Globalization and governance for sustainability

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Abstract

Purpose – *This paper seeks to take stock of core arguments in some of the most central governance traditions and to discuss their capacity to deliver solutions. It starts with an appraisal of the strengths and weaknesses of the ideas of market-, state- and civil-society-led governance, but also factors in the effect of media and communication as governance arenas in their own right. Then it aims to review core arguments put forward in broader approaches to governance where multiple governance mechanisms are combined.*

Design/methodology/approach – *This is a conceptual paper that reviews central approaches in the governance literature and their ability to further sustainable development. The review is taken as a basis for tentative formulations of new supplementary governance approaches.*

Findings – *Out of the critical analysis the paper distils is an approach to governance that combines three basic elements: First, a re-interpretation of Montesquieu's principle of checks and balances – applied not only to state institutions, but also to the interplay between the state, markets and civil society. Second, an argument for polyarchic, multilevel governance, where flexible institutional frameworks, at various levels of aggregation, allow actors to jointly engage in developing governance. Third, it argues that open communication may constitute an important governance element. It ends by recognising that global governance, going forward, will include a mix of parallel governance models, in some ways competing for hegemony, but supporting one another in other ways.*

Originality/value – *The originality/value of the paper lies in its critical assessment of central current governance theories and in its launch of new supplementary governance approaches.*

Keywords *Governance, Economic sustainability*

Paper type *Conceptual paper*

Introduction

In recent decades, we have witnessed an extraordinary economic globalization. Events such as the demise of central planning in the former Soviet Union and Eastern Europe, as well as economic liberalization in a number of developing countries in Asia represent a remarkable success for commercially driven competitive market economies.

On the one hand, market-driven globalization has spurred exceptional growth and fostered the social modernization of several emerging economies. The high growth of global wealth has, for instance reduced poverty in large countries like China and India.

On the other hand, it has also fostered new economic and social inequalities. Material consumption and environmental externalities that were manageable, when pursued by small elites, are now increasingly being replicated around the world on a mass-scale with disastrous consequences for human livelihood.

The recent financial crisis has demonstrated that the one-sided globalization of the market economy without adequate financial and social governance is putting the world at risk. Speculative strategies pursued with new and unregulated financial vehicles have evaded ineffective national control and slack international financial regulation (Martinelli, 2004).

Received 1 June 2009
Revised 15 October 2009
Accepted 1 November 2009

Additionally, the climate challenge is showing us that there are ecological limits and that growth in the western economies, now followed on a larger scale in Asia, have put the world on a fast track towards ecological crises.

This article takes stock of core arguments in some of the most central governance traditions and discusses their capacity to deliver solutions. Against this background, it also suggests supplementary governance approaches for sustainable development going forward.

Three institutional anchors for governance

Today's discussion of global governance builds on a long debate about the relationship between the state, market and society. Following the Great Depression of the 1930s and World War II, the post-war period saw an epoch of state building in most western economies with a belief in democratic leadership and active government.

The 1980s and 1990s saw a return to belief in markets with deregulation and privatisation of the economy (Derthick and Quirk, 1985; O'Sullivan and Sheffrin, 2002; Midttun and Svindland, 2001). The arguments for the new market approach included fiscal crisis, as well as political overload on the nation state, but also challenges facing the nation, states under competitive internationalization of the economy.

The late 1990s and early 2000s saw a return to stronger concern with societal governance. Following the wave of deregulated commercialisation, business was challenged by civil society to include social and environmental responsibility in their agenda in the form of Corporate Social Responsibility (CSR).

The present financial and economic crisis has again raised demand for a return of regulation and government intervention, although this crisis comes with the need for a re-conceptualization of the role of the state in the complex societies of a globalizing world.

In analytical terms, much of the governance debate revolves around three institutional anchors: government, markets and civil society, or their combinations: a discussion about different modes of coordination and control. Governance, in this understanding, is about striking a balanced combination of authority, open exchange, and norms (Martinelli, 2003).

