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Authority, Steering, and Democracy

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Introduction: Understanding Governance

JON PIERRE

Perhaps the most significant development in the advanced industrialized democracies over the past couple of decades has been the erosion of traditional bases of political power. The institutional strength of the nation state has been challenged from several different sources. The deregulation of financial markets and the subsequently increased volatility of international capital has deprived the state much of its traditional capabilities to govern the economy (Boyer and Drache, 1996; Camilleri and Falk, 1992; but see Hirst and Thompson, 1996; Weiss, 1998). Furthermore, subnational governments have become more assertive vis-à-vis the state; cities and regions—frequently propelled by ethnic and cultural identification—are positioning themselves in the international arena, seemingly bypassing state institutions and interests (Fry, 1998; Hobbs, 1994). Finally, the state's capacity to impose its will on society has become challenged by cohesive policy networks (Marsh and Rhodes, 1992; Smith, 1993).

The state has also been challenged from within, or, more correctly, its ability to address salient societal problems has been strongly questioned by the political elites in many western countries. The 1980s and 1990s saw the rapid ascendance of neo-liberal regimes in several advanced democracies, defining the state and its *modus operandi* not as the solution but rather as a chief source of several problems in society but most distinctly the poor economic performance (Savoie, 1994). For Reagan, Mrs Thatcher, Mulroney, and their ideological followers in several other countries the recipe to alleviate these problems was a firm monetaristic economic policy coupled with deregulation, privatization, drastic reductions in the civil service, the introduction of 'managerialism' in the public sector, and a profound

Guy Peters and Rod Rhodes have offered valuable critique on a previous draft of this chapter.

institutional restructuring of the state creating semi-autonomous agencies to replace governmental centers of command and control functions, i.e. the creation of a minimalist state (Hood, 1991; Peters and Savoie, 1998; Pollitt, 1990; Rhodes, 1994, 1997; Self, 1993). Thus, alongside the powerful changes in the state's external environment, the state itself has been restructuring in ways which seem to deprive it of many of its traditional sources of power, policy capacity, institutional capabilities, and legitimacy.

The outcome of all these changes has been a dramatically altered political landscape. The financial crisis of the state during the past 15–20 years has reversed the direction and objectives of the political project in many countries, from one of allocating growing public revenues towards one of imposing losses on different constituencies in society. Moreover, we have seen an ideological and cultural shift from collective solutions towards individualism and a *Zeitgeist* heralding private enterprise and 'the market' as the superior resource allocating mechanism.

These developments pose a tremendous challenge to the state's ability to maintain some degree of control over its external environment and to impose its will on society, partly because voters are becoming less willing to pay the taxes which an active state requires, and partly because the legitimacy of the state's predominant position in society is waning. What is at stake here is what new instruments and new forms of exchange between state and society can be developed to ensure political control and societal support. As the state's traditional power bases seem to be losing much of their former strength, there has been a search for alternative strategies through which the state can articulate and pursue the collective interest without necessarily relying on coercive instruments. Put slightly differently, the overarching question is what significance or meaning remains of the liberal-democratic notion of the state as the undisputed centre of political power and its self-evident monopoly of articulating and pursuing the collective interest in an era of economic globalization, a 'hollowing out of the state' (Rhodes, 1994), decreasing legitimacy for collective solutions, and a marketization of the state itself (Pierre, 1995). Is it the decline of the state we are witnessing, or is it the transformation of the state to the new types of challenges it is facing at the turn of the millennium?

This is the background against which we should assess the growing interest in governance both as an emerging political strategy for states to redefine its role in society and, subsequently, a growing interest among social scientists in the process of state restructuring and transformation in light of the external and internal changes discussed earlier. These emerging

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forms of governance should be seen as alternative expressions of the collective interest which do not replace but supplement the pursuit of collective interests through traditional, institutional channels. Contemporary governance also sees formal authority being supplemented by an increasing reliance on informal authority, e.g. in the shape of negotiated patterns of public-private co-ordination. The emergence of governance should therefore not, *prima facie*, be taken as proof of the decline of the state but rather of the state's ability to adapt to external changes. Indeed, as several contributors to this volume argue, governance as it emerges during the 1990s could be seen as institutional responses to rapid changes in the state's environment.

