



FUTURE TRENDS IN EUROPEAN PUBLIC
ADMINISTRATION AND MANAGEMENT: AN
OUTSIDE-IN PERSPECTIVE

Christopher Pollitt

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About COCOPS

The COCOPS project (Coordinating for Cohesion in the Public Sector of the Future) seeks to comparatively and quantitatively assess the impact of New Public Management-style reforms in European countries, drawing on a team of European public administration scholars from 11 universities in 10 countries. It will analyse the impact of reforms in public management and public services that address citizens' service needs and social cohesion in Europe. Evaluating the extent and consequences of NPM's alleged fragmenting tendencies and the resulting need for coordination is a key part of assessing these impacts. It is funded under the European Union's 7th Framework Programme as a Small or Medium-Scale Focused Research Project (2011-2014).

About the Author

Christopher Pollitt is Emeritus Professor at the Public Governance Institute, Katholieke Universiteit Leuven. He can be contacted at: christopher.pollitt@soc.kuleuven.be

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Abstract

This report takes an outside-in perspective on the future of public administration. It asks what the most probable and salient external circumstances will be, and then looks at how, and how far, practitioners and academics are addressing them. Finally it offers a brief, preliminary assessment of how far, during the current austerity, EU governments appear to have taken decisions consonant with adaptation to these external trends.

The overall conclusion is that EU government responses to foreseeable external trends have been limited and patchy. Many official studies of climate change, technological change and demographic change have been produced, but concrete responses in terms of resource allocations and public management reforms do not seem to have been very substantial.

Keywords

Climate change; demographic change; technological change; public management reform; budgeting; future trends

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Introduction: outside-in

This paper covers four main issues. First we review some of the 'megatrends' in the external environment that seem very likely to impact on public administration in the foreseeable future. These 'outside' factors include demographic change, climate change, technological developments, levels of public trust, and shifts in the political environment. Second, we present a summary of what practitioners and their consultants seem to be saying about the future of public administration, when they are asked, explicitly, to consider it. As far as the author is aware this is the only summary of this kind, and should therefore have some value, at least as a preliminary synthesis. Third, the practitioner stories about the future are compared with selected academic writings on the same issues. Finally we begin a debate about how far the current actions of governments measure up to what they and their advisors are saying about the future. In other words we ask the question "are EU governments walking the walk as well as talking the talk?". This is, however, a huge subject, and within the confines of the paper we can only superficially scratch its surface. Hopefully, such scratching will prove irritating enough to provoke others to dig deeper.

Overall, therefore, the aim is to conduct a preliminary exploration of the relationship between what governments and their advisors are saying about the foreseeable impacts of major external trends, and what those same governments are doing in terms of current management reforms. In this exploration we will focus mainly on the practitioner literature, but also selectively cite key academic work when it has a direct bearing on the point under discussion.

All approaches to estimating, predicting or forecasting the future are vulnerable to error, and sometimes to gross mistakes. Economics, for example, although in some respects a more highly developed academic field than public administration, has a whole history of spectacularly mistaken or blind forecasts, very much including those relating to previous fiscal crises, the economic crisis of 2007/8 and the results of subsequent austerity policies (Hood et al, 2013; Pianta and Bramucci, 2012; Skidelsky, 2012). The first quality we should bring to this exercise is therefore one of humility. What is being constructed here is not *the* answer about the future of public administration it is one, hopefully plausible, way of exploring what some of the contemporary answers are, as how consistent they are with current policies.

Fortunately, the scope and variety of research within COCOPS enables us to take a range of approaches to the question of what public administrations will look like in the future. This variety of perspectives should at least minimize the dangers of fixation on any single future scenario. One approach is to look at what current academics are saying about the future – what ideas are in currency. That we have done in (Curry, 2014). Another is to survey the opinions of

civil servants about current trends. That we have done in Work Package 3 (Hammerschmid et al, 2013). In this paper, however, we take a third perspective, one we have termed 'outside-in', because instead of beginning with contemporary ideas *inside* the academic or practitioner communities of public administration, we have here tried to see what *outside* circumstances are most likely to make big impacts on public administration, and what the consequences of these impacts are likely to be.

Some of these external circumstances are fairly sure and solid – we can, so to speak, count on them. For example, barring global catastrophes of disease or war, we can be confident that in the near future the population of elderly people in Europe will continue to grow larger relative to that of younger people, because these soon-to-be-old people already exist – as do the current cohorts of new-borns and young. Further, we can be confident that this demographic shift will considerably increase the demand for many kinds of health care and social care services, most of which are currently paid for and provided by – or at least extensively subsidized by - public authorities. We already know, therefore, and have known for some time, that this is going to be a public sector pressure point, at least over the next few decades. Many policy commissions and committees, in many countries, have deliberated and pontificated on these issues, and there will assuredly be more.

Other external circumstances appear likely but are less sure. For example, rising sea levels and the growth of extreme weather episodes (climate change) have huge implications for public authorities in many parts of Europe, but we are much less sure of exactly when and how fast these levels and episodes will increase. There are considerable scientific debates about the best methodologies for making estimates and, in any case, the rates and extent of change can be affected by public policy decisions which have yet to be taken or implemented.

Other circumstances are even more uncertain. We know that they *may* come about, and plan for those eventualities, but the 'if' and 'when' questions are impossible to offer any safe answer to. For example, if certain viruses improved their ability to 'jump' from other species to human beings, then Europe could be faced with hugely consequential pandemics that would involve governments in many vital ways. But we cannot know if this will actually happen, or when. This paper does not cover these lower probability events.

This outside-in way of approaching the future has both advantages and disadvantages. One advantage, compared with following the contents of academic PA journals, is that it directs itself to relatively concrete external events and circumstances rather than the more abstract world of models and concepts of management. The latter can be volatile, with particular ideas

becoming very fashionable, taking on a bewildering variety of forms, and then fading quite quickly (Jackson, 2001; Osborne, 2010; Pollitt and Hupe, 2011, Sahlin-Andersson and Engwall, 2002). Another advantage is that external circumstances can be seen as more obviously varying across different contexts. Whereas some enthusiasts may see Public-Private Partnerships (PPPs), or 'Lean', or performance management as solutions to public administration problems almost anywhere, no-one is likely to believe that Switzerland faces the same problem with rising sea levels as the Netherlands, or that the demographic problems of Sweden are identical to those of Palestine. As the EU Commission wrote of climate change: 'Impacts vary across the EU depending on climate, geographic and socioeconomic conditions' (European Commission, 2013, p2). Thus an initial focus on concrete external circumstances encourages the analyst to remain sensitive to significant contextual differences (Pollitt, 2013). A third advantage, relative to responses from large surveys of public servants across Europe, is that the documents examined here are mostly written by people who have been specifically charged with the responsibility of thinking about the future. By contrast, a general survey will inevitably pick up a substantial proportion of respondents who have no specific responsibility for thinking about large scale future trends and pressures. Their jobs are to get on with their current jobs, and their opinions about future trends may on occasion be relatively uninformed or unthought-through. A disadvantage of our outside-in approach, however, is that it starts at quite a distance from the specifics of organizations and their powers, personnel and budgets, so what we learn from it may not be easily translatable into immediate prescriptions for organizational change.

What we will attempt to do in the following pages is to identify some of the more likely and consequential of these external circumstances, and trace out what their implications will be for public administrations in the future. This is the kind of exercise that governments themselves (and a variety of inter-governmental bodies, think-tanks and consultancies) also undertake, and we will draw heavily on that body of existing work. [Recent examples include Audit Commission, 2010; DEFRA, 2013; Deloitte and Reform, 2013; EU Commission, 2013; KPMG, 2013a; Ministry of Finance, 2013; OECD, 2013a, Prins et al, 2011; PWC, 2013; Scientific Council for Government policy/WRR, 2007; Swedish Commission on Climate and Vulnerability, 2007.] We will focus mainly on EU governments, with only occasional references to North American material that also seems relevant to Europe. We draw no conclusions in respect of other regions.

Regrettably, public administration *academics* have - with a few honourable exceptions - done little to illuminate an outside-in perspective. The mainstream PA journals have carried few articles directly addressing these contextual pressures, more often concentrating on current theoretical and conceptual themes, or on analysing recent reform initiatives. Of course, some of

these theoretical approaches may have *potential* for addressing the consequences demographic change or global warming, but this potential has yet to be harnessed. This may be one (unfortunate) symptom of the documented tendency for academic public administration to become more introspectively 'theoretical' and 'conceptual', and less closely connected with the concrete interests of practicing administrators (Flinders, 2013; Pollitt, 2014; Raadschelders and Lee, 2011; Radin, 2013; Rhodes et al, 1995). We do refer to a some studies, by public administration academics, but the total is modest.

Materials analysed

As indicated above, most of the sources we draw on are by practitioners or are commissioned by practitioners. We have looked for relevant materials among the reports and working papers of the OECD public governance section, the European Commission, national governments in the EU, their principal scientific advisory bodies and the leading public management consultancies – KPMG, PWC, Deloitte and Ernst and Young. It is relatively unusual to give much space to the publications of management consultancies, but we would argue that this is warranted by a) the huge international influence these organizations have built up over the last two or three decades - at least in some countries - and b) the previous neglect of their analyses in most academic public administration (National Audit Office, 2009; Saint Martin, 2002, 2005).

