

## **GOVERNANCE AND PUBLIC ADMINISTRATION <sup>(1)</sup>**

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### Biographical Note

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## Abstract

This chapter identifies seven uses of the term ‘governance’ in Public Administration: the minimalist state, corporate governance, the new public management, good governance, international interdependence, socio-cybernetics, and networks. It shows governance ‘in action’ through two stories of what governance looks like from the top (management) and the bottom (users). It uses these stories to identify and illustrate five problems posed by governance for Public Administration: fragmentation and co-ordination, steering, accountability, marketising ethics, and indirect management. It discusses six broad questions which governance must address. Is governance new? Has the centre been hollowed out? How do we explain the growth of governance? How does the centre manage networks? What are the implications of governance for representative democracy? Is governance failure inevitable? Finally, I provide a broad assessment of the potential and limits of the governance approach.

## INTRODUCTION

Over the years, the study of Public Administration has seen many fashions come and go. Often fun, sometimes instructive, rarely long lived, this chapter focuses on the currently fashionable notion of 'governance'. It is widely used, supplanting the commonplace 'government', but does it have a distinct meaning? What does it tell us about the challenges facing Public Administration in general and British government in particular?

The coming of the New Right with its love of markets heralded lean times for Public Administration. Long concerned with the design of public institutions, especially with creating efficient and democratically controlled bureaucracies, it found its prescriptions roundly rejected for private sector management skills and marketization. Bureaucrats were self-serving producers who sought to maximise the agency budget. The public interest was a myth. Students of Public Administration were sidelined, reduced to commenting on changes pioneered by others.

Governance is part of the fight back. It is a description of the unintended consequences of corporate management and marketization. It is a response, therefore, to the perceived weaknesses of marketization. Also, marketization fragmented service delivery systems drawing in actors and organizations from the public, private and voluntary sectors. The networks so central to the analysis of governance are a response to this pluralisation of policy making and governance is an argument for mixing governing structures; markets, hierarchies and networks. Finally, the governance literature grapples with the changing role of the state after the varied public sector reforms of the 1980s and 1990s. In the UK context, where there is no state tradition comparable to the continental tradition of *rechtsstaat*, governance explores how the informal authority of networks supplements and supplants the formal authority of government. The governance literature explores the limits to the state and seeks to develop a more diverse view of state authority and its exercise.

For such a bold project, as even the most cursory inspection reveals, the term 'governance' has an unfortunately large number of meanings. A baseline definition is essential, therefore, and where else to look other than a textbook. Finer (1970: 3-4) defines government as:

- 'the activity or process of governing' or 'governance';
- 'a condition of ordered rule';
- 'those people charged with the duty of governing' or 'governors'; and
- 'the manner, method or system by which a particular society is governed'

Current use does not treat governance as a synonym for government. Rather, governance signifies a change in the meaning of government, referring to a new process of governing; or a changed condition of ordered rule; or the new method by which society is governed.

So far, so simple; but the problems of definition become chronic when specifying this new process, condition or method. There are at least seven separate uses of governance:

- as the minimal state
- as corporate governance
- as the new public management
- as 'good governance'
- as international interdependence
- as a socio-cybernetic system
- as networks

I review only the literature which is relevant to Public Administration. I then examine governance 'in action'; discuss key problems; pose questions about the usefulness of the notion; and assess its potential and limits.

## **USES OF GOVERNANCE**

### Governance as the minimal state

This use is a blanket term redefining the extent and form of public intervention and the use of markets and quasi-markets to deliver 'public' services. To employ Stoker's (1998a: 18) apt phrase governance is 'the acceptable face of spending cuts'. The extent of any change is a matter of dispute. Indisputably, privatisation and cuts in the civil service reduced the size of British government. The statistical argument about the extent of the cuts matters less than the government's stated ideological preference for less government (see for example Kavanagh 1990: 11-12). Governance encapsulates that preference, but says little else being an example of political rhetoric.

### Governance as corporate governance

This specialised use refers to 'the system by which organizations are directed and controlled' (Cadbury Report 1992: 15). Thus:

the governance role is not concerned with running the business of the company, per se, but with giving overall direction to the enterprise, with overseeing and controlling the executive actions of management and with satisfying legitimate expectations for accountability and regulation by the interests beyond the corporate boundaries... All companies need governing as well as managing (Tricker 1984: 6-7).

The Chartered Institute of Public Finance and Accountancy (CIPFA 1994: 6) adapted this use to the public sector:

Developments such as compulsory competitive tendering, the creation of discrete business units within internal markets and the introduction generally of a more commercial style of management are bringing about a different culture and climate, which represents a departure from the traditional public service 'ethos', and its values of disinterested service and openness. The fact that public services are currently undergoing significant change enhances the need for extra vigilance and care to ensure that sound systems of corporate governance are both set in place and work in practice.

Its report identifies three fundamental principles which apply equally to organizations in the public and private sectors. They recommend openness or the disclosure of information; integrity or straightforward dealing and completeness; and accountability or holding individuals responsible for their actions by a clear allocation of responsibilities and clearly defined roles. Although a narrow use of the word, discussions of accountability in the 'new public management' and 'good governance' echo the concerns of corporate governance. Also, this use reminds us that private sector management practice has an important influence on the public sector.

#### Governance as the new public management

Initially the 'new public management' (NPM) had two meanings: corporate management and marketization. Corporate management refers to introducing private sector management methods to the public sector. It stresses: hands-on professional management, explicit standards and measures of performance; managing by results; value for money; and, more recently, closeness to the customer. Marketisation refers to introducing incentive structures (such as market competition)

into public service provision. It stresses disaggregating bureaucracies; greater competition through contracting-out and quasi-markets; and consumer choice. Before 1988, corporate management was the dominant strand in Britain. After 1988, marketization became more prominent.

NPM is relevant to this discussion of governance because steering is central to the analysis of public management and steering is a synonym for governance. For example, Osborne and Gaebler (1992: 20) distinguish between 'policy decisions (steering) and service delivery (rowing) ', arguing bureaucracy is a bankrupt tool for rowing. In its place they propose entrepreneurial government which will stress competition, markets, customers and measuring outcomes. This transformation of the public sector involves 'less government' (or less rowing) but 'more governance' (or more steering) (Osborne and Gaebler 1992: 34).

Peters (1996: 1) defines 'governance as 'institutions designed to exercise collective control and influence'; a definition so broad it covers all forms of government. However, Peters (1995: 3) also uses steering as a synonym for governance and Peters (1996) focuses on public sector reform. In effect, like Osborne and Gaebler, Peters uses governance to describe recent public sector reforms but, in sharp contrast to Osborne and Gaebler, he does not argue for any one reform. He identifies the several variants - the market, participatory, temporary and regulatory states - and discusses their effects. Governance signals both the importance of these changes and their concern with the new public management (see also OECD 1995).

#### Governance as 'good governance'

Government reform is a world-wide trend and 'good governance' is the latest flavour of the month at the World Bank, shaping its lending policy towards third world countries. For the World Bank (1992), governance is 'the exercise of political power to manage a nation's affairs' and 'good governance' involves:

an efficient public service, an independent judicial system and legal framework to enforce contracts; the accountable administration of public funds; an independent public auditor, responsible to a representative legislature; respect for the law and human rights at all levels of government; a pluralistic institutional structure, and a free press. (Leftwich 1993: 610; see also Leftwich 1994)

Leftwich identifies three strands to good governance: systemic, political and administrative. The systemic use of governance is broader than government covering the 'distribution of both internal and external political and economic power'. The political use of governance refers to 'a state enjoying both legitimacy and authority, derived from a democratic mandate'. The administrative use refers to:

'an efficient, open accountable and audited public service which has the bureaucratic competence to help design and implement appropriate policies and manage whatever public sector there is.' (Leftwich 1993: 611).