Market-led globalization

The extraordinary economic globalization we have seen over the last few years has been driven by a highly successful diffusion of markets and commercial entrepreneurship, as well as by the expansion of multinational companies and their supplier networks. International regimes and organizations have also been successfully built up to lower border tariffs and to support the globalization process (OECD/IEA, 2007), expanding their scope in the wake of the collapse of the state-planning model in the USSR.

In response to initial political reductions of trade barriers, commercial entrepreneurship has taken the process further. Markets and production of different countries have become increasingly interdependent through changes induced by the dynamics of trade and capital flows.

The expansion of trade and liberalization of capital movements, combined with advances in communications technology, has strengthened global competition. As pointed out by the Organisation for Economic Co-operation and Development (OECD) in 2006, the acceleration of capital movements and greater mobility of factors of production has led to a situation where the economy increasingly depends on the synergy generated by a broad range of specialised industrial, financial, technological, commercial, administrative and cultural skills located in different regions or even on different continents.

Multi-national corporations (MNCs) have been a key factor in globalization. From the international model of the nineteenth century, where most operations were centered in their home countries, with only elements of sales and distribution happening overseas, the multinational model of the twentieth century created companies replicating small versions of themselves in each country as a response to the trade barriers that arose after the World

Wars. Now, globally integrated enterprise locates functions anywhere in the world (Maerki, 2008).

However, this market-led globalization has not delivered sustainable results. By the end of the first decade of the new millennium, globalization is facing two serious challenges.

First, this system has spurred exceptional growth in emerging economies such as India and China, with disturbing global consequences for the environment. Competition for resources between OECD member states and developing economies basically doubles the ecological burden on the globe (OECD/IEA, 2007).

Second, the Anglo-American-led global market economy, with the financial sector playing a hegemonic role, has provoked an over-financialization, with an excess of investors looking for increasingly higher financial returns. With financial stakeholders dictating ever stronger short-termism in the conduct of corporations, speculative creativity has been pushed beyond reasonable limits. The result has been a collapse of the global financial system, which has created the global recession, and the growth of inequalities among and within national societies.

The present ecological and financial crises clearly show the limitations of the market-driven model, and challenge the notion of the market as a spontaneous order capable of self-regulation. There is now the need for a thorough reappraisal of the relationships between market, state and civil society and for the design of new models of governance.

State-led internationalization of governance

The classical alternative to market-led globalization is state-led internationalization of governance. Admittedly these are not exclusive alternatives – globalization of markets depends on facilitating national and international regulation – and internationalised political governance of the economy is hardly conceivable without elements of market dynamics. The issue is, therefore, the relative weight of the two governance elements.

One of the basic problems with state-led global governance is the highly dualistic juxtaposition of growing democratization within nation states running parallel with non-democratic relations among them. As Held (2002) points out: accountability and democratic legitimacy inside state boundaries coincided with hard-nosed realpolitik between states.

This contradictory juxtaposition of internal democracy and external rule of power creates two potential flaws for state led international governance: the exclusive political accountability of state government to domestic electorates tends to turn them into egoistic international actors. The common ground for truly global agreements is therefore often a minimalist common denominator, lacking the means for serious implementation. Smaller groups of states may have more immediate common interests and therefore succeed in mobilizing support for stronger common policies. However, this may create regional solutions that could intensify rivalry with other regions and block truly global solutions.

Nevertheless, state-led governance can also note some successes. One of the outstanding success stories is the Montreal Protocol and the phasing out of 96 per cent of ozone-depleting substances. As most of these substances are also potent greenhouse gasses, the Protocol has also delivered substantial climate benefits (UNEP, 2008). However, critical issues such as financial regulation, global warming, migration, and distribution between the poor and the rich, remain fundamentally unresolved.