We have also accessed academic material but, for the reasons already stated, have done so in a fairly selective and 'light' manner. Sometimes the most interesting academic work turns out to be contained within publications that are not predominantly or explicitly about the future context, or, at least do not show up on a 'futures' keyword search (such as Demmke and Moilanen, 2010, Dunleavy et al, 2006; Hood and Lodge, 2012; Mungiu-Pippidi, 2013). It should also be noted that some of the most interesting contributions from PA academics come in the form of books, which are not picked up by searches of journals. A number of these are cited here.

Key contextual influences

We have treated the selection of the key contextual factors in an emergent rather than a theoretically-driven way. That is to say we have been largely guided by what policymaking practitioners and their advisers are discussing and focussing upon. Following their literature we have identified six main factors:

1. Demographic change. Here we have divided the subject matter into two aspects: first, what effects the ageing of the general population seems likely to have on public services and, second, what may be the consequences of the changing age profiles of the staffing of public services themselves.

2. Climate change
3. Economic trajectories, especially the effects of the current period of 'austerity'.
4. Technological developments
5. Public trust in government
6. Changes in the nature of the political environment

All these are regularly recognised in the publications of national governments, of the OECD and World Bank, and of the big international management consultancies as having major long term impacts and implications. In the following sections of the paper we deal with each of them in turn.

Whilst theory may not be to the fore it cannot, of course, be ignored, and it certainly cannot be pretended that it does not exist. As Keynes famously observed, practitioners who seem superficially free of any theory are often carrying all sorts of theoretical assumptions into their work, though these may be unspoken or even unconscious. For example, both the OECD and several of the management consultancy reports referenced later in this paper appear to be based on the classic rational comprehensive model – they are all in favour of strategic frameworks, explicit prioritization and scientifically warranted evidence. Ordinary day-to-day politicking is, from this perspective, a rather tiresome nuisance that wherever possible should be coralled within bounds. Some of these underlying theoretical threads will be picked up and discussed in the later sections of the paper.

Demographic change in the general population

In almost all EU countries the share of the population represented by the elderly is increasing and will increase further. Table 1 gives a brief illustration of this trend.

	Population over 65 as a % of working age population (15-64)	
	2010	2025
France	25.9%	35.8%
Germany	30.9%	40.7%
Italy	31.1%	38.8%
UK	25.2%	31.4%

Table 1: Ageing populations

[Source: derived from KPMG 2013b]

The economic and fiscal implications of this shift are profound. Unless many older people work for longer, a proportionately smaller workforce is going to have to support a proportionately bigger retired population. More pensions, healthcare and social care will be 'consumed' by these older generations – and pensions and healthcare tend, in many EU states, to be the two largest single public spending programmes. To take just one example, the healthcare system is already experiencing an increase in the number of cases of many of the most common types of cancer, and a major factor in this is simply that more cancers develop the longer people live. Treating cancers is, of course, both an expensive and a labour intensive operation. It is also one where, unless governments keep a close eye, serious inequalities of treatment can develop as between different social groups and geographical localities. Less threateningly, hearing loss also increases markedly with age, and it is estimated that 55% of people over the age of 60 have some degree of hearing impairment. A growing elderly population therefore implies a huge increase in the demand for the wide range of devices and services which help reduce the adverse social effects of hearing loss. Overall, however, the ageing trend will by no means affect all areas or countries equally (Wolf and Amirkhanyan, 2010). In some places an increasing elderly population may be balanced by high birth rates and/or the immigration of large numbers of younger people. Other communities may simply age without any offset, indeed the local population may suffer absolute decline (e.g. in some of the rural areas in the Nordic countries). So the precise effects on local expenditures, revenues and services will vary considerably.

Many EU member states have set up national commissions or research projects to assess these developments, and one can already see a variety of government responses, including, most visibly, increases in the retirement age (OECD, 2013c). The recent KPMG report on fiscal sustainability makes it clear that, in KPMG's view, what it calls the 'intergenerational cycle' needs to be actively planned for. It recommends that each government should prepare a regularly updated 'intergenerational report' and should adjust policies such as pension policies and 'health annuation' policies to anticipate demographic change (KPMG, 2013b, pp33-35). An 'intergenerational report' may sound quite technocratic, but the accompanying suggestion that governments should regularly revise basic aspects of their policies on healthcare and pensions is deeply political and controversial. Another consultancy, Deloitte, say that, despite current austerities, 'demand for public spending will continue to grow because of our ageing society' (Deloitte/Reform, 2013, p2). The dramatic conclusion they draw is that 'Government as we used to know it is unaffordable' (*ibid.*, p2)

The implications of the growth of the elderly population for the public authorities are extensive and varied (Audit Commission, 2010). . Most obviously, additional resources will need to be focused on this cohort, if the current quality of life for the elderly is to be maintained, let alone

improved. However, resources alone will hardly suffice. There will also need to be an increase in several types of capacity, including the capacity to assess the needs of elderly citizens; the supply of skilled personnel to meet those needs; the provision of a range of communication devices to assist those who are partly or wholly confined to their homes, and the availability of specialist facilities of various kinds and levels (from drop-in community day centres to centres of geriatric medicine). Demographic developments are also intertwined with technological change (see later section of this paper) because it is widely anticipated that new technologies will contribute significantly to the elderly's quality of life. These contributions range from healthcare diagnosis and advice via the internet (NHS Confederation, 2010) to the use of domestic robots for all manner of household and carehome tasks.

Demographic change in public services

Many public services contain a disproportionate number of the 'baby boomer' generation, a cohort which has now begun rapidly to retire. This creates both dangers and opportunities. There are dangers that experience, expertise and crucial skills will be lost and not adequately replaced. There are opportunities to replace older and often more expensive workers with younger, less expensive and more appropriately-skilled staff. A recent OECD study put it like this:

'The workforce is ageing in many OECD member countries, in some cases even more rapidly than the rest of society and the wider labour market...For example, in Italy 50% of central government employees are more than 50 years old; in Belgium, Germany, Iceland, Sweden and the United States the percentage is over 40%. An ageing public workforce increases the fiscal burden while decreasing the immediate capacity to respond to the general challenges of the population ageing. The large number of retirements from the public service will affect capacity for service delivery' (OECD, 2013a, p6)

When austerity is the priority and savings are needed, across the board, percentage cuts in staff are generally not the recommended option. Targeted staff reductions within an overall strategic plan are seen as preferable, although many EU countries apparently lack the capacity and political will to carry out such strategic planning (OECD, 2013, pp14-20). Recruitment freezes may easily become similarly damaging – new skills may be needed, and it may be both easier and cheaper to acquire these through recruiting new blood than through trying to retrain existing staff. In other words the sort of short-term money-saving measures to which governments are tempted by the fiscal crisis may easily run against the needs for longer term HRM planning.

The leading management consultancies also recognise the importance of demographic change within public services. PWC, for example, is concerned that public services may need to change in order to make themselves attractive enough to the 'millennial generation':

'Public service bodies may... need to reconfigure existing work styles, cultures and preferences to meet the needs and expectations of this emerging generation. This may entail moving away from traditional nine to five working days and embracing flexible work times that reward effectiveness and achievement of clearly stated targets. It may also mean creating an easier path between the public and private sectors, so that a career could more easily encompass meaningful assignments in both spheres' (PWC, 2013, p38).

Whilst modest moves in these directions have already been made in some EU member states, others have done very little. And even in the more 'flexible' public services, it is hard to attract high-aspiring young people when numbers and organizations are being downsized, pay is frequently frozen, pension entitlements are being reduced, and much of the popular press are highly critical of 'the bureaucracy'.

Climate change

Climate change will be important – is already important – for public authorities in a myriad of ways. Most dramatically, it will lead to increased floods in some areas and increased droughts in others – and these extreme events will cause both loss of life and destruction of property. But the less television-worthy aspects are in some ways even more consequential. Global warming will change the conditions for agriculture and water supply; it may well alter the patterns of disease, it is likely to impact on building and construction requirements, and it could well give rise to significant population movements.

In its 2013 Communication The EU Commission was relatively specific in spelling out what it considered public authorities would need in order effectively to adapt to climate change (European Commission, 2013). It notes that whilst 15 of the 27 EU member states have adopted adaptation strategies, in most cases few concrete measures have yet been implemented. It goes on to identify knowledge gaps that will require focused research. These include estimates of the costs (and occasionally benefits) of damage resulting from climate change, risk assessments at regional and local levels; frameworks and tools to assist in the evaluation of the various possible adaptation measures and means and indicators for monitoring progress. There will also be a need to develop new industry standards in the areas of energy, transport and buildings in order to ensure a more climate-resilient infrastructure (buildings, roads etc).

Some of the the implications of this analysis are quite clear. The EU public services of the future will require highly skilled analytic and evaluation capacities at all levels – local, regional, national and EU-wide. They will need to be able to develop strategic frameworks and design appropriate performance indicators. They will need staff trained in how to monitor progress within the adopted strategies. At the higher levels public authorities will have to collaborate across regional and national borders, which will call for a further set of diplomatic and negotiating skills, in addition to command of the relevant scientific knowledge. These requirements at EU level are largely mirrored in some of the national reports (e.g. Swedish Commission on Climate and Vulnerability, 2007).