And to achieve efficiency in the public services, the World Bank seeks to: encourage competition and markets; privatise public enterprise; reform the civil service by reducing over-staffing; introduce budgetary discipline; decentralise administration; and make greater use of non-governmental organizations (Williams and Young 1994: 87). In short, 'good governance' marries the new public management to the advocacy of liberal democracy.

### Governance as international interdependence

There is a growing literature on governance in the fields of international relations and international political economy (see chapters 8-10 below). But two strands of this literature are directly relevant to the study of Public Administration: hollowing-out; and multi-level governance.

The hollowing out thesis argues that international interdependencies erode the authority of the state. Thus, Rosenau (1992a: 3-6) distinguishes government from governance by suggesting that government refers to 'activities that are backed by formal authority' whereas governance refers to 'activities backed by shared goals'. Governance is 'a more encompassing phenomenon' because it embraces not only governmental organizations but also 'informal, non-governmental mechanisms'. So you get governance without government when there are 'regulatory mechanisms in a sphere of activity which function effectively even though they are not endowed with formal authority'. The development of global governance means authority is disaggregated and scattered, supplementing and supplanting the authority of the nation state. Thus, Held (1991: 151-7) suggests that four processes are limiting the autonomy of nation states: the internationalisation of production and financial transactions; international organizations; international law; and hegemonic powers and power blocs. As a result, the nation state's capacities for governance have weakened but 'it remains a pivotal institution' (Hirst and Thompson 1995: 409). It is essential to 'suturing' power upwards to the international level and downwards to sub-national agencies (p. 423). The state is 'the source of legitimacy in transferring power or sanctioning new powers both "above" it and "below" it' (p. 431). They envisage the state as a 'source of constitutional ordering' in:

A world composed of diverse political forces, governing agencies and organizations at both international and national levels (which) will need an interlocking network of public powers that regulate and guide action in a relatively consistent way, providing minimum standards of conduct and relief from harm (p. 435).

The European Union illustrates how trans-national policy networks emerge when: they are a feature of national policy making; there is a high degree of dependence in the policy sector; policy making is depoliticised and routinised; where supra-national agencies are dependent on other agencies to deliver a service; and where there is a need to aggregate interests and strengthen

functional representation. This picture of multi-level governance, linking for example EU Commission, national ministries and local and regional authorities, is a specific version of the more general argument about the impact of international interdependencies on the state (see: Benington and Harvey 1998; Haas 1992; Hooge 1997).

### Governance as a socio-cybernetic system

For Kooiman (1993b: 258), governance:

can be seen as the pattern or structure that emerges in a socio-political system as 'common' result or outcome of the interacting intervention efforts of all involved actors. This pattern cannot be reduced to one actor or group of actors in particular.

In other words, policy outcomes are not the product of actions by central government. The centre may pass a law but subsequently it interacts with local government, health authorities, the voluntary sector, the private sector and, in turn, they interact with one another. Kooiman distinguishes between governing (or goal-directed interventions) and governance which is the result (or the total effects) of social-political-administrative interventions and interactions. There is order in the policy area but it is not imposed from on high but emerges from the negotiations of the several affected parties. Also:

These interactions are ... based on the recognition of (inter)dependencies. No single actor, public or private, has all knowledge and information required to solve complex dynamic and diversified problems; no actor has sufficient overview to make the application of needed instruments effective; no single actor has sufficient action potential to dominate unilaterally in a particular governing model (Kooiman 1993a: 4).

So, all the actors in a particular policy area need one another. Each can contribute relevant knowledge or other resources. No one has all the relevant knowledge or resources to make the policy work. Governing confronts new challenges:

Instead of relying on the state or the market, socio-political governance is directed at the creation of patterns of interaction in which political and traditional hierarchical governing and social self-organization are complementary, in which responsibility and accountability for interventions is spread over public and private actors (Kooiman 1993b: 252).

Central government is no longer supreme. The political system is increasingly differentiated. We live in 'the centreless society' (Luhmann 1982: xv); in the polycentric state characterised by multiple centres. The task of government is to enable socio-political interactions; to encourage many and varied arrangements for coping with problems and to distribute services among the several actors. Such new patterns of interaction abound: for example, self- and co-regulation, public-private partnerships, co-operative management, and joint entrepreneurial ventures.

The socio-cybernetic approach highlights: the limits to governing by a central actor, claiming there is no longer a single sovereign authority. In its place, there is a great variety of actors specific to each policy area; interdependence among these social-political-administrative actors; shared goals; blurred boundaries between public, private and voluntary sectors; and multiplying and new forms of action, intervention and control. Governance is the result of interactive social-political forms of governing.

### Governance as networks

Networks are the analytical heart of governance. There is a massive literature on them but I focus only on those studies explicitly concerned with governance (for broader reviews see: Börzel 1998; Dowding 1996; and Rhodes 1990 and 1997: chapters 1 and 2). This literature falls into broad schools depending on how they seek to explain network behaviour: power-dependency or rational choice. I illustrate the two approaches with the work of the British 'Local Governance' and 'Whitehall' research programmes; the Erasmus University, Rotterdam 'governance club'; and the work originating at the *Max-Planck-Institut für Gesellschaftsforschung*.

### *Power-Dependence*

The UK Economic and Social Research Council Research Programmes on 'Local Governance', and 'Whitehall' fuelled research in Britain. At the start of the 'Local Governance' Programme, Rhodes (1992: 2) argued the system of government beyond Westminster and Whitehall changed 'from a system of local government into a system of local governance involving complex sets of organizations drawn from the public and private sectors'. This use sees governance as a broader term than government with services provided by any permutation of government and the private and voluntary sectors. Complexity arising out of the functional differentiation of the state makes inter-organizational linkages a defining characteristic of service delivery. The several agencies must exchange resources if they are to deliver services effectively. All organizations are dependent on other organizations for resources to achieve their goals and have to exchange them, employing strategies within known rules of the game (Rhodes 1981: chapter 5; Stoker 1998a: 22). These themes remained prominent throughout the Programme. Thus, Stoker (1998a: 18) describes governance as: a set of institutions and actors drawn from but also beyond government; where boundaries and responsibilities for tackling social and economic issues are blurred; the several institutions are power-dependent; and the resulting networks are autonomous and self-governing. So, the government cannot command; it must use new tools and techniques to steer and to guide

(see also as examples: Benington and Harvey 1998: 17; Jessop 1997: 123 and 1998: 5; Reid 1998: 86-8; and Riley 1997: 164 and 166).

The ESRC Whitehall Programme generalised the governance argument from local government to British government as a whole, challenging the conventional wisdom of the Westminster model (Rhodes 1997a, chapter 1). Networks are a common form of social co-ordination, and managing interorganizational links is just as important for private sector management as for public sector. They are a mechanism for co-ordinating and allocating resources - a governing structure - in the same way as markets or bureaucracies. So, networks are an alternative to, not a hybrid of, markets and hierarchies:

If it is price competition that is the central co-ordinating mechanism of the market and administrative orders that of hierarchy, then it is trust and co-operation that centrally articulates networks. (Frances and others 1991: 15. See also Powell 1991)

Other key characteristics include diplomacy, reciprocity and interdependence (Rhodes 1997b). More important, this use of governance also suggests that networks are self-organising. At its simplest, self-organising means a network is autonomous and self-governing. Networks resist government steering, develop their own policies and mould their environments. So, Rhodes (1996: 660) defines *governance as self-organising, interorganizational networks* with the following shared characteristics.

