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A state-centric relational approach

THE WORD GOVERNANCE derives from the Classical Greek *kybernan*, meaning to pilot, steer or direct. The term has a long heritage and might be applied to any number of activities. In the Elizabethan Age in England people talked about the governance of the family. These days many use the term corporate governance to refer to the management and control of companies (Kim & Nofsinger, 2007; Maillin, 2007), or more broadly the governance of particular organisations. This book focuses on the increasing use of the term governance to describe the attempts of governments or other actors to steer communities, whole countries, or even groups of countries in the pursuit of collective goals.

A large body of work presents what we call a 'society-centred' focus upon governance. The argument is that the last few decades have resulted in a 'fundamental transformation not just in the scope and scale of government action, but in its basic forms' (Salamon, 2002, 1–2). National governments are said to have been 'hollowed out' by neo-liberal governments intent upon 'rolling back the frontiers of the 'state' (Thatcher, 1993, 744–5), by globalisation, and by the growth of international and occasionally supra-national organisations. The alleged weakening of the state is said to be driven by growing fiscal or legitimacy deficits, by institutional fragmentation, or by pressures from below from social groups wanting more say in policy and governance. As a result of these pressures, it is argued, governments now lack the ability to govern unilaterally and must instead work with interest-groups, private firms, charities, non-governmental organisations (NGOs), supra-national organisations, and a range of other bodies if they are to achieve their objectives.

This book rejects many of these claims. In particular, states have not been hollowed out and the exercise of state authority remains central to

most governance strategies. The main problem with many of the current approaches to governance is that the role of the state has either receded from view or remains ambiguous. In our view, governments and the broader set of agencies and public bodies that together constitute the state are, and should remain, central players in governance processes. We thus reject the notion that there has been any general loss of governing capacity and instead agree with Tabatha Wallington, Geoffrey Lawrence and Barton Loechel (2008, 3) who argue that governance is about governments seeking to 'govern better rather than govern less'. We also argue that the scope and scale of governance is actually expanding, and that state-based, hierarchical or top-down forms of governance are doing likewise. States are attempting to expand their governing capacities not only by strengthening central state institutions but by forging new governance partnerships with a range of social actors.

We thus agree that governments have, in recent decades, adopted a broader range of governance strategies. But we disagree that this constitutes a 'fundamental transformation'. This is partly because alternative governance strategies have a far longer pedigree than many of those writing about governance recognise, and also because states generally retain effective control over such arrangements. States are constantly choosing new policy goals and learning to pursue them in different ways. But while much has changed, the state remains a central actor in governance arrangements. We therefore define governance from a state-centric perspective and argue that governance arrangements are largely created and orchestrated by the state to help govern society. Governing can generally be defined as shaping, regulating or attempting to control human behaviour in order to achieve collective ends. Yet effective governance often requires states to build strategic relationships with a range of non-state actors. This is a process of engagement that Donald Kettl (2002, 123) refers to as 'governmentalising' previously non-governmental sectors in attempts to draw in extra governing resources from society, allowing governments to increase their reach without necessarily growing in size. Hence, we argue for a definition of governance from a *state-centric relational* perspective and define governance as *the tools, strategies and relationships used by governments to help govern*. This approach suggests that governance can be seen as an extension of more traditional notions of public policy, except that the rubric of governance implies experimentation with a wide variety of governing strategies and the involvement of a wider range of non-governmental actors.

Our approach is *state-centred* because we argue that governments rely upon hierarchical authority to implement their policies, and because, even

when governments *choose* to govern in alternative ways, the state remains the pivotal player in establishing and operating governance strategies and partnerships. We thus see governance and changes in governance arrangements as substantially driven by changes in state preferences and strategy. Our approach to governance is also *relational* because we emphasise the extent to which governments, in establishing and operating governance strategies, develop strategic relationships or partnerships with a range of non-state actors. For this reason, ultimately, the choice between society-centred and state-centric approaches to governance, or between governance and government, is a false one. Our state-centric relational approach emphasises the importance of the state and also the importance of state–society relations in governance. Our state-centric relational approach thus absorbs the *relational* aspects of the society-centred approach, but from a state-centric perspective.

The rest of this chapter elaborates on these claims. We examine the society-centered perspective on governance and ask to what extent changes in governance amount to a fundamental transformation. We then define our state-centred relational approach and outline the range of ways in which governments have deployed different 'modes of governance' in order to govern.

SOCIETY-CENTRED GOVERNANCE

Much of the existing literature on governance is society-centred: it emphasises the proliferation of complex horizontal forms of societal relations and governance networks that are said to have marginalised government or rendered its role ambiguous. As Eva Sorensen and Jacob Torfing (2008a, 3) put it: 'the sovereign state . . . is losing its grip and is being replaced by new ideas about pluricentric government based on interdependence, negotiation and trust'. We begin by critically reviewing this writing as well as the notion that governance represents a 'fundamental transformation' (Salamon, 2002, 1–2) or a 'substantial break from the past' (Stoker, 1998, 26) in the scope, scale and basic forms of government action.