In light of some of the state-led governance failures, the regime school of governance argues that international governance may emerge without full intergovernmental consensus through consolidation of principles, norms, rules, and decision-making procedures which again trigger actors' expectations in a self-reinforcing way (Krasner, 1983; Haas *et al.*, 1993; Breitmeier *et al.*, 2007). This could strengthen governance and expand its outreach. However, more traditional realists – while recognising occasional success for regimes in moving beyond commonly accepted minima – argue that this can only come about if they rely on the existence of a hegemonic state that possesses the ability to create and enforce

international norms via economic, technological, and military dominance, and the will to do so (Waltz, 1999). Furthermore, political governance is fraught with serious efficiency problems. Wherever the state widens its role from regulator to active player in the economy, the risk arises of the formation of state monopolies characterised by lack of innovation and loss of productivity, as well as the risk of powerful lobbies capturing state-controlled sectors in favour of specific interest groups (Martinelli, 2005). The risk of corruption is also immanent wherever a huge administrative apparatus manages key sectors of the country economy, as in the case of energy and raw-material producing countries. Substitution of state-led for market-led governance is therefore hardly likely to get us any further.

Civil society-led internationalization of governance

Broad mobilization of civil society for human rights and fair trade as well as for environmental protection represents a third route to governance for sustainability. Civil society mobilization can play a key role in the global arena, since it is far less nationally constrained than governments. With an increasing engagement by civil society organizations and new and old media, the global governance agenda has, therefore, become far more open, fluid and coupled across state borders.

Its amorphous organizational freedom, at least in many western democracies, makes civil society open to reconfiguration around new issues. It is less locked into vested interests of existing party systems and may often – more easily than established governance institutions – come up with a variety of new interesting ideas from which promising answers to new governance challenges may be selected and later mainstreamed into established institutional practice.

Some civil society engagements have already noted considerable success. Through its mobilization capacity and moral persuasion, civil society has been able to exercise influence on both business and politics. Civil society organizations have managed to implant elements of public accountability into transnational firms, thereby short-circuiting traditional political regulation and engaging directly to civilize markets. Through activist campaigns, social mobilization and organizational pressure, civil society has also influenced public policy agendas to include social and environmental issues across national boundaries.

Wapner (1996) talks about ''world civic politics'' and Kaldor (2003) about a ''global civil society'' whose actors have helped to facilitate genuine political activity at the global level. Ruggie (2004) talks about ''a new global public domain'' as an arena of discourse, contestation and action organised around the production of public goods. These processes have been vital in promoting and establishing international regimes with social and environmental agendas, such as global labor rights, human rights and numerous environmental issues.

Yet, on a number of issues, civil society and NGOs have not delivered. While they are good at voicing critique and mobilising public opinion in moral and ecological issues, they are highly reliant on governments and business for implementation, and thereby quickly run up against the problems of political aggregation and commercial limitations that characterise the state-led and market-led governance. Furthermore, civil society's influence in political and commercial decision-making remains largely contingent on open democratic societies. Pressure on decision-making and business practice in authoritarian states, therefore, remains limited and often indirect.

Expanded governance agendas

Given the limitations of dominant market-, state-, and civil society-led governance, strong arguments have been presented for more balanced solutions. The classical liberal synthesis, in fact, combines the state and market in complementary roles. Likewise, arguments have been voiced for engaging civil society and social movements more strongly with conventional state politics to balance the latter's nationalistic bias. Finally, the movement for CSR has fostered alliances between business and civil society for recalibrating the global economy.

State and market – variants of the liberal synthesis

The classical liberal governance synthesis is built on a combination of market and state. Market economics presupposes the rule of law and a properly functioning regulatory framework, whereas state-led governance presupposes well functioning economic value creation to support public welfare and provide tax revenue. However, the relative balance of free price formation and supply and demand on the one hand, and public engagement in determining market outcomes on the other, may vary. In a market-led system, the state component is reduced to a minimum, and prices of goods and services are determined in a free price system set by supply and demand. In a state-led, planned economy, on the other hand, government regulates everything with only marginal elements left to autonomous supply and demand. By engaging selectively in the market economy, governments may seek to calibrate the market forces and tune them to respond to more than just individual preferences, namely also to more general environmental and social needs.

The mixed economy strikes a balance somewhere in the middle. The government controls the economy partially, but leaves other elements to free market forces. However, the balance may be struck in different ways. As argued in the literature on the varieties of capitalism (Albert, 1991; Hall and Soskice, 2001; Schmidt, 2002), market economies come in many variants, ranging from the Anglo-Saxon market-driven variant, to the continental European ''social market economy'' model and the Japanese ''developmental state'' model. The Chinese/East Asian authoritarian model has increasingly opened up for commercial dynamics, but still retains a strong authoritarian government control.