WHAT IS GOVERNANCE?

The governance literature is slightly confusing in its conceptualization of governance. Governance has a dual meaning; on the one hand it refers to the empirical manifestations of state adaptation to its external environment as it emerges in the late twentieth century. On the other hand, governance also denotes a conceptual or theoretical representation of co-ordination of social systems and, for the most part, the role of the state in that process. This latter meaning of governance, in turn, can be divided into two categories (see Chapter 3 by B. Guy Peters). In the first category—what Peters refers to as 'old governance'—questions are asked about how and with what conceivable outcomes the state 'steers' society and the economy through political brokerage and by defining goals and making priorities. The other theoretical view on governance looks more generically at the co-ordination and various forms of formal or informal types of public-private interaction, most predominantly on the role of policy networks. Thus, in the first approach, which could be labelled state-centric, the main research problem is to what extent the state has the political and institutional capacity to 'steer' and how the role of the state relates to the interests of other influential actors; in the second approach, which is more society-centred, the focus is on co-ordination and self-governance as such, manifested in different types of networks and partnerships (Rhodes, 1997). However, it should be noted that neither perspective makes any prejudgements about the locus of power.

In much of the public and political debate, governance refers to sustaining co-ordination and coherence among a wide variety of actors with

different purposes and objectives such as political actors and institutions, corporate interests, civil society, and transnational organizations. What previously were indisputably roles of government are now increasingly seen as more common, generic, societal problems which can be resolved by political institutions but also by other actors. The main point here is that political institutions no longer exercise a monopoly of the orchestration of governance. In these ways, governance could be said to be shorthand for the predominant view of government in the *Zeitgeist* of the late twentieth century. Governance, in this debate, is about how to maintain the 'steering' role of political institutions despite the internal and external challenges to the state. It is also, presumably, more palatable than 'government' which has become a slightly pejorative concept.

This reorientation of the debate on the role of the state in society has been propelled by several different developments (see Pierre and Peters, 2000). For some time now government has been believed to be 'overloaded', that is, unable to resolve all the tasks and demands placed upon it by society (Birch, 1982; Crozier *et al.*, 1975; King, 1975). In the 1980s and 1990s these problems were exacerbated by another serious challenge to state authority; most advanced western democracies were hit by a severe fiscal crisis which meant that governments could not use financial incentives to ensure compliance among societal actors to the same extent as hitherto. The economic plight also forced the state to cut back, more or less extensively, on its services; something which in turn prompted a search for new strategies of public service production and delivery. Maintaining public service levels through shared responsibilities between the state and civil society became one such strategy.

An additional development which has driven the growing interest in governance has been increasing problems of co-ordination, both in government and also in order to ensure that public and private projects to some degree share the same objectives or, at the very least, do not obstruct each other. The state has played a critical role in defining regulatory frameworks for markets. In addition, governments in most western countries during the post-war period have intervened in markets in order to promote political objectives and collective interests and also to resolve market failures. While these two different roles of the state must be kept analytically separated from each other, as Andrew Gamble points out in Chapter 6, it is equally important to acknowledge the facilitating and supporting role of the state in the economy.

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ernance is the globalization of the economy and the growing importance of transnational political institutions like the European Union (EU), World Trade Organization (WTO), Association of South East Asian Nations (ASEAN), and North American Free Trade Agreement (NAFTA). I will not review in full the now vast literature on globalization; suffice it to say that the deregulation of capital in the 1980s set in train a massive restructuring of both domestic economies and the international economic system. What seems to be the main consequence of globalization in the present context is the erosion of traditional, domestic political authority. Such authority still exists but it confronts formidable challenges; the effective limits to political control have become increasingly evident over the past decade or so. Contemporary macro-economic policy-making, to take the perhaps most obvious example, is conducted in the context of considerable uncertainty of international economic development and the possibilities of international speculation against the currency (see Hinnfors and Pierre, 1998 and the literature cited there). However, globalization causes policy makers to rethink their political strategies in a wide range of policy sectors as well, for example taxes and distributive policies.

