

Governance as Theory, Practice, and Dilemma

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The word 'governance' is ubiquitous. The World Bank and the International Monetary Fund make loans conditional on 'good governance'. Climate change and avian flu appear as issues of 'global governance'. The European Union issues a White Paper on 'Governance'. The US Forest Service calls for 'collaborative governance'. What accounts for the pervasive use of the term 'governance' and to what does it refer? Current scholarship offers a bewildering set of answers. The word 'governance' appears in diverse academic disciplines including development studies, economics, geography, international relations, planning, political science, public administration, and sociology. Each discipline sometimes acts as if it owns the word and has no need to engage with the others. Too little attention is given to ways of making sense of the whole literature on governance.

At the most general level, governance refers to theories and issues of social coordination and the nature of all patterns of rule. More specifically, governance refers to various new theories and practices of governing and the dilemmas to which they give rise. These new theories, practices, and dilemmas place less emphasis than did their predecessors on hierarchy and the state, and more

on markets and networks. The new theories, practices, and dilemmas of governance are combined in concrete activity. The theories inspire people to act in ways that help give rise to new practices and dilemmas. The practices create dilemmas and encourage attempts to comprehend them in theoretical terms. The dilemmas require new theoretical reflection and practical activity if they are to be adequately addressed.

SCOPE AND ORGANIZATION

The *Handbook of Governance* reflects the breadth of a concept of governance as all of theory, practice, and dilemma. Governance in all these different guises stands in contrast to elder concepts of the state as monolithic and formal. For a start, theories of governance typically open up the black box of the state. Policy network theory, rational choice theory, and interpretive theory undermine reified concepts of the state as a monolithic entity, interest, or actor. These theories draw attention to the processes and interactions through which all kinds of social interests and actors combine to produce the policies, practices,

and effects that define current patterns of governing. In addition, the relationship of state and society changed significantly in the late twentieth century. New practices of governance find political actors increasingly constrained by mobilized and organized elements in society. States and international organizations increasingly share the activity of governing with societal actors, including private firms, non-governmental organizations, and non-profit service providers. The new relationship between state and society admits of considerable variation, but it is an international phenomenon. New practices of governance extend across the developed and developing world, and they are prominent among strategies to regulate transnational flows and govern the global commons. Finally, current public problems rarely fall neatly in the jurisdictions of specific agencies or even states. Governance thus poses dilemmas that require new governing strategies to span jurisdictions, link people across levels of government, and mobilize a variety of stakeholders.

Governance draws attention to the complex processes and interactions that constitute patterns of rule. It replaces a focus on the formal institutions of states and governments with recognition of the diverse activities that often blur the boundary of state and society. Governance as theory, practice, and dilemma highlights phenomena that are *hybrid* and *multijurisdictional* with *plural stakeholders* who come together in *networks*.

Many of the ideas, activities, and designs of governance appear unconventional. A distinctive feature of the new governance is that it combines established administrative arrangements with features of the market. Governance arrangements are often *hybrid* practices, combining administrative systems with market mechanisms and non-profit organizations. Novel forms of mixed public-private or entirely private forms of regulation are developing. For example, school reform often now combines elder administrative arrangements (school districts, ministries of education) with quasi-market strategies that are meant to

give parents greater choice (charter schools, voucher systems).

Another distinctive feature of governance is that it is *multijurisdictional* and often transnational. Current patterns of governance combine people and institutions across different policy sectors and different levels of government (local, regional, national, and international). Examples include varied efforts to regulate food standards and safety. International food safety standards are set in Rome by *Codex Alimentarius* – a joint body of the World Health Organization and the United Nation's Food and Agriculture Organization; however, if the USA imports fish from China, the presumption is that Chinese officials at the national and local level enforce these standards. The practice of regulating food safety operates simultaneously at international, national, and local levels.

A third distinctive feature of governance is the increasing range and *plurality of stakeholders*. Interest groups of various sorts have long been present in the policymaking process. Nonetheless, a wider variety of non-governmental organizations are becoming active participants in governing. One reason for the pluralization of stakeholders is an explosion of advocacy groups during the last third of the twentieth century. Another reason is the increasing use of third-party organizations to deliver state services. Arguably, yet another reason is the expansion of philanthropists and philanthropic organizations, both of which are becoming as prominent as they were in the nineteenth century. For example, the Gates Foundation has both mounted a multicity effort to reform urban school districts and embarked on a massive public health campaign in developing countries. The increasing range and variety of stakeholders has led to the emergence and active promotion of new practices and institutional designs, including public-private partnerships and collaborative governance.

Yet another distinguishing feature of governance reflects and responds to the fact that governing is an increasingly hybrid,

multijurisdictional, and plural phenomenon. Scholars have called attention to the way that governing arrangements, different levels of governance, and multiple stakeholders are linked together in *networks*. Environmental scientists have shown how natural areas like watersheds or estuaries are often governed by networks of stakeholders and government agencies. Scholars of urban politics have called attention to the way urban, suburban, and exurban areas get organized in broader regional networks. International relations scholars have noted the increasing prominence of inter-ministerial networks as ways of governing the global commons. More recently, policymakers, often influenced by theories from the social sciences, have begun actively to foster networks in the belief that they provide a uniquely appropriate institutional design with which to grapple with the new governance. Joined-up governance and whole-of-government approaches are widespread in states such as Australia and Britain, in policy sectors such as Homeland Security, and in transnational and international efforts to address problems such as failed states.

