees as appropriate behaviour, and to a lesser extent according to a calculated self-interest.

⁴ One might see the logic of appropriateness as a superior category under which logic of consequentiality is one among more possibilities. Hence, it is appropriate to pursue a utility maximizing behaviour at the market. That is the consequence of identifying the normatively appropriate behaviour. On the other hand, the logic of consequentiality might alternatively be seen as the superior category *via-à-vis* a logic of appropriateness because an individual might behave appropriate at short sight and against his own interests, while this behaviour is utility maximizing in the long term. In this context, however, I use the concepts as two equal logic of actions, no one being superior to the other. Often both concepts are necessary to characterize the logic of action in an organisation at a specific moment. However, over time the relative strength between the two can change.

However, this logic of action seems to be undergoing a change. A head of division talks about a “cultural change” in the DSB’s marketing organisation. Another example is the DSB’s handling of a situation after the introduction of Arriva as a train operator in Denmark. At a specific railway station (Hinnerup) both operators, the DSB and Arriva, were expected to stop at the station, and everybody agreed that passengers and society would benefit if the DSB did stop. However, the contract between The Ministry of Transport and the DSB does not give the latter any economic incentives to stop at that station, and hence it does not. The decision in the DSB is due to “a cold estimate”, and a head of division in the DSB admitted that “this is perhaps the best example of businesslike thinking” in the DSB. If the DSB did stop, it would benefit the competitor, Arriva, “There are limits to how stupid we want to be,” an interviewee said.

How the DSB should act in future situations of fragmentation and tendering has been considered. An interviewee quoted the present chief executive officer in the DSB for saying that in the case of a future tendering of the DSB’s long-distance trains and regional trains separately, he “will abuse it.” In that case he “really will run it [the traffic] as a contract, like Arriva does. Chase the money.”

The question in this section is whether or not the DSB has changed its logic of action. Previously, a logic of appropriateness and a public service ethos were present in the DSB. Today, the same logic exists. Probably, the reasons are ambiguity in legislation and contracts and path dependency in the organisation. But the wish to change the DSB to be more businesslike is about to transform the organisation. Hence, if NPM reforms continue, in the future, we probably will experience an organisation acting to a large extent in accordance with a logic of consequentiality, safeguarding only the interests of the DSB.

6. How is coordination achieved?

On the present railway policy making scene, a lot of actors are on the cast list, while in the old days the DSB played the lead. In the introduction to this paper I quoted Rhodes arguing that the marketizing and division of public services in Great Britain created fragmentation, which again caused cooperation and network management. Hence, one could imagine that although the DSB’s autonomy from The Ministry of Transport is limited, both the fixing of these limitations and the space left for independent actions are influenced by negotiations in policy networks.

Before approaching the empirical data regarding network, I will specify what a network is, and how it differs from other mechanisms of coordination. In a famous article published in 1990 Powell distinguishes between three concepts, namely market, hierarchy and network. Powell rejects the widespread conviction that all types of coordination can be usefully arrayed along a continuum where market is at the one end and hierarchy at the other. Rather, he finds it “meaningful to talk about networks as a distinctive form of coordinating” (Powell, 1990: 301). Inspired in particular by his article, some important characteristics of market, hierarchy and network respectively could look like this:

	MARKET	HIERARCHY	NETWORK
NORMATIVE BASIS	<i>CONTRACT – PROPERTY RIGHTS</i>	<i>EMPLOYMENT RELATIONSHIP</i>	<i>COMPLEMENTARY STRENGTHS</i>
MEANS OF COMMUNICATION	<i>PRICES</i>	<i>ROUTINES</i>	<i>RELATIONAL</i>
METHODS OF CONFLICT RESOLUTION	<i>HAGGLING – RESORT TO COURTS</i>	<i>ADMINISTRATIVE FIAT - SUPERVISION</i>	<i>NORM OF RECIPROCITY – REPUTATIONAL CONCERN</i>
KEY TO COORDINATION	<i>THE INVISIBLE HAND</i>	<i>COMMANDS</i>	<i>TRUST</i>
AMOUNT OF COMMITMENT	<i>LOW</i>	<i>MEDIUM</i>	<i>HIGH</i>
TONE OR CLIMATE	<i>PRECISION AND/OR SUSPICION</i>	<i>FORMAL, BUREAUCRATIC</i>	<i>OPEN-ENDED, MUTUAL BENEFITS</i>
ACTOR PREFERENCES AND CHOICES	<i>INDEPENDENT</i>	<i>DEPENDENT</i>	<i>INTERDEPENDENT</i>

(Lowndes, Skelcher, 1998: 319, Peters, 1998: 297-299, Powell, 1990: 300, Rhodes, 2000: 353).