While the mixed economy model, in the context of a sovereign nation state, allows a flexible mix of state and market forces, a similar flexibility is hard to attain in the globalizing economy. Markets and commercial actors have had the capacity to scale up operations across national borders at a rate that by far outpaces public authorities.

Attempts to scale up state governments to complement the extending markets include initiatives to reach international governance through intergovernmental agreements. Fairly successful international regulation has been achieved in some cases. This includes the GATT (General Agreement on Trade and Tariffs) which was later consolidated into the World Trade Organization (WTO), as well as free trade initiatives in the OECD, The political leaders of the most important economies (G20) have pledged to intervene in their economies in order to restore confidence, growth and jobs, as well as to save large firms in crisis, and to repair the financial system and strengthen financial regulation. However, it remains doubtful whether the most powerful countries will really be able to agree on common actions to address the global crisis rather than putting their national interests first and foremost.

Another attempt to scale up political governance internationally has been through internationalization of liberal democracy. The Commission on Global Governance (1995) and researchers such as Rosenau (1997) and Ikenberry (2001) have maintained that, in order to face the threats to social cohesion and the ecological and political risks of globalization, it is necessary to extend the model of representative democracy beyond the boundaries of the nation state, generalizing its norms and institutions on a global level.

Key actors for liberal internationalists remain the nation states, although international organizations and regimes – acting according to liberal-democratic rules – play a growing role. The main problem for liberal internationalists is the accountability of decision-makers (Keohane, 2002). Since there is no global constitution, the entities that yield power and make rules are often not authorized to do so by general agreement. Key global actors such as powerful states, transnational corporations, and religious movements have an accountability gap, i.e. they are only internally accountable to those who confer authority and resources, but not externally accountable to many of those who are affected by the consequences of their decisions.

Radical and cosmopolitan approaches to democracy: combining state- and civil-society-led governance

Facing the limitations of the liberal synthesis model, one strand of literature has sought to expand the basis for global governance by combining civil society and state led approaches. There are several variants, of which the two most acknowledged models will be described here: radical democracy and cosmopolitan democracy (Held *et al.*, 1999).

The radical democracy model argues for the creation of alternative mechanisms of economic, social and political organization worldwide, based on the principles of self-government, equality of rights, the common good and harmony with the environment. It aims at creating the conditions necessary to empower people to take control of their own lives and to create self-governing communities. Key actors are collective movements, such as the environmental, peace and women's movements, which first developed in the national context and then extended their range of action to global society. These new movements are engaged in mobilizing transnational communities of resistance and solidarity against impending global ecological, economic, social and security crises. These movements aim at spreading new transnational identities and new notions of global citizenship, using the same information technologies employed by transnational corporations to control the market. They experience new forms of direct democracy at the community level, such as the participatory city budget (as in the case of Porto Alegre (Goldsmith, 1999)). This model differs from the liberal internationalist one mostly in terms of key actors and its conception of democracy. Whereas the former model is addressed to responsible political, economic and intellectual elites and governing classes and develops a notion of representative democracy, radical democracy appeals to collective critical movements, non governmental organizations and discriminated social groups with a bottom up theory of democratization (Gret and Sintomer, 2002).

By engaging conventional political processes more strongly with these movements, the goal is to vitalise the democratic process and to expand perspectives and policies beyond the traditional boundaries of the nation state.

In this respect, innovations such as participatory budgets, deliberative polls, mini-caucuses and similar instances of direct democracy are interesting proposals to re-vitalise democracy. If it is already hard to implement them at the local level, it is almost impossible at higher levels. While the radical democracy model brings interesting solutions to bear on political functions at the local level, its ability to address global governance is less convincing. Global governance cannot be achieved through only the addition of tens of thousands of self-governing communities.