So, the *Handbook of Governance* concentrates on the theories, practices, and dilemmas associated with recognition of the extent to which governing processes are hybrid and multijurisdictional, linking plural stakeholders in complex networks. A concern with the new theories, practices, and dilemmas of governance informs the main themes that recur throughout the individual chapters. The contributors generally focus on:

- The new theories of coordination that have drawn attention to the presence or possibility of markets and networks as means of coordination.
- The new practices of rule that have risen since the 1970s, especially the apparent growth of markets and networks.
- The dilemmas of managing and reforming hybrid patterns of rule that combine aspects of market, network, and hierarchy.

Even when a chapter title refers to a broader topic, the essay itself focuses on the relation

of that topic to the theories, practices, and dilemmas of governance. For example, the chapters in the first section on theories of governance concentrate on how these theories illuminate new practices of governance and/or how they have been modified in response to the dilemmas posed by the new governance.

The very organization of the *Handbook of Governance* reflects an emphasis on the connections between governance as theory, practice, and dilemma. Few scholars sufficiently recognize the extent to which the new governance is a product of new formal and folk theories that led people to see and act differently. The first section of the *Handbook* focuses on those theories in the social sciences that arose and prospered in the twentieth century, transforming our understanding of society and politics. Many of these theories challenged the older idea of the state as a natural and unified expression of a nation based on common ethnic, cultural, and linguistic ties and possessing a common good. Many of them made people more aware of the role of pressure groups, self-interest, and social networks in the policy process. Later, toward the end of the twentieth century, some of these theories then inspired attempts to reform the public sector and develop new policy instruments. Certainly, the new public management owed a debt to rational choice and especially principal-agent theory, while joined-up governance drew on developments in organizational and institutional theory. The second section of the *Handbook* examines the changing practices of governance. Public sector reforms have transformed practices of governance across diverse levels and in diverse territories. The reforms have given rise to complex new practices that rarely correspond to the intentions of the reformers. What does the state now look like? What role do non-governmental organizations play in the formation and implementation of policies and the delivery of services? The final section of the *Handbook* explores some of the dilemmas that this new governance poses for practitioners.

GOVERNANCE AS THEORY

The twentieth century witnessed the rise of all kinds of new, and often formal, approaches to social science. These theories led people to see the world differently and then to remake the world. No doubt few people bother to think about social life in terms of the formal models of rational choice. But a folk recognition of the largely self-interested nature of action, even the action of public officials, spread far more widely. Moreover, as it spread, so political actors increasingly tried to introduce reforms to deal with self-interest – to mitigate its adverse consequences, to regulate it and keep it within limits, or to harness it to improve efficiency. In this way, new theories inspired both the recognition and the active formation of apparently new features of governance. Equally, of course, social science theories have often struggled to catch up with some of the apparently improvised changes in governance. The reader might even want mentally to rearrange the *Handbook* to trace a progression not from theoretical innovations to the practices these theories inspired, but from the rise of the new governance to attempts to comprehend it in theoretical terms; that is from Sections III and II to I, rather than from I to II and III.

So, the chapters in Section I on Theories of Governance play a dual role: on the one hand, they introduce the reader to some of the general ways of thinking that have helped to inspire the recognition and formation of the new governance; on the other, they show how theories that may have been designed for other uses have since been modified to accommodate the new governance.

Pluralists have long challenged reified concepts of the state. Empirically they point to the complex interactions, processes, and networks that contribute to governing. In addition, more radical and normative pluralists challenge mainstream concepts of sovereignty and argue for a greater dispersal of authority to diverse social organizations. In Chapter 2, Henrik Enroth discusses the pluralism of policy network theory as it

impacts governance. Policy network theory rose out of an earlier pluralism, with its attempts to disaggregate the state and focus on groups. Some policy network theorists have recently adopted anti-foundational, nominalist perspectives that have led them to pay more attention to meanings and to decenter even the concept of a group. Networks appear as undifferentiated parts of a social life characterized by contests of belief as they inform diverse actions. Enroth presses forward with this nominalist perspective, asking how it modifies our grasp of interdependence, coordination, and pluralism.

The dramatic rise of rational choice theory provided another powerful challenge to elder, reified concepts of the state. In Chapter 3, Keith Dowding discusses the ways rational choice influenced both the understanding and practice of governance. Rational choice theory is an organizing perspective or methodology that builds models of how people would act if they did so in accord with preferences having a certain formal structure. This perspective gave rise to theories about the non-predictability of politics, the problems of commitment, the hazards of principal-agent relations, and conflicts in democracies. Dowding shows how these rational choice theories inspired worries about the welfare state. Public choice in particular then inspired some of the managerial reforms associated with the new governance. Interestingly, Dowding also suggests that rational choice provides a critical perspective on just those reforms. Contemporary practices of governance rely too greatly on the superficial support public choice theory gave to choice and markets. Policy actors should pay more attention to rational choice analyses of the chaos and instability associated with weak institutions.

Chapter 4 looks at interpretive theories of governance. Interpretive theories reject the lingering positivism of most other approaches to governance. Social life is inherently meaningful. People are intentional agents capable of acting for reasons. Indeed, social scientists cannot properly grasp or explain actions

apart from in relation to the beliefs of the actors. Many interpretive theorists conclude that social explanations necessarily involve recovering beliefs and locating them in the context of the wider webs of meaning of which they are a part. Governmentality, post-Marxism, and social humanism all share a concern with meanings and their contexts. Typically, these interpretive theories lead to a more decentered view of governance. Governance consists of contingent practices that emerge from the competing actions and beliefs of different people responding to various dilemmas against the background of conflicting traditions. Similarly, interpretive theory often challenges the idea of a set of tools for managing governance. Interpretive theorists are more likely to appeal to storytelling. Practitioners orientate themselves to the world by discussing illustrative cases and past experiences. They use stories to explore various possible actions and how they might lead the future to unfold.