Further, the EU Commission acknowledges that already:

‘Some extreme weather events have increased, with more frequent heat waves, forest fires and droughts in southern and central Europe. Heavier precipitation and flooding is projected in northern and north-eastern Europe, with an increased risk of coastal flooding and erosion. A rise in such events is likely to increase the magnitude of disasters, leading to significant economic losses, public health problems and deaths’
(p2)

This scenario has obvious and major implications for public services. It means that emergency organizations need to be trained and equipped for larger and more frequent climatic emergencies. It means that health services should plan for alterations in the patterns of disease. It means that public education campaigns should be launched to try to ensure that citizens do all they can to protect themselves and their properties from storms and floods. It may mean that agricultural agencies need to advise, incentivize and regulate farmers in new ways, so as to promote agricultural practices that help adaptation to climate change. It also means that governments must try to act in a more horizontally-co-ordinated way than many of them have managed to do in the past, because climate change affects so many different departments and agencies (Parker et al, 2010, pp73-100)

The KPMG report on ‘global megatrends’ identified climate change as one nine developments that would have major impacts on governments and citizens (KPMG, 2013a). It concluded that: ‘while there have been ongoing efforts to coordinate global responses to combat climate change, these will need to be accelerated to prevent the most devastating impacts of rising CO2 emissions’(ibid., p52). Therefore, the report argues, governments need to become better integrated, horizontally (because climate change touches so many different parts of government)

and they also need to increase active co-operation with other governments and with international institutions.

The report goes on to discuss a set of characteristics which it suggests will be 'typical of "leading practice" governments in the future (ibid., p60). These characteristics, which include more evidence-based policymaking, more long term thinking, and more market testing of providers, are contrasted with 'characteristics of typical constraints facing some governments today'(ibid., p60). These 'constraints' include the problems that a) 'policy is subject to the vagaries of political expediency, trial by media and vested interests' and that 'Policy solutions are flavoured by short to medium-term thinking'(ibid., p60). There is, however, little discussion of how governments are supposed to get from the 'constraints'of the present to the 'leading practice'of the future. In general 'politics' comes over as a negative influence, getting in the way of rational, evidence-based long term strategies.

Climate change is also one of the 'wicked problems' cited in a study by five EU governments entitled *Governments for the future* (Ministry of Finance, 2013, pp15-17). The study argues that problems such as climate change, ageing populations and fiscal austerity require more horizontally-integrated, evidence-based and innovatory government processes, and suggests that the centers of governments need to gear up to facilitate such processes in a variety of ways.

Sweden is an example of an EU state which has carried out a detailed study of the implications of climate change for land planning, flood and storm protection and so on. The Swedish Commission on Climate and Vulnerability laid out the consequences for emergency management and other public services (Swedish Commission on Climate and Vulnerability, 2007). That report embodied a lengthy list of new powers and responsibilities for state agencies and local governments. For example, the Forestry Act should be revised; information campaigns should be launched; new infectious diseases should be monitored by public health services, and related staff training carried out; the National Food Administration should be given responsibility for co-ordinating drinking water issues; the Energy Markets Inspectorate should be given responsibility for ensuring that power networks are robust in the face of storms; Sweden should press for vigorous EU level action on the Baltic, and so on. Whether Swedish agencies and local authorities were subsequently given the resources to carry out these recommendations, and whether Sweden's 290 autonomous municipalities all fell in with the Commission's views are further questions that we cannot yet answer.

In the Netherlands an independent scientific advisory body also produced a major report in 2007: *Climate strategy – between ambition and realism* (Scientific Council for Government

policy/WRR, 2007). Like the Swedish report, it identified a long list of likely impacts, and discussed some of the consequences for government. One major conclusion was that 'The government needs greater powers to steer the implementation of major water management projects' (ibid., p40), and another was that better co-ordination was required between water management policy and physical planning policy. The report highlighted some of the difficult issues facing Dutch authorities at various levels when, in a very crowded, high density landscape, climate change implied that areas designated for construction would need to be re-designated as 'room for the river' – i.e. subject to periodic inundation.

These Swedish and Dutch examples are illustrative of a larger population of scientific studies which have been produced by advisory bodies in a number of EU member states. They are not, note, policy decisions, still less implemented programmes. We will come to what governments actually seem to be *doing* later in this paper.

Economic trajectories in the EU

Most European public sectors have already been seriously affected by the global fiscal crisis, the following economic crisis, and the consequent Eurozone crisis. Greece, Ireland, , Portugal and Spain have been particularly hard-hit, and the UK has also carried through a programme of public spending cuts larger than any others since the 1920s. This 'age of austerity' has naturally attracted wide interest from both the practitioner community (e.g. KPMG, 2013b; OECD 2012) and from academics – including COCOPS researchers (Hood et al, 2014; Kickert, Randma-Liiv and Savi, 2013; Pollitt, 2010). It was soon apparent that:

'As nations cope with the resulting imbalances, they will also be dealing with longer term fiscal pressures stemming from the ageing of populations and rising health-care costs. In contrast to previous recessions, the return of strong growth will not end the fiscal gaps facing these nations but will serve as the prelude for even more difficult and wrenching choices' (Posner and Blöndal, 2012, p11)

It is quite clear that the crisis has impacted different EU member states very differently, but what is not yet clear is just how long this new age is going to last. At the time of writing there is no clear end in sight. This is important, not least because in some states an extended period of austerity is likely to lead to cuts upon cuts, a 'minimal state', and a dramatic loss of attractiveness of public sector careers.

In one of the small number of future-oriented articles by public administration academics, the theme of different impacts on different states was taken up in detail by Lodge and Hood (2012).

Their analysis brought together three principal dimensions: the financial vulnerability of each state, the predictable impacts of demographic change, and the likely consequences of environmental risk (climate change). Combining these challenges, Lodge and Hood argued that in terms of these three 'outside-in' pressures states could be grouped into three categories. Among the compositely highly vulnerable were Belgium, Denmark, Greece, Ireland, Poland and Portugal. Among those of medium vulnerability were Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Hungary, Italy, Luxembourg, the Netherlands, Norway, Slovakia, Spain and the UK. Sweden and Switzerland fell into the least vulnerable category. Whatever one might conclude about the detailed methodology and results, this paper is one of the very few that has at least attempted to bring the various external challenges together in a single analysis. It also suggested that there were a variety of possible responses to these external pressures. First, there could be a revival of the 'directing state', with governments trying to take greater control of the economy, and to develop central strategies for addressing demographic and climatic change. Second, in the desperate search for savings and short term growth governments could hollow themselves out and allow businesses to take over large swathes of the public sector, under a mantle of light-touch regulation. Third, the emphasis could be on developing a local communitarian state, characterised by local solutions and self-help. Fourth, governments could struggle on in the current mode, throwing huge pressures on public servants to do more with less, resulting in a state of 'barely coping' (Lodge and Hood, 2012, p86).

Elsewhere, in the practitioner literature, one widely recommended strategy for confronting austerity has been to engineer more horizontal 'joining-up' (KPMG, 2013a; Ministry of Finance, 2013; OECD, 2013a). By breaking down bureaucratic barriers this, it is argued, will simultaneously remove expensive duplications and enable more co-ordinated and therefore effective approaches to some of the biggest policy problems. The danger, however, is that, with traditional vertical structures in central government, the very opposite may happen:

'Departments and silo-based public service providers are likely to protect their core functions and squeeze out opportunities for the collaboration and innovation necessary to tackle the really big "wicked issues" such as climate change and inequality' (Parker et al, 2010, p99)

More broadly, a number of the consultancy reports see a more strategic approach by governments as a central requirement for the establishment of an 'affordable state' (Deloitte/Reform, 2013). PWC identifies 'ten strategic actions for tomorrow's public leaders', including prioritizing, strategy-making and agile anticipation of new situations (PWC, 2013,

p47). Deloitte, rather bizarrely, recommends the restructuring of the 'corporate centre' of UK government along the lines of the U.S. White House. This seems to ignore the huge differences between the US and UK political systems, as well as the inconvenient truth that for many years now the U.S. government could hardly be said to have enjoyed a very successful strategy for tackling fiscal stability and the U.S deficit. Interestingly, elsewhere in the report, Deloitte briskly rejects even the possibility of 'nordification', giving as the sole reason that the Nordic states have high top rates of personal income tax! Neither the relative success of the Nordic group in weathering the financial crisis, nor the enduringly high levels of Nordic citizens' trust in government are mentioned. KPMG are insistent that 'strategic financial frameworks' are the key to fiscal sustainability (KPMG, 2013b, pp14-15). They are also of the view that:

'future governments will need to marshal and develop added skills that require greater breadth of policy domain thinking and increased focus on the long-term versus the short-termism and political expediency that currently dominate the decision-making process' (KPMG, 2013a, p52).

What the consultancy literature usually does *not* seem to envisage is that governments could play an active role in economic development, rather than merely making the conditions right for the private sector. This could be both short-remembered and short-sighted. After all, not only were some EU governments called upon to rescue banks and other companies during the worst of the crisis - and they still own substantial slices of these - but the world's most successful economies of the past decades have mainly been those of south-east Asia and Brazil, where the state continues to exercise a developmental role. One of the possible future scenarios envisaged by Lodge and Hood (2012) was that of a directing state, with newly-acquired (or re-acquired) technocratic and organizing skills.

Technological developments

Public administrations in Europe have, over the past two or three decades, already been profoundly affected by technological change, and there is every reason they will continue to be so. Unfortunately, with the notable exception of e-government, mainstream public academic public administration has had very little to say about this nexus of relationships. Yet technological change has had significant effects on, *inter alia*, the locations of administrative activity, their costs, the nature of administrative tasks, the skill sets needed by officials, rules and regulations, and the types of interactions citizens have with their public authorities (Pollitt, 2012, pp54-70). Trailblazing recent research has argued both that IT investments and management are significant determinants of overall administrative productivity (Dunleavy and

Carrera, 2013) and that the leading candidate to replace the New Public Management as a reform paradigm is 'Digital Era Governance' (Dunleavy et al, 2006).