- Interdependence between organizations. Governance is broader than government, covering non-state actors. Changing the boundaries of the state meant the boundaries between public, private and voluntary sectors became shifting and opaque.

- Continuing interactions between network members, caused by the need to exchange resources and negotiate shared purposes.
- Game-like interactions, rooted in trust and regulated by rules of the game negotiated and agreed by network participants.
- A significant degree of autonomy from the state. Networks are not accountable to the state; they are self-organising. Although the state does not occupy a privileged, sovereign position, it can indirectly and imperfectly steer networks.

The key problem confronting British central government is, therefore, its reduced capacity to steer. The story of British government as a unitary state with a strong executive is replaced by the story of the hollowing-out of the British state by international interdependencies and internal functional differentiation. There is now a differentiated polity with a hollow crown.

This focus on the constraints on central capacity is also a feature of the work by Walter Kickert, Jan Kooiman and their colleagues at the Erasmus University, Rotterdam. The 'governance club' research programme began in 1990, building on earlier work on administrative decision making. It focuses on policy making and governance in and of networks. Specifically, the group's theoretical work focuses on: policy instruments for governance, polycentric decision making, managing the policy process, the role of rules and perceptions in games and networks, network management and evaluating networks and their outcomes. Their empirical work covers technology policy, employment policy, agriculture, and intergovernmental relations. Unfortunately, little of their work is available in English (but see: Kickert 1993, 1997a and 1997b; Klijn. 1995; Kooiman 1993).

The basic argument of the 'governance club' is that:

The control capacity of government is limited for a number of reasons: lack of legitimacy, complexity of policy processes, complexity and multitude of institutions concerned etc. Government is only one of many actors that influence the course of events in a societal system. Government does not have enough power to exert its will on other actors. Other social institutions are, to a great extent, autonomous. They are not controlled by any single superordinated actor, not even the government. They largely control themselves. Autonomy not only implies freedom, it also implies self-responsibility. Autonomous systems have a much larger degree of freedom of self-governance. Deregulation, government withdrawal and steering at a distance ... are all notions of less direct government regulation and control, which lead to more autonomy and self-governance for social institutions. (Kickert 1993: 275)

Governance refers to 'the directed influence of social processes' and covers 'all kinds of guidance mechanisms connected with public policy processes' (Kickert 1997: 2). Policy networks make public policy. They are ' (more or less) stable patterns of social relations between interdependent actors, which take shape around policy problems and/or policy programmes' (p. 6). The core of these inter-organizational links is power dependence (Klijn, 1997: 21). However, the main concern of the Erasmus Rotterdam 'governance club' is managing networks, a topic I return to below.

### *The Max-Planck-Institut and Actor-Centred Institutionalism* <sup>(2)</sup>

For Renate Mayntz, Fritz Scharpf and their colleagues at the *Max-Planck-Institut*, policy networks represent a significant change in the structure of government. They are specific 'structural arrangement' which deal typically with 'policy problems'. They are a 'relatively stable set of mainly public and private corporate actors'. The linkages act as 'communication channels and for

the exchange of information, expertise, trust and other policy resources'. They have their own 'integrative logic' and the dominant decision rules stress bargaining and sounding-out. So, as with the power-dependence approach, the Max Planck school stress functional differentiation, the linkages between organizations, and dependence on resources (Kenis and Schneider 1991: 41-3).

They also stress the advantages of networks over markets and hierarchies. Thus, networks can avoid not only the negative externalities of markets but also the 'losers' - that is, those who bear the costs of political decisions - produced by hierarchies because:

in an increasingly complex and dynamic environment, where hierarchical co-ordination is rendered difficult if not impossible and the potential for deregulation is limited due to the problems of market failure, governance becomes more and more feasible only within policy networks, which provide a framework for efficient non-hierarchical co-ordination of the interests and actions of public and private corporate actors which are mutually dependent on their resources.' (Börzel 1998: 16)

To explain how policy networks work, Scharpf (1998: chapters 2 and 3) combines rational choice and the new institutionalism to produce actor-centred institutionalism. The basic argument is that institutions are systems of rules that structure the opportunities for actors (individual and corporate) to realise their preferences. So:

policy is the outcome of the interactions of resourceful and boundedly rational actors whose capabilities, preferences, and perceptions are largely, but not completely, shaped by the institutionalised norms within which they interact (Scharpf 1998: 195).

Networks are one institutional setting in which public and private actors interact. They are informal institutions; that is, informally organised, permanent, rule-governed relationships. The

agreed rules build trust, communication, reduce uncertainty and are the basis of non-hierarchic coordination. Scharpf uses game theory to analyse and explain these rule-governed interactions.

There is much agreement, therefore, that governance as networks is an ubiquitous and important form of governing structure in advanced industrial societies but competing explanations about how networks affect government and its policies.

This section shows that 'governance' has many meanings but, increasingly in Public Administration, it refers to governing structures based on networks. So, in the rest of this chapter, I explore critically the usefulness of governance, defined as 'self-organising inter-organizational networks', for understanding modern government.

## **GOVERNANCE 'IN ACTION'**

Discussing definitions gives a text a desiccated air; it is Casaubon's approach to scholarship. I will try to put some flesh on these dry bones by telling two stories. What is it like to live and work in a network? I give the view from the top - managers - and the view from the bottom - users.

### **The View from the Top: Eating out with Yorkshire Regional Health Authority.**

It is best to begin at the beginning and with a culinary story that is with the hors d'oeuvres. Based on a sample of hotels and restaurants for 1992/93 and 1993/94, the Committee of Public Accounts (1997) reports that Yorkshire Regional Health Authority paid invoices totalling £694,909. To give the full 'flavour', the Devonshire Arms is one of the better hotels in the Yorkshire region and the dinners cost between £4-6,000 each. The invoices for the Old Swan Hotel included 'Super Sleuth' events at £10,000 each.

The Committee of Public Accounts (1997) expressed 'concern' about a further eight instances of 'unacceptable' behaviour which they noted 'with surprise' and 'serious concern', including on one

occasion, an 'appalled'. They also consider the remedial action 'deeply unsatisfactory'. So what further transgressions moved the Committee to use such uncharacteristically strong language? I provide several examples from the report.

#### Relocation and Severance Payments

The Authority made 'irregular payments' of relocation expenses totalling £447,847 to senior managers and medical consultants. In two cases severance payments were made without the necessary approval. Also the Personnel Director, the Finance Director and the Assistant Regional General Manager were 'improperly' engaged on general manager contracts.

#### Contract with the US Health Care for consultancy advice

The Authority let the contract without tender, breaking EU law. It prepaid \$150,000 for unspecified services eight days before the demise of the Authority. It completed contract negotiations without consulting the successor Authority.

#### Scotton Banks land disposal

The sale and development of the Scotton Banks hospital site in 1989 was mishandled, raising an estimated £4 million of which only £1.5 million had been received (September 1994) when it should have raised some £7.6 million.

#### Agreement with Yorkshire Water for clinical waste incineration

The Authority let a contract, worth £7.2 million of capital and £2 million a year in revenue, without competition. It was for fifteen years. The Authority did not get NHS Executive approval.

#### Potential conflicts of interest

The Personnel Director awarded contracts to the value of £43,000 to a company owned by her husband without declaring her interest. She would fulfil one of these contracts after her retirement from the Authority. She negotiated a new contract for herself three days before the demise of the Authority. The Committee concluded 'her actions seemed to have been intended to maximise her own reward'.