Robert Christensen and Mary Tschirhart look, in Chapter 5, at organization theory. They distinguish four broad categories of organizational theories, depending on whether they concern the micro or macro level and whether they are deterministic or voluntaristic. Micro-level theories concentrate on individual organizations. Voluntaristic micro-level theories focus on strategic choices. They treat action as constructed, autonomous, and enacted. They generally explain the behavior of an organization in terms that echo the micro-level views of rational choice and interpretive theory as examined in the previous two chapters. In contrast, other forms of organizational theory either avoid clear micro-level assumptions or take a much more deterministic view of behavior. These forms of organizational theory overlap with the institutional and systems theories considered in the next two chapters. Deterministic micro-level theories inspire system-structural views. Macro-level approaches concentrate on populations or communities of organizations. The more deterministic macro-level theories take a natural selection view.

Voluntaristic macro-level theories focus on collective action.

In Chapter 6, Guy Peters discusses three institutionalist theories of governance. Normative institutionalism focuses on the role of values, symbols, and myths in defining appropriate actions for individuals and thereby shaping institutions. Rational choice institutionalism uses the assumptions of rational choice theory to understand institutions and to design better ones. Historical institutionalism stresses the persistence of path-dependent rules and modes of behavior. Institutionalists have pondered the dilemmas of entrenching the new governance that increasingly relies on networks to link public sector and other actors. They have drawn attention to the importance of institutionalizing a new network by developing its culture and inner functioning. And they have highlighted the need for a new network to develop effective relationships with its political environment. Institutionalists have also tried to explain the rise of the new governance. Institutions can be treated here as dependent or independent variables. Typically, as dependent variables, institutions appear as, for example, responses to dilemmas and challenges in a changing environment. As independent variables, different institutions might help explain, for example, varied patterns of governance, decision-making, and even good decisions. Yet Peters argues that a fuller account of how institutions explain aspects of governance must evoke a micro theory such as that associated with either rational choice or interpretive theory.

Anders Esmark uses Chapter 7 to discuss systems theory. Systems theorists conceive of coordination as a property of systems. General systems theory explores the abstract principles of organized complexity, asking how systems produce or exhibit order and coordination at the level of the whole. Social systems theory uses the language and ideas of general systems theory to study interactions, organizations, and societies. Typically, systems theorists locate the rise of the new governance within a more general narrative

about modernity. Modernity consists of increased functional differentiation: over time, society increasingly develops discrete organizations to fulfill ever more specialized functions. The new governance of markets and networks consists of ever increasingly specialized and differentiated organizations performing discrete tasks. These specialized organizations are often autopoietic or self-governing. Systems theory characteristically explores issues of metagovernance, such as if it is possible to govern these self-governing organizations, how states try to do so, and how we might do so.

In Chapter 8, Bob Jessop argues that the theory and practice of metagovernance emerged as a response to governance failure. The failings of hierarchy led to public sector reforms intended to advance marketization. The failings of these reforms then led to an expansion of networks. But networks too fail, especially if communication among the relevant actors is distorted. So, on one level, metagovernance consists of appropriate responses to the characteristic failings of the different modes of governance. It responds to bureaucratic failure with meta-control and meta-coordination, to market failure with meta-exchange, and to network failure with meta-heterarchy. On another level, however, metagovernance involves rearticulating the nature and balance of different modes of governance. It relies on institutional design and the governmentality of subjectivities to create and sustain particular modes of governance. Jessop concludes by suggesting that metagovernance itself is necessarily incomplete and subject to failure. Policy actors should adopt a satisficing approach, deliberately cultivating a flexible set of responses, a critical self-reflexive awareness of their goals and projects, and a willingness to aim at success while knowing failure is more likely.

Jeff Sellers looks at governance in the context of state–society relations in Chapter 9. The new governance poses dilemmas for older approaches that treat state and society as mutually exclusive categories and the state in particular as monolithic and integrated.

Work on governance often shows how the state now rules with and through social actors. Sometimes it also presents a disaggregated image of the state as composed of diverse actors, meanings, and practices across various spatial and functional domains. Sellers then draws attention to some new analyses of state–society relations associated with the study of governance. Analyses of the state often highlight local, multilevel, and transnational practices. Analyses of society often rely on a bottom-up perspective that highlights the agency of social groups in community initiatives and the way firms and other groups treat the state as a resource. So, the interactions between state and society are increasingly complex and diverse. Instead of the older dichotomy between state and society, studies of the new governance highlight issues such as subnational and sectoral variation, multilevel and transnational configurations, the impact of specific institutions and policy instruments, and the feedback effects of policy outcomes.

In Chapter 10, Patrick Le Galès explores policy instruments. Policy instruments are the techniques or mechanisms by which actors seek to rule. The new governance consists of a shift in policy instruments away from planning and command and control towards contractual relations, standards, performance indicators, and regulation. Work on governance often traces this shift in policy instruments, or advocates specific policy instruments as solutions to current dilemmas. Much of it treats policy instruments as natural, debating their relative effectiveness under varied circumstances. In contrast, Le Galès highlights a broader sociological approach to policy instruments. Max Weber, Michel Foucault, and other social theorists have long interested themselves in the nature, causes, and effects of rationalities and technologies of governing. Policy instruments are technical means of organizing social relations by entrenching meanings, beliefs, and knowledge. For example, legislative and regulatory instruments generally promote the relations associated with a guardian state, economic

and fiscal instruments entrench a redistributive state, and incentive-based instruments promote a mobilizing state. New rationalities and technologies inform new practices of governance.