We may begin with what are perhaps the most obvious developments for governments – the further elaboration and improvement of large scale computing. This is crucial because so many of the core processes of government (including making payments, providing information, and monitoring service delivery) have long been heavily dependant on ITs. One group of leading scholars put the matter like this:

The advent of the digital era is now the most general, pervasive, and structurally distinctive influence on how governance arrangements are changing in advanced industrial states' (Dunleavy et al, 2006, p225)

It follows from this that governments need the capacity to select, procure, implement and operate sophisticated ICTs, often on a very large scale. This is far from straightforward, as a considerable number of expensive failures - in a number of EU states - have borne witness (e.g. Committee of Public Accounts, 2000; Dunleavy et al, 2006; Keen, 2010). States which (like the UK) were most enthusiastic about New Public Management (NPM) doctrines tended both to decentralize authority (to a myriad of agencies) and to contract out not only IT provision, but also operations and maintenance, and even expert advice and the management of the contracting process itself. Faced with an oligopolistic market dominated by a few large global corporations this left governments dangerously 'hollowed out' – lacking the independent in-house expertise to run or even to choose and procure its basic systems (Dunleavy et al, 2006). This situation is made even more precarious by the general enthusiasm for new technologies that seems to grip governments. As a Dutch scientific report said:

'The level of "techno-trust" among politicians and policymakers can be seen in the hugely ambitious plans they have made for and with ICT, not only in terms of the technology itself, but also in respect of actual policy' (Prins et al, 2011, p11)

On the whole consultancy analyses of the future of public management are similarly enthusiastic about technological change, seeing it as a key to the large public sector productivity improvements which they argue are imperative if fiscal stability is to be regained. Deloitte is fairly typical:

'Government is generally slower to adopt new technologies than the private sector – though not because it lacks the will to innovate' (Deloitte/Reform, 2013, p20)

To speed innovation, regulatory hurdles should be reduced, runs the argument. This is vital because: 'Opportunities to exploit technology exist at every tier of government' (ibid., p20). Data analytics - better use of public data by both public authorities themselves and by open publication - is seen as an important direction for the immediate future. PWC is in favour of 'large scale demonstrators' of innovative solutions, and approvingly cites 'new health care systems, smart grids, intelligent transport systems and smart cities' (PWC, 2013, p23). In the fields of social and health care various commentators see large promise in remote/distance healthcare, in the use of robots for supporting frail and elderly people, and, of course, in the dizzying possibilities of bioengineering.

A recent focus for intense debate has been the advent of technologies to handle 'big data' – data sets of previously unimaginable size and complexity. Opinions range from extreme optimism to dire pessimism. At one pole there are those who argue that this is 'revolution that will transform how we live, work and think' (Meyer-Schönberger and Cukier, 2013). It will enable hitherto slow-moving public services to move much faster, and to treat citizens on an individual rather than a categorized basis. At the other stand a variety of critics. Some see big data as a huge threat to personal privacy, raising the spectre of a big brother state (or a series of big brother corporations, tracking our every move and purchase). Some also worry that the cultivated enthusiasm for big data will be used as another means for getting governments to spend large sums on IT projects which will make profits for the big IT companies but will turn out to work much less well than advertised, and will further 'hollow out' the central state. Others believe that the idea that a huge increment in data will transform policymaking is naive, not least because, at the end of all the data collection and processing, decisions will still be taken by a group of politicians and officials whose ability and willingness to address data thoroughly and dispassionately have been noticeably absent in the past (see, e.g. Hammond, 1996; Kahnmann, 2012). In short 'big data' is still a new kid on the block, and it is not yet clear what mixture of benefits and dangers it will bring. Certainly, however, some governments are already spending considerable sums on big data projects, and management consultancies and IT companies are, understandably, enthusiastic.

The organizational and processual implications of the kinds of analysis we have reviewed in this section are both profound and various. One conclusion would be that governments will be seriously exposed if they do not maintain (or create) a considerable in-house capacity to anticipate the main directions of technological change, and to be able to conduct analyses of the systems on offer and then manage large-scale procurement. Buying in advice on these issues may sometimes be necessary as a stop-gap measure. But it can very easily become buying in

experts whose past, present or likely future careers depend on the corporations who have patented the technologies. This is the oft-referred to problem of the 'revolving door', which seems to have been growing in a number of EU and OECD states (OECD, 2013b, p28).

Another conclusion would be that some kind of central body equipped with both expertise and authority is needed to prevent IT procurement and application becoming an un-co-ordinated process across government. Such fragmentation may not only waste a great deal of public money but, in addition, significantly undermine the prospects for greater 'horizontal' - an objective which, as we have already seen, many practitioner commentators see as a key to future public administration under conditions of continuing austerity. Individual schemes often have implications for other parts of government, yet these wider ripples are not seen until too late (Prins et al, 2011). Big data projects frequently require the joining-up of multiple databases. On the other hand, a balance has to be struck here – central *diktat* can stifle local and grass-roots innovation and can also lead to large scale central mistakes (Keen, 2010). Modularization and standardization may hold some of the answers (Dunleavy et al, 2006) but contemporary technologies do seem to have recreated in a new form the age-old administrative dilemma of local autonomy versus centralized control and economies of scale. Innovation and modernization remain paradoxical – full of unintended consequences, and unhappy as well as happy surprises (Margetts et al, 2010; Pollitt, 2012). Any suggestion that technological innovation in the public sector can be coralled within some kind of national or international strategic plan must be regarded as at best unproven and lacking any convincing precedents (Edgerton, 2007). What also seems somewhat neglected, especially in the consultancy reports, is the fact that, historically, governments have been active contributors to technological change, not merely passive recipients of it or adaptors to it. It was public sector organizations that first launched, *inter alia*, the Internet and the World Wide Web (Pollitt, 2011). But these were not the fruit of strategic planners or central innovation units – they were rather the product of individuals and teams which were given time and money to explore and experiment.

Public trust in government

In contrast to technological change, public trust has attracted large interest from public administration scholars and governments alike (e.g. Llewellyn et al, 2013; Newton, 2007; OECD, 2013b; Van de Walle et al, 2008). Public trust is of great consequence for public services. If public servants are not trusted by citizens many things become more difficult or costly. Theoretically speaking, one of trust's chief benefits is that it drastically lowers transaction costs. Citizens and businesses are more likely to obey the law, pay their taxes, and participate in the 'co-production' of a wide range of services if they trust public administration. Newton (2007, p342) put it as follows:

'There has been an explosion of interest in the concept [trust], partly because of evidence of its decline in western society, and partly because of the intense interest in theories of social capital. Social capital...has important implications for a large number of diverse phenomena important to government – from economic efficiency, educational attainment, and crime to longevity, good health, stable democracy and life satisfaction...and trust is the central core of social capital and the single best empirical indicator of it'

Newton's reference to the evidence of a decline in trust is itself a focus of considerable dispute. Although such a decline is widely presumed in both the popular media and a number of more academic publications, the evidence for it is far from convincing. One careful analysis shows that - for the 1980-2000 period - 'the OECD "Decline in Trust" meta-story is weak' (Manning and Guerrero, 2013, pp83-87). And more detailed comparisons seem to indicate that, in the UK at least, there is no very clear pattern of decline over the three decades from 1983 to 2011, at least in the sense that the major public service professions were trusted to tell the truth pretty much the same at the beginning as the end of that time (Mahon, 2013). It is interesting, however, that the rank order of trustworthiness seems to be very stable, not only in the UK but elsewhere in the EU, and is one in which doctors, teachers, judges and the police are all judged by the public to be far more trustworthy than either government ministers or politicians in general. So if there *is* a trust crisis, as many commentators insist, it would seem to be politics that is far more in need of reform than administration (Mahon, 2013, p193; Van de Walle et al, 2008)

It is necessary, therefore, to distinguish between different aspects of public trust. It is perfectly possible for a majority of citizens to trust their teachers, doctors and fire brigade officers, whilst holding politicians in very low esteem (Mahon, 2013, pp193-4). Further, trust varies between different services – for example, typically, in Europe, doctors and teachers are trusted more than senior civil servants or the police. The inter-relationships between, and influences upon, the different types of trust (individual/collective, calculative, practice, role, identificatory, etc) are complex and only very patchily researched (Llewellyn, S. et al, 2013). This does not seem to deter some of the management consultancy reports reviewed here, in that they advance strong recommendations for improving trust without either offering much evidence or much discussion of which kinds of trust it is they are talking about:

'Transparency helps to rebuild trust and keep all parties accountable for actions and outcomes'(PWC, 2013, p13).

This is a simplistic view, and, given much of the actual evidence so far, a dangerously optimistic one. Consider the assessment of one of the foremost scholars of open government and freedom of information:

'[I]t is far from clear that a radically heightened capacity for monitoring governmental activity is necessarily in the public interest...Public agencies, subject to a degree of openness that is far greater than that imposed on the businesses and other organizations with which public officials must work, might be incapacitated by transparency' (Roberts, 2006, p226).

The OECD, whilst propogating the same 'serious erosion of trust' story, offers a far more nuanced picture than PWC. Indeed, at one point they attribute loss of trust in government policymaking, *inter alia*, to business influences in government:

'Evidence suggests a widespread sense that governments are not able effectively to regulate markets, that business exerts an undue influence over public policy and that the distribution of burdens and rewards across society is skewed'(OECD, 2013b, p5).