#### Adequacy of remedial action

One manager was given a 'severe reprimand'. Because the Authority no longer existed, the NHS Executive concluded that neither it nor the current employing Authority could take legal or disciplinary actions against any of the individuals involved. The Committee thought it 'deeply unsatisfactory that so little of the money improperly paid ... had been recovered'.

#### **The View from the Bottom: A Community Care 'Faction'**

A local GP refers one of his patients asking for Home Help. Mrs. T is 80 years old, and arthritic. She lives on her own in a bungalow. She uses a walking frame. She can no longer manage pans and cooking for herself. She coped well until she fell fracturing her wrist. She visited casualty for treatment. The hospital sent her home after treatment. A friend has been helping but she is elderly and finds the constant care that Mrs. T. needs too much of a struggle.

The Home Care Manager visits and assesses Mrs. T. She is slow and finds holding the frame difficult because of the arthritis in her hands and fractured wrist. She has difficulty with washing, dressing, toilet, bathing, preparing food, cooking and shopping. The friend who calls in cooks and shops and helps with personal care. She would still like to visit her friend twice a week and will do small amounts of shopping and get her pension when she gets her own. Mrs. T's three children all live away from their home town, have families of their own and work. The eldest will retire next

year. The family have arranged to take it in turns to visit on Sundays, keep the house and garden tidy and in good repair.

The Home Care Manager asks for an urgent visit from the Occupational Therapy Services to assess Mrs. T. for equipment for daily living. While waiting for this assessment a home help will call at mealtimes and help with dressing in the morning. The friend will call about 7.00pm to help her undress.

Two days later an Occupational Therapy Assistant (OTA) calls to assess Mrs T's equipment needs for daily living. Mrs. T can eat with special cutlery and a plate guard. She can manage a cup of tea with a kettle tipper if laid out for her. She can manage toast or cereal for breakfast if laid out before. Tea is manageable with bread, butter, cheese or cold meats. Mrs. T. can manage her gas cooker with the help of replacement dials. The kitchen is well-organised. With a perching stool she can sit at the work surface next to the cooker to eat her meals. She can wash and dress herself with equipment but needs help with doing up buttons, laces and zips and putting on stockings. With carefully selected clothing from the wardrobe Mrs. T. will need minimum help to dress and undress. She needs a raised toilet seat and frame in the bathroom and a bath board on the bath with a grab rail on the wall. All the equipment except the grab rail arrived later that day. An emergency warden call system will be installed by the end of the week by the council's housing services. The Gas Board will call within 48 hours to replace the dials on the cooker.

The Home Care Manager rearranges the home help. She provides a morning call from her own services Monday to Friday and arranges for a private agency on Saturday. The home help will help with buttons and will collect shopping and pension and do some basic cleaning. They will do the laundry and ironing. The home carer helps Mrs. T to use her bath board to have a bath one morning a week. She lays out breakfast and tea and fills the kettle for the day. A twilight service

will call any time between 7.00 - 9.00pm, Monday to Saturday to help with undressing. The Home Care Manager arranges and buys these services.

The WRVS delivers Meals on Wheels Mondays and Fridays. Frozen meals are cooked at a local primary school and delivered by the home help. On Saturdays Mrs. T. will treat herself to a meal cooked and delivered by a local hotel.

Mrs. T does not get out to at all and with increasing disability does not feel that she can consider going out. She is isolated. Various local centres have activities for the elderly either run by the council or voluntary agency such as Age Concern. Age Concern runs a post-hospital discharge support service. Having become used to her own company, Mrs. T is nervous about mixing with others. She is grateful for all the help she gets and does not want to be a nuisance. She does not like to ask for information and more help. She is also hard-up, getting only her pension. The Home Care Manager is busy and now all the arrangements are in place will only make a quick visit to check six monthly.

Mrs. T. will pay the second tier home care charge of £5.00 a week because she does not receive Income Support or Council Tax benefit. Her meals will cost £1.40 each, Monday to Friday and her meal on Saturday will cost £3.00. She pays all her service charges, Council Tax (£520 a year) and other expenses from her pension of £61.15 a week. She has savings of £7,000.

## **PROBLEMS AND QUESTIONS**

I have surveyed the relevant literature and identified the key issues elsewhere (Rhodes 1997a and b; 1998).<sup>(3)</sup> I will not repeat this formal analysis. I simply list the issues already identified and illustrate them from my three stories to complement the earlier work. The key issues are:

fragmentation and co-ordination, steering, accountability, marketising ethics and indirect management.

## **Problems**

### Fragmentation and Co-ordination

The case of Mrs T. illustrates how fragmentation meets turf protection to the disadvantage of the user. Is the quality of Mrs. T's life improved by the range of services provided by the Home Care Manager and OTA? Could the quality of life be improved if Mrs. T is assessed by a social worker who may have other resources at her fingertips. Could someone take her to a local lunch club, a day centre? She may like playing bingo, or whist. What about a stay in a residential home or a holiday with her friend perhaps? Is Mrs. T. entitled to more money? What about Income Support, Attendance Allowance, and Council Tax Benefit? Would Mrs. T. have more choice about the services she would like if she had more income? Would she have to pay more for some of the services? The user has no idea of what is available. The street level bureaucrat does not have access to a full range of services, but wants to keep control. There is no one person able to co-ordinate a care package, and yet the social worker was deliberately excluded. At the root of these issues lies fragmented service delivery; six organizations provided services for Mrs T.

### Steering

Yorkshire RHA shows that the control deficit was interorganizational; the central NHS executive could not steer. Government policy is compulsory competitive tendering. EU policy requires all major public sector contracts to be open to member states. But Yorkshire is exempt, it would seem. Forgive the repetition. A contract for waste incineration, worth £7.2 million of capital and £2 million a year in revenue, was not put out to competition. It was for fifteen years. The Authority

did not get NHS Executive approval. The centre has rubber levers; pulling the central policy lever does not mean something happens at the bottom. An old lesson seemingly forgotten.

There is a contradiction at the heart of British government. It has great capacity to pass legislation but for that legislation to succeed it needs the co-operation of many agencies. The authority which underpins legislative hyperactivity turns sour when turned on other agencies. The informal authority structures of networks respond to negotiation, not commands, if they respond at all. Interdependence confounds command.

### Accountability

Fragmentation erodes accountability because sheer institutional complexity obscures who is accountable to whom for what. Special purpose, nominated bodies have multiplied in place of central departments and elected local councils for the delivery of some services. Yorkshire RHA dramatically illustrates the lack of accountability. If no one misdeed by the Authority is dramatic, the catalogue is eye-catching. The Public Accounts Committee paints the picture of an Authority which embraced the culture of the day, neglected its classical stewardship role, and got away with blue murder for several years. Control was exerted - later, much later. No one was brought to book for the substantial waste of public money. The money was not recovered. Nor can Yorkshire RHA be dismissed as a single, aberrant organization. It was encouraged to embrace the ethos of the day by the NHS Executive. The Committee of Public Accounts (1994) provides much evidence of the same type and scale of improper behaviour in the Wessex and West Midlands RHAs (that is, three out of the (then) fourteen RHAs). Its reports show private government in action and a lack of network accountability.

Responsive service delivery as envisaged by such innovations as the Citizen's Charter supplements, but does not replace, political accountability because the consumer has no powers to

hold a government agency to account. User dependence is clear from the case of Mrs T. She had neither the political clout nor the information to secure what she wanted. As citizens, we have become consumers of services. The Citizen's Charter is the equivalent of the consumer magazine Which. It is less effective.