Phyllis Pomerantz devotes Chapter 11 to debates on governance in development theory. Governance often refers to the rise of markets and networks in the public sector. The contrast is between bureaucratic or hierarchic institutions and governance conceived as markets and networks. Development theorists use governance somewhat differently to discuss the importance of political institutions for economic growth, where these political institutions include older forms of the state as well as networks. Their contrast is between the market and governance conceived as political institutions. As Pomerantz shows, discussions of governance reflect a consensus that development depends on state and market, not just market. The key theoretical innovation here was the new institutional economics. Neoliberalism, the Washington Consensus, and structural adjustment created new practices, but these practices failed to deliver the intended prosperity. The new institutional economics helped explain this failure by highlighting the importance of political institutions to growth and even the proper operation of markets. Governance thus emerged as a development agenda based on promoting things such as the rule of law, government capacity, decentralization, accountability, and democracy.

Increasingly public sector reforms are responsive to governance indicators. Pippa Norris discusses the theory and practice of measuring democratic governance in Chapter 12. Governance indicators should be valid, reliable, and legitimate. Validity depends on their accurately reflecting the concepts to which they relate. Reliability requires that they are consistent and that they use replicable data sources. Legitimacy depends on their construction being transparent and done with the involvement of relevant stakeholders. Norris then looks at the leading measurements of democratic governance, including

Freedom House's Gastil index, Polity Project's approach to constitutional democracy, and the World Bank's own governance indicators. One way to assess these elite measurements is to compare them with independently-generated measurements including mass public opinion polls. Norris herself compares them with citizen's opinions as revealed by the World Values Survey 2005–7. She concludes by advocating a pluralist recognition that different measurements may be suited to different purposes.

GOVERNANCE AS PRACTICE

Theories have little meaning apart from practices. Typically, theories are attempts to make sense of practices, and guides to the actions by which we forge practices. Section II explores governance as practice. New public sector reforms and patterns of rule have been the main topics of discussion in works on governance. They have inspired the shifts in theorizing explored in Section I. Equally, however, the reforms and resulting patterns of rule emerged in part precisely because people acted on beliefs such as those associated with rational choice theory. Scholars have noted the role of neoclassical economics in inspiring the greater reliance on market structures, and the role of principal-agent theory in inspiring aspects of the new public management. Yet many of the beliefs and traditions embedded in the reforms are less formal and less tied to grand theories or schemes. Folk versions of the new theories appeared in business and other areas of society, inspiring new practices and *ad hoc* responses to all kinds of issues, and public sector reform often then borrowed piecemeal from these other areas of society. Reformers appeared to be (and perhaps felt themselves to be) less driven by a clear set of theoretical commitments than groping for plausible responses to apparently new constraints and dilemmas. Nonetheless, of course, their conception of the constraints and dilemmas,

their instincts as to what did and did not constitute an appropriate response, and the examples found in other areas of society all reflected their prior theories.

Much of the current interest in the idea of a new governance stems from the impact of public sector reforms since the 1980s. Neoliberal reforms spread markets and new managerial practices, fragmenting service delivery, and creating quasi-markets and hybrid organizations. Later reforms have often been attempts to address the dilemmas thrown up by marketization and managerialism without returning to an elder hierarchic bureaucracy. The chapters in Section II typically explore the nature, extent, diversity, and consequences of these varied public sector reforms.

Public sector reforms have given rise to a host of new designs and practices – from privatization through public–private partnerships to global public policy networks. The spread of these practices inspires questions about the relationship between state and society. Some scholars see new governance as a result or a cause of the decline of the state. Others see it as an adaptation of the state to increasing societal complexity. What is the scope and limits of the state’s authority? What role does the voluntary sector play? How does governance occur in areas where the state lacks effective control or where there is no state?

Together with Rod Rhodes, I review the changing state in Chapter 13. We trace three waves of governance and the oscillating fortunes of the state therein. The first wave of governance evoked a world in which state power is dispersed among a vast array of spatially and functionally distinct networks composed of all kinds of public, voluntary, and private organizations with which the center interacts. The state appeared to be being hollowed out. The second wave of governance accepted the shift from bureaucracy to markets and networks but disputed it led to any significant dispersal of state authority. The state has simply changed the way it exercises its authority, adopting new tools for the

same old ends. The state concentrates now on metagovernance – an umbrella concept that describes the characteristic role and policy instruments of the state in contemporary governance. Rhodes and I then go on to challenge these first two waves of governance by appealing to a third wave, based on interpretive theory. We argue governance is constructed differently by many actors working against the background of diverse traditions. We challenge the state as a bewitching reification that simplifies and obscures the diversity and contingency of concrete political activity.

In Chapter 14, Laurence Lynn discusses the persistence of hierarchy. Whereas there have been changes in the state, we should be cautious of overstating the extent to which new practices of governance have spread or even the extent to which when they spread they displace older hierarchic structures. As Lynn shows, discussions of new practices often draw heavily on the spread of new theories about markets, networks, deliberative democracy, and e-governance. These theories generally combine conceptual, empirical, and normative elements. Empirical claims about changes need to be distinguished from conceptual arguments about the nature of governance. The empirical evidence offers a kaleidoscopic picture of diverse practices changing in complex and contested ways. It offers little support to grand claims about a social logic driving a more or less uniform transformation in governance. Hierarchy remains pervasive, not only in bureaucratic institutions but also within newer institutional forms. Hierarchy persists in part because of its importance for accountability and so liberal representative democracy.