In our view, the society-centred approach consists of two parts. The first is that the alleged shift from government to governance has resulted in the involvement of a wider range of actors within governing processes, and that these actors are held together not by rules, regulations and hierarchy but by informal and relatively egalitarian networks. Hence a major theme within the society-centred approach consists of a focus upon partnerships and networks and the blurring of the boundaries between the public and

private sectors. According to Mark Bevir and Rod Rhodes (2003, 55–6), 'networks are the defining characteristics of governance' and offer a 'coordinating mechanism notably different from markets and hierarchies'. Policy network is the name given to the formal and informal links and exchanges that develop between governments and civil society associations, NGOs and interest-groups in specific policy arenas (Marsh & Rhodes, 1992a, b). A major proposition of the society-centred approach is that an increasing number of policy decisions are being taken in and through self-organising policy networks.

Thus Lester Salamon (2002, 2) associates governance with 'an elaborate system of third-party government in which crucial elements of public authority are shared with a host of nongovernmental or other-governmental actors, frequently in complex collaborative systems'. Rod Rhodes (1997, 15) defines governance in terms of 'self-organising inter-organisational networks characterised by interdependence, resource exchange' and a shared acceptance of the 'rules of the game'. In a recent edited work, Sorensen and Torfing (2008a, 3) acknowledge that 'forms of top-down government remain in place', but nevertheless suggest that a major shift in governance has occurred and that 'public management increasingly proceeds in and through pluricentric negotiations among relevant and affected actors on the basis of interdependency, trust and jointly developed rules, norms and discourses. The 'surge in governance networks', they continue, 'is prompted by the persistent critique of traditional forms of governance in terms of hierarchies and markets.' Similarly, Mark Bevir (2007, 2) uses the term governance to describe a 'shift from a hierarchic bureaucracy to a greater use of markets and networks'; while Adrienne Heritier (2002a, 185) concludes that governance entails 'types of political steering in which non-hierarchical modes of guidance . . . are employed'.

The second part of the argument is that the challenges to the state noted above, as well as the involvement of a larger range of actors in the process of governing, have resulted in government being superseded or at least marginalised. As Eerik-Hans Klijn and Joop Koppenjan (2000, 136) argue, a 'broad consensus has developed around the idea that government is not actually the cockpit from which society is governed'. Andrew Jordan, Rüdiger Wurzel, and Anthony Zito (2005, 480) suggest that 'most scholars associate governance with the decline in central government's ability to steer society'. Similarly, for Gerry Stoker (1998, 17), 'the essence of governance is its focus on governing mechanisms which do not rest on recourse to the authority and sanctions of government'. Maarten Hajer (2003) contends that governance has led to a dispersal of power and the emergence of an

'institutional void' in which there are endless negotiations but no clear rules about how policy should be decided. Finally, Rhodes (1997, 52) describes governance networks as operating with 'significant autonomy from the state'.

To be sure, there are some countries in the world where central government has collapsed and non-state actors have stepped in to perform at least some of the functions previously performed by the state. In Somalia the civil war that raged between 1988 and 1992 resulted in the deaths of around a quarter of a million people. In its aftermath, informal coalitions of business leaders, clan elders and Muslim clerics assumed responsibility for constructing a system of local courts and other dispute-resolution mechanisms in the absence of any functioning state (Menkhaus, 2007). As Chapter 7 on community engagement explains, Elinor Ostrom (1990; Dolsak & Ostrom, 2003) has shown that non-state actors are sometimes capable of developing elaborate but informal rules, norms and conventions governing the allocation of natural resources. There are, furthermore, a number of instances in which NGOs have pressed firms to collectively develop and voluntarily agree to abide by codes of conduct in the apparent absence of any state involvement. David Vogel (2008, 262) reports that there are now more than 300 such codes, primarily addressing either labour or environmental practices, on such high-profile political issues as child labour, sweatshops, diamond mining and fair-trade coffee and cocoa production. 'Non-state market-driven' arrangements of this sort (Cashore, 2002) come closest to a model of 'governance without government'. Nevertheless, a later chapter shows that such governance arrangements are limited in scope, are often poorly enforced, and are pursued by NGOs as a second-best alternative to state action.