### Marketising Ethics

Yorkshire RHA shows declining standards in public life and the waste of public money but the challenge to public sector ethics goes beyond the more conventional exposés of the national media. Health is one of the classical policy networks in British government. Health professionals dominated it. Corporate management and marketisation challenged their influence. Thus, the Regional General Manager defended his actions claiming he brought a more commercial attitude and a willingness to embrace risk to health services management. He embraced 'the rhetoric of the day (in summary the ministerial encouragement to break away from the bureaucratic stranglehold).' The point is of sufficient importance to warrant a lengthy quote from the former chief executive of Yorkshire RHA, Keith McLean.

The culture of the day in the NHS should be recognised as a real factor. In the 1988-93 period, senior managers were encouraged from the highest levels to focus on the achievement of nationally desired results. The service was in the throes of radical structural change with the introduction of a market approach and, ..., it felt to me and perhaps others that the regulatory framework of the pre-reform era was relaxed to give local managers the space to achieve change quickly through the exercise of managerial discretion. The advent of the Chief Executive ... was a signal of the changing culture. Several of the regulations which are said to have been transgressed in Yorkshire have since been modified in the direction of greater flexibility ... and the coming changes were, inevitably, 'in the air'

before they actually came about. (Committee of Public Accounts 1997: 40 [emphasis added])

Mr McLean accepted that he embraced ‘the culture of the day too enthusiastically and uncritically in pursuit of successful outcomes’ but insisted that his decisions must be placed in the broader context. They should, and that context is the erosion of public service ethics by corporate management and marketization.

### Indirect management

Corporate management seeks to rival what it thinks is best private sector practice by setting objectives and measuring performance. The studies illustrate the limits of such corporate management. For users, a quality service did not depend on any one organization having clear objectives. It depended on several organizations working together. In other words, the relevant objectives spanned organizations. To measure performance effectively, you had to look at the policy as a whole and not the contribution of any one agency. There were no objectives or performance measures that spanned organizations. They had an intra-organizational focus inappropriate to inter-organizational service delivery.

Rhodes (1997b) argues that policy areas characterised by many hands need diplomatic skills which can maintain relationships over time. Indirect management, using policy levers such as signposting, systematic review and scrutiny, and policy guidance, is a more effective management style than direct management (see for example: Taylor 1997). Again such skills are absent in the case studies. Thus, with Mrs T. turf protection overrode any efforts to build relationships between, for example, the home care manager and the local authority social workers. And, to employ brutal language, the management style in Yorkshire RHA is that of the ‘head kicker’ - an Australian phrase for macho-management - and the opposite of diplomacy.

I have described two inter-organizational networks in action and used these examples to illustrate the problems associated with governance. Although I have done so ‘informally’, the list of problems has extensive support in the literature. Interorganizational service delivery is widespread and raises varied problems for both governors and governed. In short, the governance approach in Public Administration tells a distinctive story and highlights problems the advocates of public sector reforms are keen to ignore. However, this conclusion does not mean the governance approach is without problems of its own. In the next section, I pose several questions about the accuracy and openness of this account of recent governmental changes.

### **Questions**

To accept that an approach has virtues, should not blind one to its limits. The human sciences offer only provisional knowledge and governance, like any other approach, is no exception. To explore these limits, I pose six questions. Is governance new and does it matter? Has the centre been hollowed out? How do we explain the growth of governance? How does the centre manage networks? What are the implications of governance for representative democracy? Is governance failure inevitable?

#### Is governance new and does it matter?

A sceptic would point out that networks are not new. The major difference is that social scientists now talk about them endlessly. Both points are correct, and misleading. The governance approach does not claim networks are new, only that they have multiplied. Precise figures are not available, but the large increase in special-purpose bodies and contracted-out services is obvious. More important, the question does not matter. All that matters is that there are networks and government works with and through them. The dominant narrative of the 1980s and 1990s told the story of how corporate management and marketization triumphed over bureaucracy. It is a story which

ignores the need for negotiation in and between networks. Whether there is more fragmentation is less important than the search for a new story (and associated language) about British government which confronts the perceived weaknesses of both the Westminster model and the market alternative. Governance as networks provides a different story and language to marketization and therefore underpins the attempt to develop the managerial strategies available to modern governments to steer.

In the human sciences prediction is mainly an aspiration and probably an impossibility. The human sciences do not offer us causal explanations that evoke physically necessary relationships between phenomena. Rather, they offer us stories about the past, present, and possible futures; stories that relate beliefs, actions, and institutions to one another by bringing the appropriate conditional and volitional connections to our attention. I evoke narratives to make the point that understanding and explanation in the human sciences always take the form of a story. Narrative structures relate people and events to one another understandably over time, but these relations are not necessary ones (see Bevir 1999; Bevir and Rhodes 1998).

An awareness of our limits does not make the human sciences useless. We can define and redefine problems in novel ways. We can tell the policy makers and administrators distinctive stories about their world and how it is governed. For example, the corporate management rhetoric told a story of economy, efficiency and effectiveness which contrasted sharply with the story of the local government officer as professional with clients and the permanent secretary as policy adviser and fire-fighter for the minister. As Stoker (1998b) argues corporate management and marketisation had beneficial unintended consequences. It challenged existing ways and set in train a discourse and pressures for change which led not to efficient responsive services but to the broader notion of local governance. The language of governance tells a story of fragmentation, networks, and dependence which contrasts sharply with the language of corporate management and markets. In

short, therefore, governance provides a language for redescribing the world and challenges the dominant ideology of the 1980s. Networks rival markets and bureaucracy as a suitable means for delivering services and the language of governance describes a complex world in all its complexity; advocating no simple solution whether based on markets or hierarchies or networks.

#### Has the centre been hollowed out?

Governance is the product of the hollowing-out of the state from above (for example, by international interdependencies), from below (for example, by special-purpose bodies), and sideways (for example, by agencies). As a result there has been a decline in central capacity. Thus, Peters (1996: 117) concludes:

Many of the reforms already implemented have helped to create a greater need for coordinative structures and action while at the same time reducing to some extent the capacity of governments to coordinate effectively. In an increasingly complex and interdependent world, government appears to be squandering its capacity to present an integrated and coherent set of policies at the time that capacity is most needed.

Rhodes (1997: 211-12) argues there are six countervailing trends which may result in a hollow crown.

#### *Fragmentation vs. control*

There is a conflict between institutional fragmentation and core executive steering which is captured by the phrase that core executives have 'more control over less'; that is, they have reduced the scope of their interventions but have greater control over what remains.

#### *Internal independence vs. external dependence*

Core executives respond to the constraints of international interdependence by asserting their independence from domestic pressures. Global pressures produce distinctive national responses.

*Centralisation vs. autonomy*

The search for internal independence saw both a centralisation of power on the core executive as it sought to assert its control over priorities and greater autonomy for other state actors in managing and implementing policy.

*Intended vs. unintended consequences*

Assertive leadership produced unintended consequences which became ever more visible as institutional differentiation and pluralisation, coupled with indirect or 'hands-off' management, multiplied the disparities between policy aims and implementation.

*Symbols vs. substance*

Confounded by the sour laws of unintended consequences, core executives balance policy effectiveness against electoral survival by playing symbolic politics which value the appearance of coherence as much, if not more than, the substance. Media pressures fuel the desire to appear coherent, cohesive and effective.

*Constraints vs. opportunities*

The constraints on core executives are also opportunities to reassert control; for example, international agreements can provide the rationale for renewed efforts at internal control.

The hollowing-out thesis poses the basic proposition that institutional differentiation and pluralisation is common, creating multiple challenges to the capacity of core executives to steer.

It identifies important trends, focusing attention on the unintended consequences (beneficial as well as damaging) of these processes.