Steven Cohen and William Eimicke discuss contracting out in Chapter 15. There is nothing intrinsically new about public sector organizations entering contracts with non-governmental actors. However, the dramatic spread of contracting out is one of the most noticed features of the new governance. The new governance has seen contracting out

arise not only as a means of delivering services but also as a means of building complex networks of actors. Contracting out can enable public sector organizations to get goods, services, and expertise that their in-house staff cannot provide. However, as Cohen and Eimicke argue, the spread of contracting out reflected the rise of ideologies and theories that were overtly anti-government and pro-market. Contracting out is also a response to dilemmas associated with information technology, flexible production, and globalization. The spread of contracting now, in turn, poses dilemmas for the theory and practice of governance. Here Cohen and Eimicke consider the dilemmas of eliciting bids, framing contracts in suitable language, monitoring and managing performance, and maintaining ethical standards and clear lines of accountability.

Chapter 16 turns to public management. Carolyn Heinrich begins by discussing the gradual and confused emergence of a distinction between public administration and public management. Public management reflects the impact of new theories highlighting the informal processes and activities in organizations. Public management is the process of allocating and using public resources. The study of public management recognizes the enduring importance of laws and structures, but it also examines informal cultures and the craft or skilled practice by which cultures, processes, and structures are steered. In many ways, governance draws on this shift toward public management. In particular, the new public management (NPM) encouraged new practices of governance. NPM tried to make the culture of the public sector more like that of private companies by changing structures, incentives, and norms. It embraced marketization and also things such as performance pay, customer service, and output-based budgeting. NPM thus contributed greatly to the broad shift from direct service provision by government to more complex patterns of governance incorporating markets, networks, and private and voluntary sector actors.

Anthony Cheung looks specifically at budgeting and finance in Chapter 17. Cheung traces the rise of new practices, from the planning programming budgeting system favored by many Keynesian welfare states in the 1960s and 1970s to cutback management in the 1980s and budgeting for results since the 1990s. The new practices were responses to a range of dilemmas that preoccupied policy actors in the 1970s: dilemmas such as fiscal stress, declining production, and government overload. The main features of the reforms included devolution of authority, on-line budgets, freedom to manage, central targets, multi-year budgeting, public service agreements, and, of course, various forms of commercialization such as contracting out and user charging. Cheung traces the pattern of reform across OECD and Asian states. The reforms were bold, but implementing them proved difficult. In practice, budgetary decisions are often divorced from performance evaluation and so dominated by political bargaining, central budgeting agencies have often tried to retain control thereby thwarting devolution, and legislative scrutiny remains focused on inputs. Hybrid budgeting regimes now cloak older forms of central control, concerns with distributional effects, and fiscal stability in managerialist garb.

Like contracting out, public-private partnerships transform the interplay between the state, business, and civil society. In Chapter 18, Gunnar Schuppert explains that these partnerships rely on horizontal modes of cooperation for the collaborative provision of public services. Typically, partnerships differ from contracting out in that they embody joint decision-making and production, not a principal-agent relationship. Yet while partnerships are a type of network, the literature on partnerships gives a more distinctly managerial focus to discussions of governance as and through networks. This managerial focus may reflect the reasons why states establish public-private partnerships within their territory. Domestic partnerships are all about reducing public spending. They are ways of ensuring cutbacks and

seeking efficiency. In contrast, transnational partnerships often have more normative origins. Transnational and international partnerships often seek to promote trade, justice, and a sustainable environment.

Andy Smith looks at multijurisdictional regulation in Chapter 19. The new practices of governance often cover different levels, policy domains, and actors. No doubt we have been made increasingly aware of multijurisdictional coordination by the rise of theories about networks. Yet policy actors have also deliberately fostered such multijurisdictional patterns of policymaking and regulation to address transnational and wicked problems. The European Union exemplifies the rise of new ways of regulating transnational issues. Joined-up governance and whole of government agendas exemplify the turn to multijurisdictional practices as a way to address wicked problems such as welfare dependency and aid to fragile states. Smith tracks the ideas that have inspired these practices and by which people have then tried to and made sense of them. He traces and extends a shift from discussions of multilevel to multijurisdictional governance and from coordination to regulation.

In Chapter 20, Bas Denters looks at changing practices and dilemmas of local governance. Local governance, like the new governance more generally, has become increasingly polycentric, involving a greater variety of policy actors. The changing nature of local governance typically poses democratic and functional challenges. From a democratic perspective, a more polycentric system can restrict the leading historical forms of representation. From a functional or managerial perspective, a more polycentric system restricts the scope for hierarchic coordination and control. Nonetheless, the reforms of local governance have differed from country to country. Systems of local government vary in their capacity, autonomy, and size, generally according to their relationship to other levels of governance, and this variety influences the extent to which they confront democratic and functional

challenges. Denters illustrates the variety by studying the cases of Sweden, the Netherlands, Germany, the USA, the UK, and France.