The cosmopolitan democracy model is based on a ''cosmopolitan law'' that entrenches several, universally shared principles: equal worth and dignity, active agency, personal responsibility and accountability, consent, reflexive deliberation and collective-decision making through voting procedures, inclusiveness and subsidiarity, avoidance of serious harm, and the amelioration of urgent need. Key actors are the citizens, i.e. individuals enjoying citizenship in the diverse, overlapping political communities that significantly affect them, from the immediate local community to the wider regional and global networks (Held, 2002; Archibugi *et al.*, 1998). A basic pre-requisite is the growth of a global civil society where democratic cosmopolitan institutions and democratic public discourse can develop. The cosmopolitan law goes together with the institutions of legal cosmopolitanism (such as an interconnected global legal system, embracing elements of criminal, commercial and civil law), political cosmopolitanism (such as multilayered governance and diffused authority), economic cosmopolitanism (such as global taxation mechanisms) and cultural cosmopolitanism (such as the growing awareness of overlapping ''collective fortunes'' that require collective solutions). In the words of one of its major proponents, ''the core of the cosmopolitan project involves re-conceiving legitimate political authority in a manner that disconnects it from its traditional anchor in fixed territories and instead articulates it as an attribute of basic cosmopolitan law which can in principle be entrenched and drawn upon in diverse associations'' (Held, 2002). Key actors are cosmopolitan institutions. The

proponents of this project remark that the process has already begun, as political authority and forms of governance are diffused ''below'', ''above'' and ''alongside'' the nation state. The cosmopolitan democracy project is the most ambitious one in its attempt to design the principles and institutions of a democratic world polity, but is for this very reason even easier to criticize. First, it underestimates the dimension of power and the persisting importance of nation states and their conflicts. Second, it fails to identify the key actors, which could make the project real, and when it does it provides a utopian picture of their motivations and strategies. That is, it overestimates both the diffusion of the institutions of cosmopolitan democracy, which are actually fragmented and heterogeneous, and the degree of the existing consensus for the principles of the so-called cosmopolitan law, which is at best restricted to 'enlightened minorities' (Martinelli, 2004).

Corporate responsibility: combining market- and civil-society-led governance

While radical and cosmopolitan democracy approaches have sought to expand global governance through recombining state- and civil-society-led governance, the corporate social responsibility approach promotes a governance model that combines market- and civil- society-led approaches. Utilising multinational industry as a vehicle, civil society organizations piggyback on companies' international networks to impose a social and environmental agenda on the global economy.

On the market and business side, corporate responsibility literature presents a functional argumentation for extending the firm's social and environmental responsibility. On the civil society side, this literature focuses on the capability of civil society organizations to mobilise public opinion directly through media and thereby to exercise influence on business practice.

The functional business arguments for extended corporate responsibility range from general stakeholder theory via reputation/branding theory, to cluster theory, to a social innovation perspective.

The stakeholder approach implies that the incentives for integrating social and environmental concerns in business practice lie in the fact that the firm must justify its strategies not only to its shareholders and to authorities, but also to an extensive group of stakeholders such as owners, financiers, employees and trade unions, customers and consumers' associations, suppliers, competitors, government authorities, local communities, activist and political groups (Freeman, 1984). Stakeholder engagement, it is argued, allows the firm to avoid losses due to conflicts and blockage of business projects. On the other side, stakeholders can also unleash resources and ideas that may contribute significantly to value creation.

The reputational approach (Fombrun *et al.*, 2000) is another major perspective in the CSR literature. The argument for social and environmental responsibility in this approach is that a well chosen portfolio of societal engagements may help companies build reputational capital, and strengthen their ability to negotiate better contracts with suppliers and authorities and to position themselves in high-price segments with their products, and build competitive advantage.

Incentives for sustainability-oriented self-regulation are also seen to exist in positive spillover effects from cluster engagements. Drawing on Porter's well known cluster theory, Porter and Kramer (2006) argue that collective social investment by participants in a cluster can improve the context for all players, while reducing the cost borne by each individual player.