How do we explain the growth of governance?

One possible explanation for the growth of governance posits that advanced industrial societies grow by a process of functional and institutional specialisation and the fragmentation of policies and politics (Rhodes 1988: 371-87). This differentiation and attendant complexity undermined the 'Dual polity' statecraft of the UK's central elite (Bulpitt 1983) by creating control deficits which undermined the centre's autonomy in high politics. The command operating code adopted in its place simply multiplied unintended consequences and its replacement, the marketisation code, fuelled institutional differentiation, multiplied networks and compounded the problems of central steering. This reshaping of the state produced no 'revolution' but a downward spiral of muddling through. Differentiation multiplied unintended consequences and fed policy disasters; for example, Suez, national economic planning, domestic nuclear energy and, most recently, the poll tax.

For some authors, differentiation is part of a larger context. For example, regulation theory sees it as a result of the shift from Fordism to post-Fordism (see also Jessop 1997: 308-15; Stoker 1998c: 126-7 and chapter 5 below). However, I want to argue that the key question is how the different British governmental traditions understand and respond to governance. It is rapidly becoming a commonplace that even simple objects are not given to us in pure perceptions but are constructed in part by the theories we hold true of the world. When we turn our attention to complex political objects, the notion that they are given to us as brute facts verges on absurd. There is a sense, therefore, in which there is no 'governance' because all complex political objects are constructed in part by our prior theories of the world and the traditions of which they

are part. How we understand 'governance' depends, therefore, on the theories within which we do so.

A tradition is a set of shared theories that people inherit and that form the background against which they construct the world about them. Traditions are contingent, constantly evolving, necessarily in a historical context and consist of theories and narratives with associated practices. Narratives are the form theories take in the human sciences; narratives are to the human sciences what theories are to the natural sciences. Governance is a narrative interpreted through traditions (Bevir 1999). In the UK, it is possible to identify several traditions; for example, Tory, Liberal, Whig and Socialist. Each tradition will interpret governance differently. Governance will pose different dilemmas for each tradition (Bevir and Rhodes 1998). So, Henney (1984: 380-81), writing in the liberal tradition, interprets networks as examples of the corporate state; 'the institutionalised exercise of political and economic power' by the various types of local authority, government, the unions and to a lesser extent business. They 'undertake deals when it suits them; blame each other when it suits them; and cover up for each other when it suits them'. These interactions are conducted 'behind closed doors' and sector has a 'cultural cocoon' rationalising their interests with the public interest. The vested interests 'institutionalise irresponsibility'. Producers interests rule OK, only for Henney it isn't, and he wants to cut local government down to a manageable size by removing some functions and transferring others to the social market. The dilemma is that marketization fragments service delivery structures, creates the motive for actors (individuals and organizations) to co-operate and, therefore, multiplies the networks the reforms sought to break up. Beliefs in the virtues of markets have to confront the obvious defects of quasi-markets.

The socialist tradition in the guise of New Labour sees networks as a problem of integration. For Perri 6 (1997) government confronts 'wicked problems' which do not fit in with functional

government based on central departments and their associated policy networks. Such functional government is costly, centralised, short term, focuses on cure not prevention, lacks co-ordination, measures the wrong things and is accountable to the wrong people (Perri 6 1997: 26). The solution is holistic government which will span departmental cages (for the specific reforms see below p. 36). This report from a New Labour 'think-tank' epitomises the long-standing Fabian tradition in the Labour Party which sees salvation in administrative engineering. The dilemma lies in the centralising thrust of the reforms. They need to co-ordinate the departmental cages, a centralising measure, and to impose a new style of management on other agencies, a central command operating code. But network structures need a decentralised, diplomatic, negotiating, style. Beliefs in leaders know best confront the belief that decentralised structures need indirect or hands-off management.

This focus on Anglo-Saxon pluralist traditions is too narrow. Governance has important implications for other state traditions. Loughlin and Peters (1997: 46) distinguish between the Anglo-Saxon (no state) tradition; the Germanic (organicist) tradition; the French (Napoleonic or Jacobin) tradition; and the Scandinavian tradition which mixes the Anglo-Saxon and Germanic. Thus, in the Germanic tradition state and civil society are part of one organic whole; the state is a transcendent entity. Its defining characteristic is that it is a *rechtsstaat*; that is a legal state vested with exceptional authority but constrained by its own laws. Civil servants are not just public employees, but personifications of state authority. The Anglo-Saxon pluralist tradition draws a clearer boundary between state and civil society; there is no legal basis to the state; and civil servants have no constitutional position. The Jacobin tradition sees the French state as the one and indivisible republic, exercising strong central authority to contain the antagonistic relations between state and civil society. The Scandinavian tradition is also 'organicist', characterised by *rechtsstaat*, but differs from the Germanic tradition in being a decentralised unitary state with a

strong participation ethic. (In this paragraph I paraphrase Loughlin and Peters 1997: 46-55; see also Dyson 1980.)

These traditions interpret governance differently. For example, local networks with high participation are common in Denmark. Governance poses the issue of how to keep the multiplying networks under democratic control but decentralised networks are already a feature of the tradition. Similarly, in the Germanic tradition, the legal framework sets the boundaries to, and guides, official action. The direct imposition of control is unnecessary. There is a high degree of tolerance for the multi-level networks (*politikverflechtung*) so common in, for example, federal systems such as Germany. In other words, in seeking to interpret and understand governance, we have to ask whose interpretation in which tradition. Moreover, I have illustrated an argument. As Loughlin and Peters (1997: 60) are the first to admit, this account of state traditions is broad brush and does not do justice to their variety and nuances.

#### How does the centre manage networks?

I discuss network management using Table 1 which identifies three approaches. I illustrate the approaches from the UK literature on networks. As posed, this question focuses on how the centre steers networks. It could also cover the other actors in the network, although I omit them here for lack of space. Also, what is being managed? As Kickert (1997: 46) points out, we seek to manage the structure of network relations, the process of consensus building and the outcome of joint problem solving. I recognise networking strategies will vary with what is being managed but, again, I do not explore these differences here. Finally, the growing literature on managing networks shows how the study of governance focuses on practical, technical, even narrow issues. Although a characteristic of the literature, I accord network management no greater importance than all the other questions in this section.

Table 1. Approaches to Network Management

	<b>Instrumental Approach</b>	<b>Interactive Approach</b>	<b>Institutional Approach</b>
Research focus	Improving steering conditions	Co-operation	Network arrangements and their impacts
Level of analysis	Focal organization	Interactions of actors (individual and organizations)	Network structure
View of policy networks	Closed and multi-form object of steering	Horizontal interaction	Product and context of interaction and governance
Characteristics of network management	Strategic steering and treatment of dependence relations	game playing to develop co-operation and prevent blockages	Diplomacy and incremental adaptation of incentive structures, rules and culture of networks
Criteria of evaluation	Effective problem solving	Satisficing policy, consensus	Institutionalised key interests and relationships

Source: Modified from Kickert, Klijn and Koppenjan 1997: 186.

The instrumental approach is a top-down approach network steering. Although there are limits on the centre's ability to steer, it still attempts to do so. This approach accepts that government occupies a special position and will seek to exercise its legitimate authority but it also recognises the constraints imposed by networks. So government departments are the focal organization, using strategies aimed at altering dependency relationships to get effective problem solving. Perri 6 (1997) provides specific examples of this approach in action. He argues functional government has failed. In its place he wants, to use his watchwords, holistic, preventive, culture changing and outcome-oriented government (p.10). The key to real progress is integrating budgets and information. The twelve recommendations include: holistic budgets designed around outcomes,

not functions; cross-functional outcome measures; integrated information systems (for example, one stop shops); and culture, value for money and preventive audits (pp.10-12 and chapters 4-7). A specific example of this approach in practice is the policy initiative on Health Action Zones (NHS Executive EL (97)65, 30 October 1997) which exhorts agencies from the public, private and voluntary sectors to work together to bring better health care to the poor. The instrumental approach assumes the centre can devise and impose tools which will foster integration in and between policy networks to attain central objectives.