Chapter 21 explores the role of non-governmental organizations (NGOs) in the new governance. Shamsul Haque defines NGOs as legally constructed and recognized groups with durable and formal structures incorporating paid staff. NGOs are broadly autonomous from both the state and the private sector. They aim to serve the public interest through a non-profit orientation towards humanitarian purposes. Scholars disagree on whether NGOs typically collaborate or compete with the state, and on whether the state is dominant, NGOs are dominant, or the two are co-equal. Despite these different viewpoints, most scholars agree that NGOs have become increasingly important because of the rise of the new governance. Marketization and contracting out created an increased demand for NGOs to play a role in governance. New NGOs appeared, and older ones expanded and changed. Generally, NGOs did not merely spread; they also became more commercial in their activities and outlooks. The growing role of NGOs in governance has been both lauded and condemned. Advocates of NGOs have long associated them with social inclusion and participation. Critics argue they have proved ineffective, and are often corrupt and undemocratic.

Non-governmental organizations play a role in many transnational networks. Anne-Marie Slaughter and Thomas Hale examine transnational and transgovernmental networks in Chapter 22. These networks sustain regular and purposive interactions among policy actors from diverse states, thus often spanning domestic and international spheres. Many allow domestic policy actors to relate directly to their counterparts in other states without having to pass through older diplomatic channels. They facilitate the exchange of information, the enforcement of international treaties and rules, and the standardization of regulatory and other norms and laws. Slaughter and Hale suggest that transgovernmental networks have spread in response to dilemmas posed

by increasing transnational flows and by globalization. Transgovernmental networks provide an important alternative or supplement to older approaches to international affairs. They expand the state's ability to address transnational issues, especially technical issues that require an expertise rarely found in foreign ministries. They are also generally more flexible and responsive than are diplomatic exchanges and international institutions.

Ian Hall and I turn to global governance more generally in Chapter 23. The term global governance flourished belatedly in the wake of discussions about governance and the changing nature of the state. Global governance is associated with a shift of focus towards processes and activities. It focuses on the role of diverse social actors as well as states in securing international order, and it allows that patterns of rule can arise without hierarchic institutions let alone an international sovereign power. Yet this novel focus can appear as a confusing mix of theoretical and empirical claims. A general theoretical orientation to processes and activities involving diverse actors gets confused with a more specific, empirical claim about the changing nature of international relations since the late twentieth century. The empirical claim suggests that while earlier ages had weak international institutions and strong sovereign states, the late twentieth century saw the rise of new times in which new actors and mechanisms became increasingly prominent. Hall and I argue that the theoretical lens, empirical claims, and consequent agendas of global governance are all connected to one another. They all emerged historically as the postwar era gave way to both neoliberal markets and new approaches to planning and networks.

GOVERNANCE AS DILEMMA

The changing nature of governance poses dilemmas for many older theories and practices. As the world changes, so responses to

the world may need to change. Policy actors and citizens may need to devise new actions and perhaps ideals to deal with modes of governance that are increasingly hybrid and multijurisdictional, linking plural stakeholders in complex networks. I can put the same point differently by observing that the interaction of theory and practice continues apace: changes in the theories challenge our established ways of doing things, prompting us to adopt new actions in an attempt to remake the world; and changes in the practices often require us to rethink our beliefs and theories so as to make sense of the new worlds in which we find ourselves. Governance is, in this respect, a very practical concern. It is about activity – how people act, and how they might act more effectively and more justly. The ideas and actions by which people respond to dilemmas are the sources of new theories and new practices. The new theories and new practices create other dilemmas that lead people again to revise their ideas and actions. The practical activity of governing is continuous, as therefore is the process of reform. Governance is about the constantly shifting and contingent nature of practical political activity.

Currently governance presents us with a number of managerial and democratic dilemmas. From a managerial perspective, hybrid organizations with plural stakeholders in networks rarely exhibit the clear chains of command of hierarchic bureaucracies. Policymakers and others have struggled to find effective ways of acting in new settings. The fragmentation of governing can appear to make control, steering, and coordination increasingly elusive. Several of the chapters in Section III explore such issues, the ways practitioners have responded to them, and the ways in which practitioners might better respond to them. The chapters ask: How should public officials and citizens operate in the new environment of non-hierarchical, interlaced state–society interactions? Other dilemmas associated with governance are more obviously normative ones relating to democratic theory and social justice.

The involvement of non-state actors in policy-making and service delivery raises the question of whether the result is to deepen democracy or entrench private government. Accountability has become a widespread concern for new institutions and modes of participation. How have people responded to worries about ethics, legitimacy, inclusion, and justice? How might they better respond to such worries?

In Chapter 24, Kamran Ali Afzal and Mark Considine tackle accountability and the more general issue of legitimacy. The nature of legitimacy depends in part on how a society conceives of it. Democratic societies historically have conceived legitimacy as entwined with accountability. Bureaucrats are responsible to elected politicians, who in turn must give an account of themselves to citizens. The legitimacy of the public sector thereby derives from its being ultimately an expression of the will of the people or at least answerable to the people. Public sector officials can be answerable in terms of legal rules, professional norms, and personal moralities. The new practices of governance generally appear to pose dilemmas for accountability and legitimacy so conceived. Markets and networks break up clear lines of accountability. The complex patterns of the new governance make it difficult to determine who is responsible for what, let alone to hold them accountable. Afzal and Considine explore these dilemmas and responses to them. They highlight an agenda in which legitimacy depends on assigned goals and standards, transparent outcomes, knowable consequences, practices of review, answerability for failure, and the revision of programs.