Thus, the conventional, state-centric image of politics and the role of state in society appears to account for less and less of contemporary patterns of power and authority in an era of globalization (but see Boyer and Drache, 1996; Hirst and Thompson, 1996; Weiss, 1998). This, however, is a contested standpoint. The contributors to the present volume agree that what we are observing is less the decline of the state and more a process of state transformation. While there are differences among the chapters in the degree to which they underscore this perspective, we are still far from dismissing the state as the center of political power and authority.

Finally, governance has also gained ground as a result of the 'failure' of the state. The state-centric view on political processes has helped raise expectations on the state's capabilities beyond the state's ability to deliver. The traditional 'tax-and-spend' model of public service delivery has been questioned, in part from the vantage point of the alleged inefficiency of the public sector compared to the corporate sector.

The overarching question coming out of these developments is what new forms and shapes the pursuit of the collective interest (Peters, 1996) can and should take and to what extent we need to rethink the traditional, liberal-democratic model of the state. If the state's capacity to steer is impaired by economic globalization, what other means does the state have of imposing its will on society and the economy? If the state is no longer

able to produce extensive public services, does that mean that our image of the state as a material provider should be reconsidered? If the state can no longer steer, should elected officials be held accountable for societal developments beyond their control? These issues show the need for students of governance to develop conceptual frameworks and theories which will help structure our ways of thinking about governance and the future role of the state in society.

These issues are at the very core of our traditional image of the liberal-democratic state and democratic government. The pervasiveness of the governance debate, among social scientists and practitioners alike, is proof of the saliency of these issues and the need to rethink many of our established notions and images of the state, of the articulation and pursuit of the collective interest, and of democratic and accountable government.

THE CHAPTERS IN THIS BOOK

The governance debate is compartmentalized, reflecting the growing specialization in political science. The development of governance as an analytical framework in different subfields of the discipline will gain from a critical comparison of the contribution which governance theory makes in different areas of political science. This volume brings together experts on governance in several different subfields of political science and presents the different strands in the governance debate to highlight both common and divergent approaches in governance research and theory. The remainder of the book is divided into two parts. Part I highlights the emergence of governance domestically. Part II focuses on governance in an international context.

In Chapter 2, Paul Hirst addresses some of the key questions in the governance debate such as what new channels and processes of political control and democratic accountability the emerging forms of governance will require. His point of departure is that the liberal-democratic image of the state, particularly its notion of a sustained separation of state and society, no longer captures the nature of the modern advanced democracies. The monopoly of governance capacity which liberal-democratic theory accords to the state is no longer a valid account. So, we must reconsider both the role of the state in society and what other forms of governance seem to emerge as the state's capacity to govern is undermined. Hirst outlines a

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model of 'associative self-governance' in which governance can be generated among structures in civil society; that is, democratized networks. The emergence of new forms of governance forces us to rethink some of our traditional notions of democracy and the role of the state in society. It is clear that we have only taken the first few steps along this avenue of inquiry.

The role of the state in governance and contending images of that role is the leading theme in Chapter 3 by Guy Peters on 'Governance and Comparative Politics'. Peters identifies 'traditional' governance, where the main issue is the capacity of the state to steer and control, and 'new' governance, where the question is how government interacts with its external environment to form decisions which are agreeable to all parties. He then proceeds to compare 'traditional' and 'new' governance in different sub-fields of comparative politics. Peters argues convincingly that a state-centric approach is best suited to develop an understanding of governance in a comparative perspective. A general problem in 'new' governance is that comparison almost always has an institutional dimension but 'new' governance maintains that formal institutional structures do not account for much of what governments can do. It also seems to have little to say on government's societal role more generally.