The key problem is the costs of steering. A central command operating code, no matter how well disguised, runs the ever-present risk of recalcitrance from key actors and a loss of flexibility in dealing with localised problems. Control deficits are an ever-present unintended consequence of the top-down imposition of objectives.

The interaction approach stresses the dependence of network actors. Goals and strategies develop out of mutual learning; collective action depends on co-operation. Rhodes (1997b) argues for management by negotiation, or diplomacy, stressing how important it is to sit where the other person is sitting to understand their objectives and to build and keep trust between actors. Stoker's (chapter 5 below: 11) review of techniques for steering urban governance includes indirect management through cultural persuasion, communication and monitoring as well as direct management through financial subsidies and structural reform. Klijn and others (1995: 442) distinguish between game management and network structuring. Indirect management through game management includes selectively favouring some actors in the network, mobilising supporters and their resources, greater expertise in the rules of the game, and managing perceptions to simplify compromise. Ferlie and Pettigrew (1996: 88-89) found that the National Health Service was embedded in a web of interagency alliances which changed the style of NHS management. For example, there was a shift to matrix management styles with chief executive

officers increasingly concerned to build and maintain links and institutionalise strategic alliances.

Respondents identified the following key networking skills:

strong interpersonal, communication and listening skills; an ability to persuade; a readiness to trade and to engage in reciprocal rather than manipulative behaviour; an ability to construct long-term relationships (p. 96).

Painter and others (1997: 238) provide specific advice on game management. They conclude local authorities should: conduct an audit of other relevant agencies; draw a strategic map of key relationships; identify which of their resources will help them to influence these other agencies; and identify the constraints on that influence.

The key problem of the interactive approach is the costs of co-operation. The obvious version of this argument is the more actors in a network, the longer it takes to agree and such delays are costly. Network management is time consuming, objectives can be blurred, and outcomes can be indeterminate (Ferlie and Pettigrew 1996: 95-6). Decision making is satisficing, not maximising. Also, the interaction approach ignores the context of network relations; for example, the way in which political control can change the perceptions and strategies of local authorities in their dealings with other local agencies.

The institutional approach focuses on the institutional backcloth, the rules and structures, against which the interactions take place. Thus, Klijn and others (1995: 442) suggest that networking strategies involve changing: relationships between actors, the distribution of resources, the rules of the game, and values and perceptions. Similarly, Stoker (chapter 5, below: 11) itemises new funding arrangements and creating new agencies as two key ways of altering the structure of network relations. For example, for urban governance alone, he lists urban development corporations, housing action trusts, the Housing Corporation and housing associates, English

Partnerships, Training and Enterprise Councils, Local Enterprise companies, the Government Offices for the Regions and the proposed Regional Development Agencies as tools for giving specific issues a higher profile and for involving a wider range of actors. This approach aims for incremental changes in incentives, rules and culture to promote joint problem solving.

This approach has three key problems. First, incentives, rules and culture are notoriously resistant to change. Second, networks are closed. They are rooted in the interests of a few, privileged actors who equate their sectional interest with the public interest. Third, appointments to the special-purpose agencies are patronage appointments and these bodies rarely accountable to elected assemblies. As with the instrumental and the interaction approaches, the institutional approach to network management encounters important problems. None is a panacea for central steering in the differentiated polity.

#### What are the implications of governance for representative democracy?

There is also a democratic deficit in the multi-form maze of the new governance. Hirst (1990: 2) comments that representative democracy delivers 'low levels of governmental accountability and public influence on decision making'. He notes that 'big government is now so big' that it defeats effective co-ordination by the centre and grows 'undirected' and by 'accretion' (pp. 31-2). Recent changes in British government have led to a chorus of complaint about the loss of democratic accountability whether through the emasculation of local authorities, the erosion of ministerial accountability by agencies, or the growth of non-elected, special-purpose bodies and patronage appointments. Rhodes (1988: 402-6) notes that the networks of sub-national actors were subject to 'otiose and ineffective mechanisms of accountability' and concludes that accountability can no longer be specific to an institution but must fit the policy and its network. But networks are an example of private government. All governments confront a vast array of interests. Aggregation of

those interests is a fact of everyday life. Policy networks focus on the oligopoly of the political market-place: that is, on how they:

- limit participation in the policy process;
- define the roles of actors;
- decide which issues will be included and excluded from the policy agenda;
- through the rules of the game, shape the behaviour of actors;
- privilege certain interests not only by according them access but also by favouring their preferred policy outcomes; and
- substitute private government for public accountability.

So, accountability disappears in the interstices of the webs of institutions which make up governance.

It is possible to turn networks on their head and see them as opportunities for more open government. The usual analysis of policy networks sees institutions exercising a major influence on individual actions. We treat functional domains and policy networks as objective social facts from which we can read-off the ideas and actions of individuals. A decentered account would focus on the social construction of policy networks through the capacity of individuals to create meaning. For example, Fox and Miller (1995) discuss policy networks as an example of a nascent form of discourse. The conventional account of policy networks treats them as an instance of private government. Fox and Miller (1995: 149) suggest citizens could be regaining control of government through their participation in networks as users and governors, creating a 'post-modern public administration'. They argue for a pluralism of discourse and stipulate four 'warrants

for discourse' which are necessary conditions for authentic communication; namely, sincerity, situation-regarding intentionality, willing attention, and substantive contribution (pp. 118-27). They argue that 'insincerity destroys trust' which is essential to authentic discourse; that situation regarding intentionality ensures the discourse is both about something and considers the context of the problem; that willing attention will bring about passionate engagement; and participants should offer a distinct point of view or specific expertise. These 'process norms' are said to 'police the discourse'. Such a decentered account introduces radical subjectivity into the study of policy networks. It also seems extremely general with little relevance to citizens in their everyday contact with government.

Bang and Sørensen's (1998) account of the 'Everyday Maker' provide a decentred account, focused on the beliefs and actions of individuals, which introduces a welcome air of the specific and practical. They interviewed active citizens to see how they engaged with government. They identify the 'Everyday Maker' and she has:

a strong self-relying and capable individuality; a perception of politics as the concrete and direct handling of differences, diversity and dispute in everyday life; a notion of commonality as relating to solving common concerns; an acceptance of certain democratic values and procedures in handling not only of high but also of low politics' (p. 3).

The 'Everyday Maker' focuses on immediate and concrete policy problems at the lowest possible level and civic engagement is about 'balancing relations of autonomy and dependence between elites and lay-actors in recursive, institutional networks of governance within or without the state or civil society' (p. 3). These networks create the conditions for co-governance. Bang and Sørensen (1998: 24-6) then describe the ideal typical forms of civic engagement. The Everyday maker espouses the following political maxims.

- Do it yourself.
- Do it where you are.
- Do it for fun but also because you find it necessary.
- Do it ad hoc or part time.
- Think concretely rather than ideologically.
- Show responsibility for and trust in yourself.
- Show responsibility for and trust in others.
- Look at expertise as an other rather than as an enemy.

The 'Everyday Maker' is clearly 'ideal' in both senses of that word but Bang and Sørensen do provide a concrete illustration, with excellent quotes from their interviewees, of how citizens can engage with policy networks and change them from closed to open government.