Democracy is, of course, as much about participation as legitimacy. Indeed, participation may be essential to legitimacy and even accountability. As Lisa Bingham argues in Chapter 25, while collaborative governance is a vague term, it includes most attempts to enhance effective participation within the new governance. Collaborative governance focuses on the dilemmas of promoting practices in

which state actors can achieve policy goals in partnership with stakeholders and the public, and especially by encouraging the public actively to involve themselves in the policy process. Typically, it emphasizes shared, negotiated, and deliberative decision-making. Bingham shows how collaborative governance might operate throughout the policy stream. Upstream in the policy process, collaboration overlaps with deliberative and participatory democracy. Midstream in the policy process, it overlaps with network management and engagement with civil society and the stakeholders within it. Downstream in the enforcement of policy, collaborative governance overlaps with innovations deriving from alternative forms of resolving disputes and conflict. Bingham concludes by drawing attention to the importance of designing appropriate institutions and building legal infrastructures in order further to develop collaborative approaches to governance.

Peter McLaverty uses Chapter 26 to consider upstream innovations in political participation. He suggests that the rise of governance alongside the decline of public participation in historic forms of politics has contributed to scholars and practitioners experimenting with other forms of participation. These forms of participation supplement those associated with representative institutions. They include deliberative mechanisms and co-governance initiatives as well as consultation exercises. The deliberative mechanisms cover citizens' juries, consensus conferences, deliberative opinion polls, and deliberative mapping. Typically, they aim to improve the quality of public opinion. They generally generate advice for policymakers, not decisions. In contrast, co-governance initiatives typically give citizens a direct and structured input into decision-making. They include participatory budgeting, appointing citizens to partnership boards, citizens' assemblies, and referenda. Finally, consultation exercises include public meetings, opinion surveys, planning for real, and standing forums. McLaverty argues that while these forms of participation can improve democracy,

they may get captured by unrepresentative élites and they may pose challenges for other democratic values such as equality.

Chapters 27 and 28 shift attention to the problems and innovations facing collaborative governance midstream in the policy process. In Chapter 27, Janet and Robert Denhardt explore the dilemmas that the new governance poses for leadership. Public officials need new theories and practices of leadership. Historically, leadership has been conceived in hierarchical terms that rely at least tacitly on the possibility of coercion. In hierarchies, leadership generally depends on power and position; leaders use their power and position to develop organizational visions, manage operations, exert control, and overcome resistance to change. Now, the new governance poses dilemmas for this approach to leadership. Today, we need new concepts and practices of leadership better suited to the requirements of network governance. In the new governance, leaders increasingly find themselves having to manage and sustain cooperative relations and common purposes across multiple organizations over some of which they may have little authority. New imperatives of leadership include fostering collaboration, building resilience and adaptive capacity, resolving ethical concerns through dialogue, and engaging citizens.

Michael McGuire tackles the specific problems of network management in Chapter 28. He focuses on institutional and organizational perspectives. Network management is the attempt to influence other actors and thus the network. Diverse policy actors may need or try to manage networks. They may want to promote their individual goals or the goals of their home organizations, or simply to enhance the general effectiveness or intrinsic value of the network and its processes. Network management is usually directed towards one of a range of features of networks, including more effective decision-making, the promotion of trust, and the distribution of power. Network managers usually influence decisions, trust, and power

by means of a series of overlapping activities: they activate people and resources; they frame roles and issues; they mobilize people and specific behaviors; and they synthesize the results. No single individual need perform all these activities in linear succession. Rather, these activities normally depend on various people who sustain the relevant processes over time to sustain and modify the network.

Many of our democratic values relate not only to participation but also to justice and inclusion. As Petri Koikkalainen argues in Chapter 29, social inclusion overlaps not only with justice but also with community and cohesiveness. After World War II, many states promoted social inclusion by expanding welfare services. In the 1970s, the crisis of the state cast doubt on both the viability and desirability of the welfare state. The new governance emerged in tandem with a range of new theories and policies designed to address issues of social inclusion. Neoliberals turned to markets, even arguing that employment was the key way by which people became responsible and involved in society. Institutionalists respond by appealing to participation in social and economic networks based on trust. Their theories helped to inspire policies designed to activate people and connect them in partnerships, often involving public sector actors. Communitarians emphasized the importance of adherence to a shared set of core values embodied in a way of life. Their theories led to attempts to transform the grassroots of governance in families, neighborhoods, schools, and towns.

In Chapter 30, Angelina Yuen-Tsang and Hok Bun Ku look at capacity building. They note the breadth and vagueness of the concept of capacity building and the varied contexts in which it is used. Capacity building typically refers to attempts to foster democratic and accountable governance by strengthening civil society and especially the knowledge, abilities, and relationships among citizens. The concept of capacity building rose out of liberation theology and Marxist theories of literacy. To some extent,

these roots encouraged a problem-centered approach; attempts to build capacity focused on overcoming the obstacles people confront. Today, however, there is a greater focus on building on the strengths people already have. The general aim is to empower people by working with micro- and mezzo-level institutions. Sometimes this aim is itself seen as a route to development. Here the idea is that enhancing the capabilities of citizens and their local organizations might ensure that socioeconomic policies are more inclusive and appropriate. Yuen-Tsang and Ku illustrate the nature and advantages of a capacity building approach by reference to community development work in a Chinese village in Yunnan province.

Fumihiko Saito examines the role and prospects of decentralization in Chapter 31. Decentralization appeals across the political spectrum as a possible response to various dilemmas that have become increasingly prominent since the 1970s. One dilemma is the problem of legitimacy discussed by Afzal and Considine (see Chapter 24). Other dilemmas include the greater demands that citizens make of governments, the heterogeneous nature of these demands, transnational flows, and globalization. Decentralization offers the promise of greater legitimacy and efficiency. Decentralized institutions may encourage participation and foster ethnic harmony and national unity. They may get better information, be more responsive, and find it easier to raise revenues. All these benefits, however, are open to doubt. Moreover, as Saito argues, decentralization can take different forms. Typologies of decentralization distinguish, for example, between deconcentration, devolution, and delegation. Deconcentration involves transferring service delivery from central agencies to local offices. Devolution involves transferring power, decision-making, and financial responsibility from central governments to subnational ones. Delegation can have a closer association with NPM, referring to the transfer of administrative responsibilities to private and voluntary sector actors. Empirical research suggests

that these different types of decentralization foster legitimacy and efficiency only as part of a larger reform agenda including socioeconomic reform.