Figure 2. Market, hierarchy and network.

My main contribution to Powell's characterization is an addition of a new parameter, namely the "key to coordination". On the market, in a hierarchy and in a network, I see the keys to coordination as being the invisible hand, commands and trust, respectively. A few words about trust: Interdependency and cooperation in network engender trust, and trust is an important lubricant in network negotiations. Rhodes states: "Networks are a distinctive way of co-ordinating and, therefore, a separate governing structure from markets and hierarchies (or bureaucracies). Trust is their central co-ordinating mechanism in the same way that commands and price competition are the key mechanisms for hierarchies and markets respectively" (Rhodes, 2000: 353).

A complementary comment to the model concerns negotiations. I see negotiations as an important element in all three coordination mechanisms. Negotiations in hierarchy are influenced by the knowledge that a hierarchy exists. Thus, the coordination capacity of negotiations "can be enormously increased by virtue of the fact that they are embedded in the hierarchical structure." Scharpf talks about negotiations in the shadow of hierarchy (Scharpf, 1994, quotation p. 40). Negotiations in the market are characterized by contractual relationships over property rights, haggling, precision and suspicion. While the interdependency in networks implies a different tone or climate in negotiations, and some degree of a common understanding marks the negotiations. Thus, Powell stresses - a bit exaggeratedly - that "parties to a network agree to forego the right to pursue their own interests at the expense of others" (Powell, 1990: 303).

Now, market, hierarchy and network are analytical concepts, which in a modern welfare state hardly exist distinct from one another. The pure form does not exist. In everyday interactions elements of market, hierarchy and network will often be present. The question is whether a change has taken place, so that network characteristics nowadays are more widespread than in the previous situation.

Which occurrences in the last 10 years might contribute to a change? As explained earlier, the DSB has been divided into several organisations. My interviews leave the impression that especially three are of importance in this respect. Hence, The Danish National Railway Agency, the DSB S-train Ltd and the Ministry of Transport, which today attends to some of these duties which earlier the DSB itself took care of. Other relevant stakeholders are The Danish Railway Inspectorate, Railion Denmark Ltd and Arriva Denmark Ltd. Some degree of interdependence exist between on the one hand the DSB and on the other hand these organisations.

More than any, the DSB is dependent on The Danish National Railway Agency. This agency is the DSB's most important contractor. A large contract regulates the relationship,

a contract which has to be negotiated (Pfund, 2002: 88-89). One can imagine the extent of the negotiations necessary by watching how the responsibility of every single platform is divided: “Carrying out the split on the platform level was crucial. As a general rule, [The Danish National Railway Agency] was assigned technical equipment, service equipment, and platform infrastructure on its surface and below, whereas most equipment above the platform surface was assigned to the DSB. For example, all the ‘Do not cross tracks’ signs belong to [The National Railway Agency] since they fit into the order and safety signs category, whereas the DSB owns the station name signs. [The Danish National Railway Agency] is responsible for cleaning the platforms, but the DSB must empty the garbage bins. In turn, cleaning the railway station is the DSB’s responsibility. One can imagine the practical impact [...] Contrary to the general rule, passenger information equipment belongs to [The Danish National Railway Agency], including the station clock” (Pfund, 2002: 81).

Most interviewees find that the number of negotiations has increased. As expressed by a former chief executive officer in the DSB: “All along you have to negotiate your way to solutions. You cannot command or make a resolve to do something and then carry it through, as you could if you were the sole actor.” In connection with several examples he correspondingly said: “Now it is a situation of negotiations, where everybody has to get something”. A head of division in the DSB said that negotiations also took place previously, “But it makes a difference whether there is one at the head of the table who is in the same circle, or there are three different ones. We find it a totally different situation.”

Now, how can we understand this sort of negotiation, which seems to have increased? Does it exemplify a hierarchy, a market, or a network form of governance? To some extent we experience negotiations in the shadow of hierarchy. When I analysed the autonomy of the DSB vis-à-vis the Ministry of Transport, telephone conversations, meetings, briefings, discussions and establishing of a common understanding were some of the tools which the ministry used to let their influence tell. The ministry sometimes issues an order, too. However, my impression is that fixing the autonomy of the DSB takes place through negotiations in the shadow of hierarchy. Everybody knows that in many ways, and if not sooner then at the annual meeting, the ministry will let its influence tell. The hierarchy supplies the Ministry of Transport with strong power resources in negotiations with the DSB.

But we also experience the market as a coordination mechanism. The characteristics are contracts, prices, haggling and suspicion. Interviewees articulated that a suspicious culture exists between the DSB on the one hand, and The National Railway Agency and the Ministry of Transport on the other. Similarly, a former permanent secretary of state in the Ministry of Transport talked about the new economics of contract where the corporations only safeguard their own interests.