However, before their idealism becomes too persuasive, a note of caution is in order. The 'Everyday Maker' may be an endangered species. Jensen (1998) shows how the democratic experiment in Danish social housing is confounded by the fatalism of tenants and the lack of appropriate democratic skills. There are other problems. If you increase the number of participants, you lose advantages of closure; of simplifying the interests that must be aggregated and accommodated. Elite actors may be reluctant to forgo the privileges and advantages of closure. There are significant constraints on access to and communication in networks. There are important limits to the new role of citizen as user: for example governments still restrict access to information and there are clear limits to the knowledge of citizens. The conditions sustaining the 'Everyday Maker' are a world away from the practice of governance in the UK.

Is the failure of governance inevitable?

Networks like markets and hierarchies have their limits. Too often they are seen as the solution when they have marked problems. No governing structure works for all services in all conditions. The issue, therefore, is not the superiority of markets and hierarchy over networks but managing networks in the conditions under which they work best. Networks work where the following factors combine.<sup>(5)</sup>

- actors need reliable, 'thicker' information;
- quality cannot be specified or is difficult to define and measure;
- commodities are difficult to price;
- professional discretion and expertise are core values;
- flexibility to meet localised, varied service demands is needed;
- cross-sector, multi-agency co-operation and production is required;
- such co-operation confronts disparate organizational cultures;
- actors perceive the value of co-operative strategies;
- long-term relationships are needed to reduce uncertainty;
- monitoring and evaluation incur high political and administrative costs;
- implementation involves haggling;

Equally networks, like all other resource allocation mechanisms, are not cost free. They are:

- closed to outsiders and unrepresentative;
- unaccountable for their actions;
- serve private interests, not the public interest;
- difficult to steer;
- inefficient because co-operation causes delay;
- immobilised by conflicts of interest;
- difficult to combine with other governing structures.

Also, network negotiation and co-ordination can be confounded by the political context in which they are embedded. Rapid rates of change, endemic social conflicts and short-term political, especially party political, interests can all undermine negotiations and the search for an agreed course of action.

One clear, even dramatic, irony of marketization was that it undermined the effectiveness of the networks it spread. The government promoted competition and contracting-out. The result was to 'corrode .. common values and commitments' and 'to create an atmosphere of mistrust' (Flynn and others 1996: 115). Market relations had 'corrosive effects' on 'professional networks which depend on co-operation reciprocity and interdependence' (pp. 136-7; see also Lowndes and Skelcher 1998: 24). In short, contracts undermine trust, reciprocity, informality and co-operation. Competition and co-operation mix like oil and water! We relearn another old lesson. It is the mix of governing structures that matters. Governments confront not only a choice of strategies for managing networks but also a choice between governing structures. As Lowndes and Skelcher (1998: 24) argue this choice can vary during the life cycle of a policy programme; competition

and co-operation co-exist. Similarly, Flynn and others (1996) show that community health services involve hierarchy (instructions from the government), markets (contracting), and networks (GP fund holders and primary health care).

Finally, before this catalogue of qualifications and defects suggests networks are an unworkable alternative, it is important to remember that all governing structures fail. So, to end, networks have distinct advantages. First, markets and hierarchies fail. Networks work in conditions where they do not. The list of conditions above are conditions under which markets fail; for example, where it is difficult to specify the price of a good or service! Second, networks bring together policy makers and the implementing agencies, and by so doing increase the available expertise and information. Third, networks bring together many actors to negotiate about a policy, increasing the acceptability of that policy and improving the likelihood of compliance. Fourth, networks increase the resources available for policy making by drawing together the public, private and voluntary sectors. Finally, Dunsire (1993: 26) points out that ‘Government could never govern if the people - in their organizations, their families, their groupings of all kinds - were not self-governing’. Networks are a point of convergence for exercising that self-governing ability.

## **CONCLUSIONS**

As a narrative of British government, governance has two advantages. First, it identifies important factual weaknesses in mainstream accounts by identifying key changes in British government; for example, the failures of marketization and the unintended consequences of differentiation. Second, it poses distinctive, new questions about British government; for example, about reshaping the state and the pluralisation of policy making. It is a necessary corrective, therefore, to the traditional Westminster narrative; an exercise in 'edification' - a way

of finding 'new, better, more interesting, more fruitful ways of speaking about' British government (Rorty 1980: 360).

The governance approach tells a distinctive story, but it also leaves some important questions unresolved. Although it argues there has been a loss of central capability, there are countervailing trends to the hollow crown, captured by the phrase 'more control over less'. Although there are equivalent trends in other advanced industrial democracies, we know little or nothing about the different interpretations of governance and how national governmental traditions shape these interpretations. We can identify the different approaches to network management but all these tools of central steering encounter problems. Although there is a large democratic deficit in governance, we know little about the prospects for democratising functional domains, and what we do know feeds pessimism. We know that network governance fails, but not how to compensate for such failures. Marketization undermines trust, co-operation and reciprocity in networks. Organizational complexity obscures accountability. The search for co-operation impedes efficient service delivery. As Stoker (chapter 5 below: 21) notes, all we can tell the practitioner is to 'keep on "muddling through" ... in an appropriately thoughtful and reflexive manner'. Perri 6 (1997: 70) accuses this analysis of fatalism:

the best that can be hoped for is a constant and shifting process of negotiations, bargaining games and mutual adjustment across networks of organizations without overarching objectives.

He is insufficiently aware of the provisional nature of knowledge in the human sciences and his optimism for the latest managerial fashion is almost certainly misplaced. But his 'tool' view of governance, with its stress choosing between and managing resource allocation structures, is widespread. Its prominence is clear from the large and growing literature on how to manage

networks. But the shift from government to governance is not just about service delivery. It is about reshaping the state and how we understand this transformation. It is also about how we reinvent representative democracy to hold the new state structures to account. In no way do I wish to suggest that learning how to steer networks is unimportant. But is not the only or even the most important question. The technical or administrative engineering orientation of Public Administration has always been strong; we are too keen to act as servants of power. Governance is not about corporate management and marketization but about the changing nature of government and how national traditions interpret such changes.

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## NOTES

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(2) Most of the work from the Max-Planck-Institut is not available in English, so I must acknowledge the invaluable help provided by Tanja Börzel (European University Institute, Florence) who first pointed out to this literature to me. Her article (Börzel 1998) was my main source, supplemented by Marin and Mayntz 1991; and, at the last minute, Scharpf 1998. Of course I am familiar with Scharpf's earlier work on *politikverflechtung* (see for example Hanf and Scharpf 1978) but the work on governance and actor-centred institutionalism was not published until the 1990s. There is a bibliography of German publications in Börzel 1998.

(3) On the problems see also: Ferlie and Pettigrew 1996; Jessop 1998; Kickert and others 1997; Painter 1997; Klijn and others 1995; and Lowndes and Skelcher 1998.

(4) On the questions see also: Ferlie and Pettigrew 1996; Kickert and others 1997; Klijn and others 1996; Painter and others 1997; Perry 6 1997; Reid 1998; Rhodes 1997a and b; and Stoker 1998.

(5) On the conditions under which networks thrive, see: Ferlie and Pettigrew 1996: 96-7; Flynn and others 1996: 139-41; Kramer and Tyler 1996: chapters 4 and 16; Larson 1992: 98; Lowndes and Skelcher 1998; Powell 1991: 268-74; Rhodes 1997a: chapter 3; Thompson and others 1991: Introduction and chapters 21-3; Thompson 1993: 54-60; and Wistow and others 1994.

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