Other scholars have argued for sustainability-oriented self-regulation from a social innovation perspective. In this tradition, Kanter (1999) has focused on an emerging paradigm for innovation, based on partnership between private enterprise and public interest, that produces profitable and sustainable change for both sides. Moving beyond CSR to corporate social innovation, she argues, involves new engagements where innovative corporations can stretch their thinking, reap the advantages of a first mover, acquire a deep knowledge of new markets, and develop strong relationships with those markets.

In more conventional economic theorising, the enlightened value maximisation approach has also created some space for socially and environmentally responsible economic self-regulation. Shifting the focus from short term profit to long term value maximisation and factoring in the stakeholder dialogue, Jensen (2001) has argued for what he calls ''enlightened value maximisation''. The orientation towards value maximisation, as Jensen sees it, solves the problems that arise from the multiple objectives that accompany traditional stakeholder theory.

The civil society contribution to socially and environmentally sustainable governance through promoting CSR lies, *inter alia*, in its ability to engage with and pressure business to follow a broader business agenda. By pressuring business to take on board a triple-bottom-line agenda – including financial, social and environmental dimensions – throughout their global commercial networks, civil society may have a widespread influence. Midttun (2008) has argued that, in modern media-driven societies, idealistic stakeholders acquire bargaining power *vis-à-vis* industry and the state through public legitimacy bestowed upon them by media in open public debate.

The CSR approach has, however, also met with fairly strong critique. The Canadian law professor Joel Bakan (2004) has thus pointed out the paradox that corporations, the cornerstones of CSR based governance for sustainability, are themselves, by legal design, irresponsible to society. The restriction of responsibility to shareholder value and the tendency to externalise further responsibilities to society at large implies a collision between sustainability and the basic business mode.

Furthermore, the expansion of social and environmental obligations to the entire international value chain based on contractual obligations remains a secondary concern compared to cost and product performance. Such responsibilities from firms are therefore highly dependent on NGO pressure.

Contestability, polyarchy, communicative governance

Going forward towards a normative position distilled from the previous discussion, we would like to emphasise three elements: contestability, polyarchy, and communicative regulation.

The first element is the idea that the interaction between the three institutional anchors of governance (the state, markets and civil society) can form a system of contestability, or checks and balances, in analogy with Montesquieu's principle of division of constitutional powers. Montesquieu's focus on constitutional powers of the state reflects a state-centric approach, which in our time needs to be woven into a more complex fabric of governance, including civil society and business markets as well.

The second element is the idea of polyarchic, multilevel governance, which implies accountability without sovereignty since there is no threat of censure by a hierarchical authority that can assure sanctioned reactions. Participants are accountable in the sense of being obliged to justify their own autonomous choices in front of their peers in terms of efficiency, effectiveness and equity (Martinelli, 2004). Under the shadow of authority, actors know that if they do not comply then policy making goes back to the traditional form with the resulting risk of higher inefficiency and iniquity.

The third element is the idea of implicit governance in open communication, or recourse to a communicative arena that questions and exposes decisions in other arenas and territorial units. Debate and publicity in the media may change power relations, and bestow ''moral rights'' on weaker parties, or undermine legitimacy of decisions made in other fora.

Obviously the three elements need to work together dynamically in shaping future governance for sustainability, and obviously they will have to interplay with traditional market and state based governance.

Contestability

Drawing on Montesquieu's theory of division of state powers, the doctrine of societal balance of powers entails the maintenance of autonomous centres of expertise in each of the three

spheres that can challenge each other in free public debate. As pointed out in a consecutive article in this volume, pluralism of powers may entail constructive rivalry that keeps all powers alert and creative and thereby prevents stagnation. Given their different recruitment, organization and social functions, the state, markets and civil society may have diverse governance capabilities that allow them to engage in global governance in complementary ways. The availability of several competing governance arenas implies that governance initiatives can be brought forward even if they are blocked in one arena. For instance, governance initiatives that do not find state support may be adopted by the market, or pushed forward by civil society. The three powers may thereby form important complementary arenas for addressing global governance, just as the legislative, executive and judiciary powers did in Montesquieu's analysis of the state.