Finally, negotiations and relations having the characteristics of networks are also experienced. A head of division in the DSB said, “On the day to day work level, on the employee’s side, people want things to work, and the conflicts there are between the DSB and The National Railway Agency haven’t been at that level [...]. Basically, people have had 30 years in the same company, and you cannot deprive them of these things they have had together [...] It would have fallen apart, in terms of traffic, if things hadn’t worked at the bottom level”. And a former chief executive officer in the DSB said: “When things worked between the DSB and The National Railway Agency after the division and has done so for many years after [...] the reason is that the man below in the system, e.g. the one responsible for the timetable, knows who his counterpart in The National Railway Agency is, and calls him and talks with him. Many problems are solved at that level.” Similarly, regarding the platforms one author stresses that the cleaning teams from the

DSB and The National Railway Agency, help each other out (Pfund, 2002: 81). Hence, a common background, in this case a common history, is an important precondition for networks. That is also reflected theoretically. Thus, Powell stresses that “[n]etworks should be most common in work settings in which participants have some kind of common background – be it ethnic, geographic, ideological, or professional. The more homogeneous the group, the greater the trust, hence the easier it is to sustain network-like arrangements” (Powell, 1990: 326).

Hence, many relations are characterized by complementary strengths, trust, a high amount of commitment and interdependency. It seems, however, that a horizontal distinction exists. It is the employees at lower levels in the organisations which are able to negotiate in a network-like manner, while at the top level of the organisations market-like and hierarchical forms of negotiations prevail. A head of division in the DSB put it this way, “It is more the bosses who are allowed to romp about and are allowed to destroy things when they are set free. There have never been so many director jobs as there are today.” However, the horizontal distinction is not total. Conflicts and tough bargaining at the top of the organisations influence interactions at lower levels of the organisations: “It is obvious that this management infects down through the system. When it is negative up there, it will end up by being negative down here, too”.

The interviews furthermore give the impression that coordination today is more difficult and more time-consuming. A former chief executive officer said: “By accomplishing these divisions, you add fuel to the fire, and people’s understanding of their independence increases, and then they try to behave as such, and it makes the task of coordinating and managing more difficult. Thus, no doubt that the separation of the DSB S-train into a special limited company made the task of managing considerably more difficult and more complicated. It raised some expectations by the employees [...] which created a good deal of friction that otherwise would not have arisen”. And regarding the vertical split into track (The Danish National Railway Agency) and trains (DSB) a head of division in the DSB said: “It is like this that in all the initiatives we take there is always something regarding the tracks, and there is always something regarding the trains. You cannot make a train without seeing to it that the infrastructure matches it. And it is obvious that it creates an enormous amount of coordination. It is a strain that coordination work”.

A former deputy permanent secretary from The Ministry of Transport emphasized that the vertical division in rail and trains has been a necessary method of making more effective the system. However, he expressed the problem of coordination by saying that the ministry lacks competence, tools, information and the resources to be capable of steering sufficiently well. The general expectation is that the forthcoming reforms will contribute to resolve these problems.

The quotations stress that today the *process* of coordinating is more difficult. However, some interviewees also found that the *output* of the processes is poor compared to earlier. The specific examples either concern coordination of timetables across modes (ferry/train) and across operators (DSB/Arriva), or regard infrastructure investment.

Above, I quoted Rhodes saying that marketization corrodes trust, cooperation and shared professional values, and thus, coordination and steering through networks. That is a view which was confirmed in some of the interviews. For example, a former chief executive officer talked about the special relationship that “cement” the different organisations because of their history. He characterized the current situation as a process of “weathering” of the cement. He expected that “all these mechanisms [which make the system function] will gradually dry up or disappear, and then the system will gradually function worse and worse”. The understanding is along the lines of my conclusions regarding a changed logic of action in the DSB. Thus, in the future I would expect to see

an organisation acting to a larger extent in accordance with a logic of consequentiality, safeguarding only the interests of the DSB⁵.

In such a case, the share of coordination that takes place by network will have to be substituted by either coordination by hierarchy or by market mechanisms. In continuation of this, a former deputy permanent secretary in the ministry talked about the need for more regulation.