A slightly different view on these problems is presented in Chapter 4 by Rod Rhodes on 'Governance and Public Administration'. The public service is in many ways the most intriguing arena of governance since devising new forms of public-private exchange has been a core theme of governance. For Rhodes, self-governing networks are at the heart of current governance. The chapter first elaborates on different meanings of governance and raises some interesting questions about governance: Is it new and does it matter? How does one choose between different definitions of governance? How can we explain the growth of governance? To what extent has the centre been 'hollowed out'? How does the centre manage networks? Is governance failure inevitable? In this way Rhodes pinpoints accurately the frontier of governance research, not least by drawing our attention to governance failure as a distinct possibility and also by arguing that network management is conflictual and embedded in a politically charged context.

If the public administration has been the sector of government where different models of governance has been most frequently launched, then urban politics is probably the institutional level of government where different models of governance have been both discussed and implemented. More importantly, as Gerry Stoker points out in Chapter 5, urban political theory has for a long period of time been concerned with different models

of public-private exchange and co-operation to compensate for urban institutional fragmentation, for example 'urban regimes' and 'growth coalitions'. Stoker emphasizes that governance should be thought of as a process and suggests that communication, monitoring, and structural reforms are different ways of steering in the urban political context.

In Chapter 6, Andrew Gamble looks at governance in the field of political economy. Governance has been a debated concept in this research area for some time; for example, the notion of corporate (or market) self-governance and the role of the state in economic governance. On closer inspection, the state plays two separate roles in economic governance; it constitutes and defines rules and norms of the economic order and it can be an interventionist agent in the economy. Gamble outlines and compares different 'economic constitutions'; the traditional liberal economic constitution which accords the state only a minimal function, and an economic constitution in which the state is allowed to play an interventionist role in order to pursue a broader, collective interest in the economy. Understanding the role of the state in economic governance ultimately begs the questions of the extent to which the state can (that is, has the political and institutional capabilities to) govern the economy; and the nature of the state's 'embeddedness' in the economy (Evans, 1995).

Chapter 7 presents the socio-cybernetic approach to governance. Jan Kooiman's point of departure is the growing diversity, dynamics, and complexity in society and the challenges these developments pose to steering. Governance is seen as an interactive, iterative process between a wide variety of actors, none of which enjoys effective authority over the others, or over society as a whole. From here, Kooiman outlines different types of governing such as self-governance, 'co'-forms of governing as well as more traditional, hierarchical governing. This analysis is conceptually sophisticated and represents in many ways the most elaborate theoretical analysis of governing. This approach to problems of governing and governance has played a dominant role in much of the Dutch research and it is one of the leading contributions to governance research in Europe.

Complexity is also a *Leitmotif* in Chapter 8 by James Rosenau, on governance in international relations. The problem of creating and sustaining governance has been a perennial problem in international relations. Not least globalization has triggered a number of problems for democratic governance, partly because it changes the cast of actors on the international scene and partly because it has entailed an 'accountability deficit' which has yet to be resolved. Critical about state-centric models of international rela-

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tions, Rosenau sees governance as a theory which has strong potential in this field of research.

In Chapter 9 on 'Globalization and Modes of Regionalist Governance', Anthony Payne looks at patterns of governance in the international political economy. Regionalist governance refers to transnational arrangements of political and economic co-ordination created to enhance the international competitiveness of the region. The analysis thus addresses both the role of the state in the global economy and governance as way of accommodating state interests in the international arena. Payne argues that 'regionalist governance' does not indicate the 'decline of the state' but rather transformations of the state to respond to changes in the international political economy.

Chapter 10, finally, focuses on the European Union and patterns of governance in that institutional milieu. Governance, including multi-level governance, as a conceptual framework has been embraced by many in the EU research field since it offers a useful conceptualization of institutional relationships which often tend to be negotiated arrangements rather than constitutionally defined relationships and where policies are implemented more on the basis of agreement and compliance than enforcement. Alberta Sbragia argues that the myriad of networks, which are a prominent feature of EU politics, enhances the governing capacity of these transnational institutions; the core institutions of the European Union remain at the centre of EU governance.

The concluding chapter seeks to bring together the main commonalities in the substantive chapters. The focus is on what the preceding analyses tell us about the role of political institutions in governance in different arenas and on different institutional levels. This chapter also identifies what appears to be some of the key research questions in future studies on governance.

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