In sum, therefore, we can say that the alleged dramatic decline of public trust in public services is far from proven. The most obvious decline of trust is trust in politicians (Wilks, 2013, pp95-98). Even this, however, makes it more difficult for the public sector to meet large challenges from the external environment, as it tends to make non-governmental actors (business organizations; citizens groups) reluctant to believe in the capacity of governments to stick to long term plans and strategies. So 'buy in' to such stratgies becomes harder to secure, and the willingness of interest groups to challenge and chip away at them increases.

The changing nature of politics

Public services have always operated in a political context, and purely technical analyses which ignore this tend to arrive at unrealistic conclusions (Pollitt, 2003). Over time, however, the nature of that context has been changing, and these changes may well carry implications for the ability of public services to prepare to face the consequences of demographic and climatic change.

Although the specific changes in the political environment have varied considerably from one EU state to another (Pollitt and Bouckaert, 2011, pp163-168) certain trends have been internationally rather widespread. These have included the following:

- Increased electoral volatility and declining party loyalty on the part of citizens
- New parties springing up and making party competition more complex and multi-lateral
- More media, reporting more quickly and aggressively, 24/7. The growing salience of the 'sound bite'
- The personalisation of politics, in the sense of media portrayals of governments and politics becoming more focused on individual characters and their foibles, and on clashes between personalities, rather than with policies and programmes
- Fewer opportunities for ministers to gain popularity by announcing major new welfare state programmes – governments have been more concerned with managing the existing welfare state or, in the more recent period of austerity, trimming it back. These are inherently rather unpopular tasks.

All these developments have made the lives of ministers more pressured and precarious. Partly to try to shield themselves from such pressures, ministers in many countries have resorted to greater use of political advisers and media experts (Peters and Pierre, 2004; Pollitt, 2009). In the UK, for example: 'The traditional planning model of public policy is now traversed by design professionals expanding the remit of design from industry and architecture to policy work, and by a proliferation of interventions from think tanks, consultancies, entrepreneurs, university research centres, policy commissions and NGOs' (Newman, 2013, p521)

Inevitably, the growth of the cadre of such politically-committed and/or specialism-claiming experts has somewhat diluted the influence which the career civil service used to have over the policy agenda and policy advice. In any case, in quite a few EU states the security of tenure of senior civil servants themselves has been somewhat reduced, and their terms of employment brought closer to those in the private sector (Demmke and Moilanen, 2010). And in some cases the civil service has itself been extensively penetrated by high-level recruits from the business sector (e.g. Wilks, 2013, pp77-79)

The implications of this for policy formulation with respect to the megatrends of demographic change, global warming and fiscal austerity are not entirely clear or uni-directional. It can be argued that the combination of factors identified above will usually make it even more difficult than it was previously for governments to formulate and implement long term strategies, and to pursue policies which require short term sacrifices in order to reap long term social benefits. Their electoral support will be less firm than a few decades ago. The mass media will continuously and mercilessly illuminate the more negative aspects of any new policy pronouncement. The 'spare' budget resource to buy off opposition and soften the edges of unpopular-but-necessary programmes will be small or non-existent. Many of their closest advisers may also be 'politicized' and oriented mainly towards the short and medium-term survival of their minister and their government – or their consultancy or think tank. And even the career civil servants who advise ministers may not be quite so secure in their long term

positions as they would have been in yesteryear. In these circumstances the short and medium term effects of policies may easily become quite dominant (not that they were ever secondary or trivial). In the case of fiscal responsibility, the punishment for irresponsible policies may be quite stiff, and not long in coming. Credit rating agencies, the IMF, the EU Commission and other 'watchdogs' will quickly pick up on any measures which make the fiscal balance significantly worse. Unfortunately, perhaps, no such early, visible penalties will attach to backsliding from many of the policies which prepare for demographic and climate change. A slowing down in better insulation programmes; a delay in installing alternative energy generation capacity; a postponement of an increase in the construction of flood defence works; a failure to increase intermediate care facilities for the elderly – none of these are likely to have the immediate political and media impact of a gross failure to hit spending targets. They are more gradual, subtle types of policy failure. They are less easily attached to issues of individual personality, or of 'victories' and 'defeats'. Furthermore, even a dramatic, media-worthy event such as a damaging flood or storm cannot be confidently attributed to global warming – it is just another storm, even if the climatological statistics show that 'just another' is becoming more and more frequent. And when there is a scandal in a carehome or a failure by a hospital accident and emergency department, it can usually be pinned on local management, and not on the growing background pressures from an ageing society.

One exception to this general tendency to treat the immediate symptoms rather than the long term underlying causes, however, would be the challenge of reforming pension systems in the face of demographic change. This is different, because pension spending is almost always a very large component of public expenditure generally, and therefore impacts on fiscal targets. It is highly visible, and a topic attracting much attention in the global financial community. And it is clearly the responsibility of governments, and not an 'act of God' or a failure of the local management of a carehome or school. That may be one reason why, as we shall see later, reductions in pension entitlements have been one of the most widespread and obvious consequences of the fiscal crisis.

Public, private and public-private solutions to key contextual influences.

Whilst we have already identified a number of foreseen consequences for public administrations deriving from notable external trends we must immediately enter the *caveat* that this does not mean it is possible to read changes in public sector organizational structures and processes from such an analysis. On the contrary, the possible mechanisms connecting contextual pressures to specific reforms are both complex and various, and the nature of the particular political and administrative context will very often play a vital role in shaping and translating general pressures into actual administrative response – or the lack of it (Pawson, 2013, Pollitt, 2013;

Pollitt and Bouckaert, 2011). In this section we will discuss these mechanisms, but must immediately disappoint any reader who hopes that the result of this analysis will be a set of concrete and specific 'things that will happen' (still less 'things that should happen'). On the contrary, even if a highly probable and concrete need is established and accepted (e.g. for more trained staff to deal with floods) *how* and *by whom* this need will be satisfied remains questions that are likely to be determined by political and ideological influences as well as by technical analysis. Indeed, they *are* political issues as much as purely technical or managerial ones, as we will illustrate below.

Almost any service *can* be provided by directly employed state employees working for public authorities, *or* by private sector organizations and their staffs, working under contract, (contracting out to for-profit or non-profit entities) *or* they can be left for the private sector to provide themselves, or not (purely privatized provision). The extremes are far apart: in some countries at some times even beer has been brewed by state organizations, and local authorities have supplied housing tenants with a mobile vacuum cleaner service, while in others significant parts of the armed forces, the security services and prisons have been contracted out. Such shifts from one form of provision to another have often been politically controversial, and they carry strong implications for issue of public values and public accountability (Bozeman, 2007). There are significant variations across Europe in this respect, with some countries (e.g. the Netherlands and the UK) deciding to contract out certain public services which other countries (e.g. France or Germany or Denmark) would regard as intrinsically part of the state apparatus. In late 2013 I attended a conference in which the Head of UK Public Sector for KPMG announced as "good news" the alleged finding that 98% of all public sector jobs could be contracted out to the private sector. This claimed fact would not necessarily have been seen as good news in many other EU countries (nor, indeed, by quite few members of his audience on that day).

Most most consultants appear to have little doubt about the directions in which things should travel in the near future. Here is Ernst and Young's Global Government and Public Sector Leader:

'Governments ought to focus more on policymaking, public management and control, opening the door to the private sector for more operational matters. Public private partnerships (PPP) is a possible way of how this might work'(Peuch-Lestrade, 2010, p25)

This is a very conventional and widespread agenda within the management consultancy literature. Note that, in this particular case, at least, it assumes that the private sector is routinely better (more effective and efficient, it claims elsewhere in the piece) than the public sector at operations. Therefore the door now needs to be opened for the private sector to take over operational aspects of the public sector (which is a strange way to put it, since in a number of countries the private sector has been streaming through that door for up to 25 years already – see Wollmann and Marcou, 2010; Wilks, 2013).

Another major consultancy, PWC, recently produced a substantial report on *The future of government* (PWC, 2013). Although somewhat more open to the virtues of public services being delivered by state-owned organizations than some of the documents from other consultancies, this report again wanted more doors opening for the private sector (and non-profit organizations):

In our view, partnering and co-venturing, co-creation and co-design are the new "must-have" capabilities...'(PWC, 2013, p2)

Deloitte's *State of the state* report does not commit so explicitly to this solution but, on the other hand, is probably the most forthright in its conviction that 'the time is right for a national discussion of where the state begins and ends' (Deloitte/Reform, 2013, p1). It makes quite clear that, in its view, the modern British state is unaffordable, and must significantly contract – mainly by not doing things that it has done in the recent past. Just below the surface, therefore, this report seems to be another recipe for privatisation, contracting out and more partnerships.

It is, perhaps, necessary to remember that there is just as much, if not more, self-interest in these claims by management consultancies as in the contrasting claims sometimes made by public servants and their trade union representatives to the effect that their activities can only be provided by career officials with all the traditional securities and protections. If there are any 'facts' in this highly contested arena two of them are that public/private comparisons are often very difficult to make in any meaningful and reliable way, and that the long debate about which sector is more efficient and cost-effective has by no means been generally or definitively, and perhaps cannot be (Pollitt, 2003, pp1-25).