Polyarchy

Drawing on the European experience with the open method of communication, the polyarchic approach to governance advances an alternative to both inter-governmentalism and supra-nationalism – and is a new way for enhancing democratic participation and accountability by opening up the policy-making process to inputs form NGOs, social partners and local and regional actors.

The experience of the EU (Majone, 1996; Sandholtz and Stone Sweet, 1998; Kohler-Koch and Eising, 1999, Martinelli, 2007, Zeitlin and Pochet, 2005), has, since the 1987 Single European Act, developed a new architecture of public rule making, in which EU institutions and member states jointly define the main goals – such as reduction of carbon emissions, energy saving, water quality, etc. but retain extensive freedom to choose own strategies of implementation at the same time as they agree on procedures and indicators for the empirical evaluation of the attainment of goals. This approach to European policy making has been labeled the Open Method of Co-ordination (OMC), which, although not without criticism (Radaelli, 2003) has been praised as a ''third way'' for EU social policy between regulatory competition and harmonization

As seen in the EU, elements from the polyarchic governance repertoire could also be applied to other regional settings such as NAFTA or the Mercosur, as well as to the global arena in institutional settings creating new legal global standards, such as the International Monetary Fund and the Financial Stability Forum.

Communicative governance

The third element in our rethinking of governance, going forward – comunicative governance – takes as its point of departure that modern societies are extensively media-driven. The massive scale and scope of traditional mass media give them an important agenda-setting function and thereby influence what issues are debated. Media contribute to governance by facilitating other governance mechanisms: they may facilitate contestability and checks and balances between markets, states and civil societies, as media convey information about opportunities and failures. Media may also facilitate polyarchic governance by enhancing transparency and legitimacy in stakeholder negotiations, where traditional democratic representation is not involved. As implied in the term ''monitory democracy'' coined by Keane (1991), media may also function as a super-governance arena in itself.

In addition, media may facilitate empowerment. Idealistic stakeholders may acquire bargaining power *vis-à-vis* industry and the state through public legitimacy bestowed upon them by media in open public debate. As argued by Midttun (2008), ''moral rights'' bestowed on CSOs through media ''canonization'' may carry extensive weight in a brand-oriented commercial context where negative media exposure could inflict serious brand damage. Similarly, CSOs also carry moral weight when they challenge the state and public policy in their domain. Such mechanisms may, to some extent, make up for the weaker position of civil society *vis-à-vis* the state and industry in open societies with free press and thus recalibrate the checks and balances between the three ''powers''.

The communicative governance thesis, is conditioned by democracy, and free press (Habermas, 1989). Traditional mass media are, in fact, typically organised from the top down, which in democratic societies with open editorial policies allows mass spread of critical information, but which in autocratic societies allows for centralised control. So-called new social media, on the other hand, allow bottom up communication, and may penetrate authoritarian censorship.

Dynamic interplay in the complex web of governance – a concluding note

In conclusion, we envisage a web of parallel governance initiatives where the classical model of interstate institutionalization is only one of many. Sometimes these initiatives support each other, while at other times they compete.

When they engage constructively together, the three domains of governance: state, markets and civil society stimulate each other in a dynamic chain reaction to promote sustainable governance. Experimentation with new civil-society-driven initiatives may feed into more formal arrangements in the longer run. Governance may, in other words, be seen as an innovative process, where early phase experimentation takes place in informal arenas, and successful initiatives are gradually diffused into the formal system. In legal terms, this implies building bridges between soft and hard law. When soft law causes states to act in a certain way, for instance in adopting sustainable practices, this contributes to creating a precedent that de facto may translate into hard law (D'Amato, 2008). Strong implementation of policies for sustainability may also take place through the engagement of business channels. For example when supply chains of multinational companies are used for furthering workers rights and fighting corruption with legal contracts.

While the carrying capacity of each governance mechanism under contestation may be limited, the strength of the joint web of governance may be greater. The polyarchic multi-layered web of governance may provide resilience and contestability may provide creativity that together produce governance solutions to the sustainability challenges, which the world is facing today. However, contestability, polyarchic creativity and free civic engagement cannot be taken for granted. They are all governance preconditions that need to be precariously guarded and, if necessary, fought for.

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