In Chapter 32, Wai Fung Lam discusses the particular problem of governing the commons. Garret Hardin described the problem memorably. He postulated a common field on which ranchers graze cattle. The ranchers all have an interest in restricting grazing to maintain the fertility of the field. But each individual rancher hopes that the others restrict grazing while they themselves add further animals. Each rancher seeks to avoid the shared costs of restricting grazing while reaping the individualized benefits of adding more animals. The result is a tragedy of the commons: the field loses fertility. Lam traces the changing response to the problem of managing common pool resources. Initially, scholars and practitioners emphasized the importance of benevolent state action. Later, they turned to market approaches based on various systems of property rights. Yet, Lam argues, the dichotomy of bureaucratic state or free market proved unhelpful. Ethnographic and interpretive studies of practice combined with theories of bounded rationality to open up new perspectives. In particular, new approaches to institutional design turned from panaceas to studies of what rules worked well in what settings. These approaches typically promote things like connections between individual and collective interests, forms of interdependence, shared mental models, effective use of information, and multilevel approaches to problem solving.

As public managers increasingly find themselves managing networks rather than hierarchic bureaucracies, so the state increasingly seeks legal control through regulation. In Chapter 33, Marian Döhler explores the rise of regulation as a mode of governance. Historically, regulation was used to correct perceived market failures. In the 1960s and 1970s regulation was used to promote competition and the interests of consumers in industrial sectors such as air traffic and

telecommunications. Yet the rise of the new governance included new theories and practices of regulation. For example, the Chicago School used economic reasoning to point to the apparent shortcomings of regulation and helped to inspire neoliberals to call for reduced regulation and a rolling back of the state. Equally, however, the attempt to roll back the state led to an expansion of networks and transnational interactions, many of which seemed to need regulation. The result is an expanded realm of regulation that addresses not only particular industrial sectors but also problems that cut across sectors. Some commentators even talk of a new regulatory state.

The *Handbook of Governance* concludes with Chapter 34 by James Meadowcroft on sustainable development. Sustainable development denotes a cluster of normative concerns, including the protection of the natural environment, public participation in environmental decision-making, the needs of the poor, and justice to future generations. Sustainability and governance are conceptually and historically entwined. Rising worries about sustainability inspire and require new theories of governance. The environmental movement pioneered several of the policy instruments most closely associated with the practice of the new governance. Today, sustainable development poses many of the main dilemmas of government in an especially acute form. How can we simultaneously build integration, measurement, partnerships, and reflexivity in policymaking? In addition, the advocates of sustainable development often remind us of the continuing importance of hierarchic state authorities intervening to redistribute wealth and regulate social action. Meadowcroft argues that approaches to sustainable development, notably the transition approach and the adaptive management perspective, often focus on policy and process. We might pay more attention to the socioeconomic and political context of sustainability – moving beyond an expansionist economy, rethinking the welfare state, and reforming representative democracy.

CONCLUSION

The term ‘governance’ has risen to prominence in the last 30 years as a way of describing and explaining changes in our world. It has become a prominent topic across the social sciences, and a major concern for political and non-profit actors. Typically, the new governance refers to changes in the nature and role of the state since the last quarter of the twentieth century. The state has become increasingly dependent on organizations in civil society and more constrained by international linkages. On the one hand, the public sector in many states has shifted away from bureaucratic hierarchy and toward markets and networks; governance thus captures the ways in which patterns of rule operate in and through groups within the voluntary and private sector. On the other hand, states have become increasingly embroiled with transnational and international settings as a result of the internationalization of industrial and financial transactions, the rise of regional blocks, and concerns over problems such as terrorism and the environment; governance thus captures the formal and informal ways in which states have attempted to respond to the changing global order.

A vast literature has arisen on governance and the changing nature of the state and other forms of rule. The literature includes contributions from the leading theories in the contemporary social sciences, including rational choice, institutionalism, and interpretive theory. The literature describes, explains, and evaluates trends in public sector reform, including marketization, public management, and multijurisdictional coordination. The literature explores the effect of these trends on diverse practices of rule, including local government, the changing state, and global governance. The literature raises practical issues about how practitioners can manage these changing patterns of rule: What types of leadership are appropriate? How can policymakers manage networks? How can we act collectively to preserve common goods? Finally, the literature raises ethical and

political questions about good democratic governance: Can legitimacy still derive from clear lines of accountability? How can we promote social inclusion and participation? How can we preserve the environment for future generations? The *Handbook of Governance* aims to reflect and extend these literatures, but in its very organization it also emphasizes three things:

- The new governance rose in large part because new theories have led us to recognize the long-standing role of self-interest and networks, and
- because these new theories inspired reforms that often heightened the role of markets and networks in ruling practices.
- Practices of governance characteristically blur the boundaries between public and private, blending features of state, market, and community; and they blur the boundaries between levels of government and between states, forging multijurisdictional and transnational patterns.
- The new governance poses significant dilemmas for our current administrative and democratic practices, requiring us to develop new forms of public action and perhaps new political ideals.