It is also the case that the increase in contracting out which seems to be accompanying austerity in a number of countries may be storing up trouble for the future, in at least four, interconnected ways:

1. Large scale contracting out eventually 'hollows out' the state apparatus so that it becomes very hard for governments to act independently. They no longer have the in-

house capacity to do things or even, in some cases, to analyse things they need to understand (Dunleavy et al, 2006; Keen, 2010; Wilks, 2013). In the UK even the business of commissioning services is being increasingly shared with other providers (Newman, 2013, p519)

2. When public services are run through a myriad of contracts it becomes even more difficult than before for governments to achieve horizontal integration/joining-up (Grossi et al, 2010, pp235-236: Lowndes and McCaughie, 2013, p538)
3. In so far as contracting out results in increased discretionary spending it is statistically associated, internationally, with higher levels of corruption. 'Bad public spending is any spending where discretion is high. Spending on new infrastructure projects, for example, allows to channel government resources to favourite companies, either directly or indirectly through local or regional governments...' (Mungiu-Pippidi, 2013, p125)
4. Extensively increasing the participation of businesses in government may *increase* public distrust in government (OECD, 2013b, p5)

Overall, therefore, the Anglosphere practitioner literature seems to envisage current contingencies - especially austerity – leading to a smaller state and a smaller role for the state. Indefinite cutbacks and hollowing out are the main envisaged directions of travel. Other EU governments seem less convinced of this approach, and more willing to consider a range of options including, in cases where it is deemed appropriate, an expansion of public sector powers and capacities. It is evident that, organizationally, there are a range of possible responses for tackling the external challenges discussed above. The precise mixtures of state provision, contracting out, private for-profit provision and third sector activity which are eventually adopted within different jurisdictions seem to have as much to do with political doctrine as hard evidence. As for more joining-up, horizontality and partnership, there is near unanimity that all this is desirable, but only limited recognition of the what academics have long acknowledged as the limits and drawbacks to this approach (Pollitt, 2012, pp81-86).

The practitioner literature and the academic literature compared

Although there is some overlap between the two bodies of literature, there is also extensive divergence. Recent practitioner literature has been much focused on austerity, on regaining 'fiscal balance', and on the external challenges of demographic and climatic changes. It has also tended to sing a hymn to future technological change which, it is anticipated, should fuel many improvements in public services and to some degree take care of the awkward equation of 'more with less'. Unsurprisingly, the practitioner texts are also more prescriptive than the academic, almost always offering check lists of what needs to be done - though some of these are couched in fairly bland terms. The widespread consultancy advocacy of a more strategic approach by governments is one such case – a number of consultancy reports say how important this is, but usually their recommendations on how to become more strategic are couched in very general terms. There is also a cross-over here between the business world and that other consistent advocate of 'strategy'- the OECD. Indeed, in some of its work the OECD has

explicitly adopted strategy models taken from the business school literature, despite some fairly obvious problems in their implementation in governmental contexts (see, for example, the OECD's advocacy for the 'strategic agility' model in their 2010 governance review of Finland – Doz and Kosonen, 2008; OECD, 2010).

The academic literature has been far less concerned with 'environmental and contextual factors' (Curry, 2014). It has also been far less concerned with actual solutions to contemporary challenges, being much more active in developing theory and refining concepts – which are, after all, what gets published in peer-reviewed journals and therefore what universities are increasingly rewarding PA academics for writing (Flinders, 2012; Raadschelders and Lee, 2011). A number of academic articles record the difficulties of articulating realistic and durable strategies in the political market place (refs.). Academia has also been more cautious, or sometimes downright skeptical of the alleged utopian possibilities of managed technological innovation (e.g. Bekkers et al, 2011; Edgerton, 2007; Margetts et al, 2010; Pollitt, 2012). These and other academic writers draw a much more nuanced picture of innovation and technological change, one in which new technologies have both anticipated and unanticipated consequences, one in which breakthroughs can often seem accidental rather than managed, and one in which the local contexts of implementation may be crucial to the usefulness or otherwise of the new technology.

As previously noted there are, however, some areas of apparent overlap between the practitioner and the academic literatures. One is the subject of trust. Another is the idea of network or collaborative government. Both academics and practitioners have written extensively on trust (e.g. Hardin, 2006; Llewellyn et al, 2013; OECD, 2013b). Both review alternative dimensions or definitions of trust. Both discuss possible means of raising trust. There are differences, but they seem to be mainly differences of degree. The practitioner literature is more inclined to accept the OECD's 'meta-story' of declining trust, and also more confident in prescribing remedies – more inclusive policymaking which is transparently aligned with the public interest and which is informed by high standards of behaviour (OECD, 2013b; PWC, 2013). The academic literature is more likely to play with alternative definitions, to question whether the decline has been either as marked or as widespread as many practitioners suggest, to point out that it tends to be politicians who are losing trust rather than public services, and to draw attention to weaknesses in the notion that public authorities can somehow re-engineer trust by procedural reforms.

Treatments of network government/governance and collaboration are even more numerous than those of trust. Almost every practitioner report cited in this paper at some point mentions the

need for greater collaboration, networking, partnership, 'connection' or 'horizontality'. Everyone is against bureaucratic silos. More joining-up is almost universally recommended for the future. Similarly, academics have become quite enchanted with networks, all the way down from 'The network society' (Castells, 1996) to 'local community networks'. We should note, however, that this enthusiasm does not seem to be particularly focussed on the particular external challenges which this paper has discussed. Rather it is a generic recipe for public administration, dating back to seminal works written long before the current crisis (e.g. Kickert et al, 1997; Kooiman, 1993). Quite how more networking will help with climate change and demographic change is seldom spelled out in any detail, except for various formulations of the very general idea that, as these are 'wicked', multi-faceted problems, they will need many actors both within the public sector and beyond, to join together in partnerships in order to devise solutions or ameliorations (e.g. Ministry of Finance, 2013). There is nothing wrong with this idea, of course, but it is no more than the first hint of a solution and needs to be contextualised and confronted with data about the scale of the problems in different jurisdictions before it can be used seriously to engage with the practitioner world. Such detailed engagement is as yet hard to find. Equally the practitioner literature, both governmental and consultancy-based, makes very little mention of the various problems (including accountability, risk-sharing, slowness of decision-making) which are known to have been quite common in partnerships and collaborations (e.g. Grossi et al, 2010; Huxham and Vangen, 2000; Keen, 2010; Shaoul et al, 2011). The founding academic fathers and mothers seem to have overlooked how easily networks and partnership would play into the agendas of large, for-profit corporate entities (Wilks, 2013, pp26-7).

Are EU governments 'walking the walk' as well as 'talking the talk'?

If EU governments were following the kind of advice generated by the national and international practitioner literature reviewed earlier in this paper they would presumably already be doing a number of things, including:

- Generally becoming far more strategic and long-term
- Giving budgetary priority (or at least protection) to certain parts of the public service, especially those that are needed to adapt to the effects of climate change and those those that facilitate the health and independent living abilities of the growing elderly population
- Seeking and using better evidence to guide policy decisions
- Also focusing public infrastructural investment on measures to promote adaptation to climate change
- Investing heavily in training public servants to be capable of sophisticated gathering and analysis of policy-relevant information; to be competent at 'horizontal' collaborations with other agencies and departments; and to have the skills necessary for a) more

participatory modes of service delivery and b) foreseeing and managing rapid technological innovation

- Recruiting scientists to give governments independent assessments of major scientific issues such as climate change.
- Recruiting technologists to give governments independent assessments of the potential of new technologies, especially in the fields of care for the elderly, energy sustainability, adaptation to climate change, and bio-engineering
- Making and implementing medium and long term human resource plans to ensure that the transition from larger, older public services to smaller, younger ones is accomplished with minimum loss of skills and relevant experience, and that the new generations are professionally socialized into an appropriate set of 'public service values'.
- Using all the available institutional levers to maintain, or recover, public trust in ministers, public sector organizations, and public service staff.

Are they in fact pursuing these priorities? To formulate a sure answer to this would take a huge amount of investigation, going far beyond the limits of this paper and, indeed, the COCOPS research programme as a whole. What we can do here, however, is to review a few fragments of evidence that bear upon these issues. In doing this we will apply quite a tough standard. In line with our concern for rather concrete external circumstances we will be looking primarily for concrete internal actions – budget allocations, infrastructural investments, the appointment or training of staff, the acquisition of new legislative powers, the promulgation of new regulations, and so on. We are less impressed with the setting up of new committees, panels or groups – these may turn out to be useful or they may not. As any student of politics and public administration knows, they are the standard reaction of governments which are under pressure to do something but have not summoned up the will actually to act. Similarly, promises of new partnerships, better co-ordination, consultation and participation are fine in themselves, but represent the prelude to action, not action itself.

First, we can say that the recent research into government policymaking under austerity suggests that budgets are usually being made fairly opportunistically rather than according to some overall strategy. Short term fiscal targets dominate, and the 'wicked problems' of the foreseen future slip towards the back of the stage. In their overview summary of the views of public sector executives in nine European countries, in only two did the executives believe that targetted cuts were the prevailing strategy used by their governments (Kickert et al, 2013, p35). Across the board, percentage cuts or recruitment freezes were widely used, especially in the early stages of consolidation. In the hardest-hit member states - Greece, Italy, Portugal and Spain - researchers found no relationship between cutback strategies and ambitious plans for administrative modernization (Di Mascio and Natalini, 2013). Also, 'in most countries, a

remarkable number of respondents claimed that the power of the Ministry of Finance increased to a great extent' (Kickert et al, 2013, p55; echoed in OECD, 2012). This is significant for the concerns of this paper because ministries of finance are, quite properly, overwhelmingly concerned with *financial* issues. They are not the torch-bearers for future problems of demography, climate change or trust in government.