Against this background, my conclusion is the following: The number of negotiations has increased, and these negotiations reflect all three types of coordination mechanisms: hierarchy, market and network. Thus, to some extent I can confirm the hypothesis one could advance, following Rhodes, that the reforms have created fragmentation which again causes cooperation, negotiations and network steering. Hierarchy and market are dominating at the top levels of the organisations, and thus the more strategic decisions, while network is dominating at lower levels of the organisations. Coordination is more difficult at all levels, and the share of coordination taking place through network is threatened. In the above section, the conclusion was that hierarchy and market is dominating in the strategic decisions. If that is true, a future weathering away of network coordination should not threaten the strategic decisions. However, coordination among employees at lower levels of the organisations might in the future be threatened. Future reforms in the railway sector probably will advance the market as a mechanism of coordination at the expense of hierarchy and network. Thus, an important question for future research is, if market mechanisms will be able to handle coordination sufficiently.

7. Conclusions

The aim of this paper was to answer the question as to what extent and how conditions for planning and policymaking in the area of transport have changed due to NPM reforms. I answer the question only in relation to the DSB and its environment.

According to my empirical research, conditions for policy making and planning have changed. The DSB's autonomy from the state has changed and is today more limited compared to the situation when the DSB was a directorate-general. The number of negotiations, too, has increased, and these negotiations reflect all three types of coordination mechanisms: hierarchy, market and network. Thus, also network as a mechanism of coordination has increased. The increased number of negotiations is a consequence of the division of the DSB into several units. Hierarchy and market seem to dominate at the top levels of the organisations, while network is dominating at the lower levels of the organisations. The process of coordination is more difficult and complicated than earlier.

However, regarding the logic of action in the DSB, it only seems to have changed to a limited extent. A logic of appropriateness and a public service ethos exist today as they did earlier. Probably, due to ambiguity in legislation and contracts and due to path dependency in the organisation.

⁵ Such a development seems to have taken place in the British Railway sector. Hence, an inquiry after one of the railway accidents in Great Britain stated in a report: "Privatisation has created a big cultural change. There is now little inter-linking of culture from one company to another. There has been a loss of comradeship between drivers, signalmen, cleaners etc. There is no longer a sense of working together. Questions of delays and attribution of blame strengthen the divide. This has led to a lack of confidence in others. No one is encouraged to discuss someone else's problem, or volunteers, or shares information" (Landbroke Grove Inquiry, seminar on employee perspectives on safety, 18 October 2000, here quoted from Wolmar, 2001: 182). Now, it is important to remember that the British reforms in the railway sector are considerably more radical than the Danish. Hence, one cannot directly transfer the experiences to Danish conditions.

The reforms have started a process. The paper indicates that a growing awareness exists in the Ministry of Transport which might in the future cause more autonomy for the DSB. The continuation of NPM reforms probably will change the DSB's logic of action to be more in accordance with a logic of consequentiality, safeguarding only the interests of the DSB. And finally, I expect in the future a weathering away of network coordination which can threaten coordination among employees at lower levels of the organisations.

More than any, Rhodes studying the British situation has provided inspiration for this paper. Some of his observations in Britain are also experienced in the Danish railway sector. Hence, a fragmented DSB due to NPM reforms creates some degree of network coordination. As in Britain, we also experience that cooperation vies with competition as the organising principle. That is the (future) strengthening of a logic of consequentiality at the expense of a logic of appropriateness and a public service ethos, and the weathering away of trust. The paper also confirms that the reforms have created a greater need for coordination and so far the Ministry of Transport is not sufficiently capable of accomplishing the task. Thus, similarities exist between Rhodes' analyses in Britain, and the Danish railway sector.

However, there are also deviations. The autonomy of the DSB is not enlarged but reduced, while one should expect the opposite to be the case. So far, the DSB only has changed its logic of action to a limited extent. The network as a coordination mechanism is present at lower levels of the organisations but does not seem to have great importance at the top levels of the organisations. These findings are in contradiction with typical late modern characteristics of planning and policy making. Thus, it seems one should not exaggerate the extent of changes in planning and policy making in late modern society.

Now, can these conclusions be generalized to other parts of the transport sector in Denmark which have experienced reforms of the same kind?

Due to the formal conditions we can divide quangos as well as privatised corporations into four categories depending on whether the state owns shares and if the Act that establishes the corporation stipulates special conditions:

- The Controlled: State sole shareholder. Stipulations in law.
- The Connected: State shareholder among others. Stipulations in law.
- The Affected: State owns shares. No stipulations in law.
- The Autonomous: State does not own shares. No specific law.

In this categorization the DSB belongs to The Controlled. The state is the sole shareholder and the DSB Act leaves the state with considerable possibilities to control the DSB. For example, the corporations formed to build the large bridges belong to the same category. One could expect to get similar findings investigating other corporations belonging to The Controlled, while one could expect different findings studying corporations belonging to some of the other categories. However, the categorization is only based upon the formal conditions, and a broader study of these corporations in late modern society might leave us with other categories.

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