Second, we can note an absence of any general statements by governments that resources specifically relating to the 'megatrends' we have discussed above are being afforded any special protection. We are currently unaware of any official document that claims that, under austerity, specific budgetary priority is being given to the issues listed in the bullet-points above. An absence is not by itself proof, but one would have supposed that, if any such prioritizing was taking place, governments would have claimed some credit for it.

Third, it looks as though this fiscal crisis has been similar to previous ones in at least one respect. Many governments have resorted to across-the-board cuts in civil service numbers and freezes or radical reductions in recruitment (Bach and Bordogna, 2013; Bordogna and Peredrsini, 2013). Civil service training has been an early, and relatively 'soft', target (Lodge and Hood, 2012, p84; Metsma, 2013). Given the list of desirable actions at the head of this section, the careful recruitment, training and re-training of officials to meet new circumstances appear to be high priority actions, but the actual trend of cutback management often seems to be largely in the opposite direction.

Fourth, however, we can see repeated evidence of at least one form of megatrend adjustment – the constriction of pension rights. All over the EU national governments have been raising the age at which citizens can receive state pensions, moderating indexation and adding automatic adjustment mechanisms to make pension schemes more fiscally sustainable.

'While many pension reforms had been in the making even before the crisis, a major accelerator of pension reform was the economic crisis' (OECD, 2013c, p9)

Such reforms have been pursued in 'older' and 'newer' EU member states alike, although some of the most radical cutbacks in entitlements have come in the CEE states (see, e.g. Hungary in OECD, 2012, pp54-550). Whilst it is hard to argue with the logic of fiscal sustainability, there is, of course, a considerable price to be paid. Over recent decades, in a number of western European states, more generous pensions had begun to make significant inroads on the problem of old-age poverty. That gain is now endangered. More broadly, it is important, in an era of

cuts, to note the link between free, or cheap public services - especially health and social care - and pension income:

'Public services are retirement income enhancers' (OECD, 2013c, p15)

Fifth, when we set pensions aside for a moment and look more closely at those other sectors on which cuts have fallen most heavily, the picture varies a good deal from country to country, and is not very clear overall. The OECD's *Restoring public finances: 2012 update* (2012) is probably the most authoritative comparative source, but it does not really get down to the level of detail that would enable us to identify specific programmes relevant to demographic change, climate change and other megatrends. Welfare and health programmes have generally been the most frequently hit (OECD, 2012, p52) but they are also very large spending items, so it is not surprising that they have had to 'bear their share'. Infrastructural spending has also frequently been a target, but while cutting, say, road construction might have little effect on readiness for climate change, cutting flood defences certainly would.

A recent EU Commission study on the economic and social benefits of environmental protection uses Eurostat figures to show that total public environmental spending across the EU27 fell slightly from 2009 to 2011, though that headline figure conceals large national variations (DG Environment, 2014, p200). However, as a percentage of total public spending 12 of the 20 member states that provided data for both 2008 and 2011 showed an increase in that percentage. Significantly, though, we should also note that 2011 was still an early stage in the austerity process – in many of the big EU member states the heaviest public spending cuts came after that. The DG Environment report offers few policy comments, although it notes that flood protection investments typically return benefits six to eight times the magnitude of the costs. In sum, one might say that, across the EU27, environmental protection spending fell only marginally during the first three years of the crisis. We do not yet know what happened later on, but these figures, such as they are, do not seem to indicate any particularly high priority being afforded to this sector.

Here and there is some more concrete and specific evidence that austerity measures are impacting directly and negatively on policies and organizations concerned with demographic change and global warming, but it is patchy. Thus, in the UK (which Kickert et al, 2013 thought had one of the highest shares of targeted cuts) social care took a particularly large reduction, although it will be central to coping with the growth in the number of elderly citizens. Furthermore, the coalition government has announced a cap on social care spending which is due to come into force from 2016. Paradoxically, however, healthcare - in the form of the NHS

– was told that its allocation would not be cut in real terms. This is slightly odd because it has long been the policy of UK governments to keep the elderly out of hospital for as long as possible – and that is precisely where social care is so vital. It becomes less strange when it is remembered that the NHS has long been immensely popular with voters, and is fervently protected not only by the Labour Party but by countless vocal citizens’ groups. Singling it out for protection can therefore be seen as at least in part a populist rather than an evidence-based decision. The protection, however, is limited. For decades it has been recognised that the NHS needs an annual growth in its real terms budget simply in order to keep up with changing medical technologies and demographic change - in other words it has to spend more simply to stand still in service terms (Harrison and McDonald, 2008, pp5-7). The ring-fenced ‘protection’ afforded by the coalition government gives it less than this - a standstill in real terms. So unless it can achieve large and genuine productivity gains, services are bound to decline. Furthermore, the rules have been changed to encourage a further penetration of the NHS by private providers. In Ireland the capacity of public services has been reduced generally, but healthcare has been one of the hardest hit sectors. Cuts in home help hours have had direct impacts on the elderly and disabled (Robbins and Lapsley, 2014, p95).

Another UK example would be the Environmental Agency, which is responsible, *inter alia*, for flood protection. Under the coalition government it was rapidly scheduled for 25% staff cuts and a budget cut of almost £100M. Then, after widespread flooding during the Winter of 2013/14, ministers and government MPs reacted to prominent media coverage by criticizing their own Agency and hurriedly throwing £130M back at the problem (Carrington, 2014). As the flood crisis deepened, this kind of in-fighting led to growing public criticism of the government, and soon the Prime Minister himself intervened, making a dramatic promise that ‘money is no object’. This cut-and-restore sequence of events could hardly be described as long range strategic planning.

Some of the more specific practitioner literature does examine what skills future civil services will need. A UK Cabinet Office paper on the civil service identified the key needed capabilities as:

- Leading and managing change
- Commercial skills and behaviours, so that civil servants can work in a world where services are increasingly commissioned from the private and voluntary sectors’(Cabinet Office, 2013, pp3)
- Delivering projects and programmes
- Redesigning services and delivering them digitally

There is no headlining here of the policy analytic skills which The European Commission, OECD and some national government and management consultancy reports see as important. Nor is there any mention of the skills necessary for international negotiation and collaboration - although these would be central in handling climate change. The main emphasis is on management, especially the management of procurement, outsourcing and major infrastructural projects. It refers to a need to buy in missing skills, particularly in the areas of digitalisation, commercial contracting and project management.

This Cabinet Office paper followed on an earlier government document, *Open public services* (Minister for Government Policy, 2011). That was the foundational document for public service reform under the Conservative/Liberal Democrat coalition government. It began by attacking the civil service as having failed to deliver equal opportunities. It then prescribed reforms that would reduce direct public provision of public services to a 'default' position, i.e. most public services would be subject to competition between diverse providers (Pollitt, 2013). It made many supportive comments about community participation and localism, but ignored the evidence that this could easily become unrepresentative and NIMBY-ish. It also ignored the fact that 'new market opportunities opened up by small entrepreneurs tend to be readily gobbled up by corporate players' (Newman, 2013, p520). It was silent on international collaboration, despite the fact that many regulations are set at the EU level, not by individual municipalities in the UK.. It did not offer any treatment of demographic or climatic change and, almost miraculously, even managed to avoid saying much about the wave of budget cuts that were announced at almost the same time. It was an example of a public service reform document that almost ignored the 'outside'.

Of course there are also some official documents that focus specifically on the megatrends described above. Take, for example, the DEFRA report *Making the country resilient to a changing climate* (DEFRA, 2013). Unlike the other UK documents mentioned immediately above, it focuses directly on climate change. What is remarkable about it, however, is how little new, specifically government action it commits itself to. The dominant sentiment is a reluctance to countenance large-scale government action, encapsulated in the following paragraph:

'If adapting to climate change is in the interests of an individual and an organization then it should occur naturally and without the government's intervention (except in areas of the government's responsibility). This is already happening in some cases. However, barriers to adaptation do exist' (DEFRA, 2013, p7)

Analysis of the international threats and opportunities to the UK is contracted out to a management consultancy (PWC) and the role of the EU is described in the most minimal terms ('supplementing national action'; 'creating a strong common understanding of the opportunities and risks at the European level'- *ibid.*, p12). Local authorities are said to be important, but the main measure actually discussed is the mere setting up of a Local Adaptation Advisory Panel. No new commitment of budgetary resource is mentioned anywhere in the document (indeed, neither did the document mention that the Department had recently decided to cut its climate change adaptation spend by 40% - Carrington, 2014) . The focus is on the creation of panels and groups and committees, and on encouraging business to seize market opportunities, not on government resources or actions.

Elsewhere, we find that, in Germany the picture is quite complex. At the federal level revenues are currently buoyant, and energy policy and climate change have witnessed increases in ministerial staff, while some other ministries have been frozen. However, programme spending shows a mixed or, indeed, contradictory picture. For example, the 2014 budget shows a subsidy of 1.1 billion for building insulation, but also a subsidy of 1 billion €s for hard coal and another one of 2 billion €s for firms that suffer from the new tax on electricity. The environmental protection agency believes that the total level of subsidies which are environmentally harmful may run as high as 50 billion €s (personal communication from official of the German Federal Treasury, 2014). At the level of the Länder (states) the picture varies, with some in good fiscal health while others face severe cutbacks. On the whole strategic prioritization seems to be the exception rather than the rule at both levels. At the same time, like other EU states, there has been no shortage of important government reports on what might be done to address both climatic and demographic change. But it seems that, in Germany as elsewhere, the official rhetoric and the scientific analysis may both have outrun the resource allocations.

In France, The Ministry of Sustainable Development is one of the harder hit in the budget cuts of the past two years. At the time of writing Italy did not yet have a national adaptation strategy for climate change. Environmental expenditure by the macroregions seems to have been fairly stable – while some other programmes have been cut. On the other hand investment in environmental protection has been reduced (Personal communication from official of the Bank of Italy, 2014). Overall, however, Italian public expenditure for environmental protection seems to have followed a more buoyant trajectory than in many other EU members states (DG Environment, 2014). In Ireland, as we have already seen, services to the elderly seem to have been particularly hard hit. Estonia - a country whose government is often held up as one of the most modernized and strategic-minded of the CEE accession countries – actually cut health care by a bigger percentage than many other programmes (Savi and Randma-Liiv, 2013). In

Romania in 2013 the Ministry of Work, Family, Social Protection and the Elderly took the biggest budget reductions, although much of that fell on social assistance programmes. Meanwhile the Ministry of the Environment suffered the biggest staff cuts (admittedly it was one of the largest ministries). The Danube Delta Reservation (environmentally crucial) also took large staff reductions.

Conclusions

To reiterate, this is a rapid and preliminary 'take' on some very big issues. It is intended to stimulate, or provoke, further contributions to a set of questions that do not yet seem to have received academic attention commensurate with their social and political importance.

The literature sampled in the foregoing review can be categorised into a number of groupings, and it is the relationships between these groups that are of prime interest. First, we have a set of official reports on the megatrends. Unsurprisingly, these documents stress the importance of demographic and climatic change, technological innovation, and so on. They also identify substantial implications and consequences for the government machine and the public sector. Second, however, we have official documents pertaining to the 'mainline' policy issues of fiscal stress, budgeting and public service reform. The main finding of this paper is that the connection between the first and the second group of documents is weak. The processes of budget-setting, resource allocation, public sector reorganization and civil service reform and training do not yet seem to reflect, in any obvious or prominent way, the challenges posed by the first set of documents. The main exception to this generalisation is the way in which demographic change has prompted reforms to retirement ages and pension entitlements, changes which have been considerably accelerated and amplified by the fiscal crisis. A third group of documents has been largely ignored by academic commentators. That is the material on megatrends and public sector futures produced by the major management consultancies. These reports deserve more independent critical scrutiny, both because of the importance of their substantive content and because of the influence and penetration which these consultancies have, at least with certain governments. Finally, fourth, we have the academic literature. As far as the mainstream academic public administration literature is concerned, this is beginning to cast light on governmental responses to the fiscal crisis, on trust, on conditions for public sector innovation and on the changing relations between politicians and senior public servants. This body of work has already supplied important correctives to some of the more simplistic assumptions made in much of the official - and consultancy - literatures about these topics. However, public administration academics have not yet, as yet, had much directly to say about the implications of population ageing or climate change for their field.

The same set of conclusions can be framed in a more pointed way. It is probable that a particular set of new, or amplified, demands is arriving and will continue to arrive at the doors of governments because of the 'megatrends' discussed above. Yet such patchy evidence as we have indicates that most governments are not doing much to prepare (either themselves or their citizens) for these eventualities. Instead they are focussing more on short term issues of fiscal restraint - making cuts and savings - often opportunistically. At other times, governments are cutting in a more targeted way, but with an eye to minimizing adverse media comment and electoral risk, using target categories that do not yet reflect the importance of the megatrends discussed above. At the same time major management consultancies and some intergovernmental bodies are urging these governments to adopt highly rational/strategic models of policymaking. This is understandable – governments certainly seem in need of sharper long term vision and a willingness to make credible commitments, often beyond the next election. Yet, however appealing such rational strategy models may be in the abstract, they seem to ignore or by-pass the way in which actual politics works in most countries, most of the time. In these visions of the future real politics is either passed over or treated as a tiresome nuisance. What is in short supply is a vision of how politics itself (or politicians) can be reformed so as to reward steady strategists rather than opportunistic populists

Some of the models being advanced by the management consultancies also appear to privilege economic and financial issues far above social and political ones. The latter are reduced to a few brief mentions of 'social cohesion' or 'trust', while the former, financial, criteria dominate most of the analysis. The (largely undiscussed) assumption is that most public services can equally well be supplied by the private sector, with no loss of public values and no damage to the public interest (but see Bozeman, 2007; Reynaers, 2014). The basic consultancy message is sometimes simply that the state is too big, and must radically shrink – but there is scant discussion of the huge social and political implications of any such revolution. In this the big consultancies are perhaps doing no more than might expect of them, as key interlocutors for, and/or representatives of, the corporate state (Wilks, 2013, pp84-85).

What is most obviously missing, therefore, are any specifically *political* routes out of the present situation - directions that will still allow politicians to behave politically, crafting the compromises and coalitions necessary to give birth to policies which can more systematically address the medium and long term, and the social and political as well as the economic. That alternative political routes *can* be chosen or found, even in this era of 'globalization' and economic inter-connectedness, has been amply demonstrated by recent comparative scholarship (Demmke and Moilanen, 2010; Lodge and Hood, 2012; Pollitt and Bouckaert, 2011; Pierre, 2013; Wollmann and Marcou, 2010; Wilks, 2013). What we do not yet have is a clear map of

how different bundles of possibilities emerge from different starting positions and adopted strategies. The mood of the recent phase of fiscal austerity has not been one of choice - rather it has been "You/we have to do *this*, and right now".

Meanwhile the community of public administration academics rarely deal directly with the concrete problems that the next two decades are likely to throw up, usually preferring to write about fashionable concepts and abstract models of 'collaboration', 'partnership', 'innovation' and 'network governance'. There are some good case studies, but it is quite a rare academic piece that actually considers alternative policy scenarios for addressing austerity. And it is an unusual one that directly addresses issues such as demographic or climatic change. A few relevant specialist areas have developed – such as water management and risk management – but these have yet to occupy the centreground of the field in universities or journal publication.

Finally, we will briefly a) reprise the limitations and weaknesses of this analysis and b) set out some of its implications for further research. The most obvious limitation is that this has been a first, an enormously condensed treatment of a huge topic. Furthermore our search has biased towards Anglophone publications which, of course, is a considerable weakness in itself. Whilst the UK and the US play a central role in disseminating public management ideas, this 'Anglosphere' (Gamble, 2009) also represents a particular type of corporate state, developed to a degree not found in most other EU countries. For the purposes of this paper this bias has a special importance for at least three reasons. First, because 'The contracting out of public services to corporations...has been taken to extremes in the UK' (Wilks, 2013, p257-8). Second, because the influence of management consultancies tends to be deeper than elsewhere in Europe. Third, because the existence of this type of corporate state probably makes it more difficult for the governments concerned to pursue sustainable long term environmental policies, and certain types of social or employment policy – not to speak of the reform of financial institutions (Wilks, 2013, *passim*). One very worthwhile extension of this analysis, therefore, would be to probe more deeply into the future-oriented practitioner literature in other European languages.

It is just possible that, at lower and more local levels of budgeting, the kinds of functions and services which we have suggested will be important in the medium and long terms, *are* being given protection and priority. The primarily national and international level of this paper would not necessarily reveal that. It would be odd, however, if a consistent preference was given in this way at lower levels without any echo at the departmental and programme levels. It would also be strange if governments were prioritizing in this way without advertising that they were doing it - particularly on issues such as demographic change and climate change, where

governments are in desperate need of more 'co-production' by citizens, if adverse consequences are to be ameliorated.

To conclude, it would appear that the opportunities for research are copious, though not easy. One straightforward advance would be – as mentioned above – to extend this analysis more fully into the non-Anglophone literatures. Another would be to dig much deeper into the patterns of micro-level allocations and re-allocations of resources under austerity. Have some governments privileged those services which address the big external challenges? If so, how has this been done, and with what consequences? The broad findings of this paper *could* change when one gets down to much more detailed levels of budgeting and policymaking, although our occasional examples of 'drilling down' do not reveal any such hidden prioritisation. A third research direction would be to explore more fully and comparatively the range of processes and institutions governments have created to try to cope with the impacts of technological change, and trace how far these have anticipated the multifarious impacts such changes will have on the public services themselves.

The 'megatrends' discussed here carry enormous consequences for millions of citizens within the EU, including many of the most vulnerable. These trends have, for the most part, been known about and researched for a long time. They carry some relatively clear implications for governments (although in some other aspects they are harder to 'read'). Indeed, governments are the only actors in a position to develop adaptive or mitigatory strategies which are fully in the public interest. Yet in the majority of the evidence considered above governments appear to be carrying out public service reforms which treat these megatrends as mere 'background', and which, instead of addressing them directly, focus either on cutting where it hurts least politically, or buying into the rationalistic discourse of the major management consultancies. The consultancy world is usually one of large and unwarranted optimism. It is a place where 'strategy' and 'leadership' can solve almost anything, new technologies will be both manageable and overwhelmingly beneficial, and 'more with less' is readily available if you will just invite the private sector in.

This paper has been a first excursion from the outside in. It would be reassuring if we could find strong evidence that governments were focussing more effectively on the more probable elements in the external, medium and long-run context. The message here is that such evidence is not yet apparent.

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