We acknowledge that not every writer who points to the involvement of a larger range of actors in the process of steering society is willing to discount the state. Janet Newman (2005, 1) suggests that 'governmental power is both retreating – with state institutions being slimmed down, hollowed out, decentred and marketised – and expanding, reaching into more and more citizens' personal lives: for example their decisions about work, health and parenting'. We concur with this latter view. In several of their texts Jon Pierre and Guy Peters (2000; 2005) have offered an avowedly 'state-centric' perspective on governance, proclaiming that, 'despite persistent rumours to the contrary, [the state] remains the key political actor in society and the predominant expression of collective interests' (2000, 25). Yet, even here, changes in, and the limits of, the state's authority are emphasised. Although Pierre and Peters dismiss claims that the state is disappearing, they

nevertheless maintain that its role and capacities have been fundamentally changed. The state is no longer the pre-eminent actor whose 'centrality can be taken for granted' and which can 'be employed to enforce the political will of the dominant political constituency' (p. 82).

The society-centred approach to governance also downplays concepts such as political power and authority (Koppenjan, 2008, 133). For Newman (2005, 4), 'governance theory offers an account of the dispersal of power within and beyond the state, undermining the privileged place of representative democracy' (see also Hajer, 2003, 177). Vasudha Chhotray and Gerry Stoker (2009, 12) see governance as a system that is 'not necessarily hierarchical in nature'. Similarly, Sorensen and Torfing (2008a, 10) argue that within governance networks, 'nobody can use their power to exert hierarchical control over anybody else without risking ruin to the network'. In this view, hierarchy, power struggles and conflict seem to get marginalised or replaced by contracts, bargaining, negotiation, networking, mutual dependence, or reciprocity and trust relations. This is a horizontal view of politics in which the state is receding or playing a more marginal role in a system of 'self-organising networks' built on bargaining and negotiation, rather than authority structures. Hence, when writers such as Sorensen and Torfing (2008a) emphasise the centrality of 'non-hierarchical forms of governance', the 'absence of top-down authority' or the 'role of horizontal networks of organised interests in the production of public policy and governance' (pp. 3, 44, 3; see also Borzel & Panke, 2008), this implies that public actors do not have any distinctive role or authority vis-à-vis private actors. Indeed, Tanja Borzel and Diana Panke (2008, 155) argue that 'public and private actors enjoy equal status' in such networks. In other words, the role of government is marginalised or rendered seemingly equivalent to that of private actors amidst processes of horizontal bargaining and negotiation.

A FUNDAMENTAL TRANSFORMATION?

The society-centred account argues that states are being weakened by an array of forces and that, as a result, governments now govern less frequently through the unilateral application of top-down, hierarchical, authority and more frequently in partnership with non-state actors through markets, network associations and other 'new' forms of governance. What are we to make of these empirical claims? We focus in detail on the 'resilience' of the state in the next chapter, but here it is worth exploring the idea that other modes of governance have increasingly marginalised the state.

We do not doubt that governments across the world are more likely than they once were to make use of, in particular, market mechanisms. In some cases – most notably the cap-and-trade provisions found in emissions trading systems – market mechanisms have acquired a high political profile. We accept that faith in market mechanisms is more than a passing policy fad. Neo-liberal governments and international organisations like the World Bank were the first to eulogise the use of markets, but their acceptance has spread beyond this relatively narrow political base. We also recognise that governments have increasingly experimented with strategies to engage the community and governance through partnering with civil society associations. In this sense, the state is certainly experimenting with a wider palette of modes of governance, as we outline below.

Nevertheless, the extent to which there has been a 'fundamental transformation' in the 'basic forms' of governance can be exaggerated (Salamon, 2002, 1–2). In most policy areas in most countries, top-down governance through hierarchy remains the most frequently employed governance strategy. Consider, in this regard, the illuminating study of European environmental policy by Jordan, Wurzel and Zito (2005). They document the extent to which various 'new' environmental policy instruments – eco-taxes, tradable permits, voluntary agreements, eco-labels – have been adopted in seven European countries. They found that, while every country had adopted at least one new policy instrument, 'there has been no wholesale and spatially uniform shift from government to governance' (p. 490).

Hierarchy is not simply holding its own against other governance mechanisms. In many cases it is resurgent, as described in Chapter 4. Governments have increasingly come to rely upon hierarchical solutions to address new policy problems such as:

- *speeding:* heavy fines, surveillance cameras, compulsory educational programs
- *illegal immigration:* fines for lorry drivers or airlines caught intentionally or unintentionally carrying immigrants
- *obesity:* bans on the advertising of junk food during children's television programs, on the sale of junk food within school premises, on the use of certain trans fats in the preparation of food
- *drug abuse:* compulsory drug testing for prisoners and, in some countries, public servants and, in almost every country, longer prison sentences for those caught dealing
- *anti-social behaviour:* court orders in Britain banning people from frequenting a certain area or socialising with certain people
- *smoking:* bans on smoking in public places

- *terrorism:* new legislation making it a criminal offence not simply to plan a terrorist attack but to acquire information likely to be of use to a terrorist.

In some cases the forms of hierarchy employed by governments have changed. Governments are now more likely to employ 'smart' regulatory systems in which the threat of fines and other punishments is accompanied by the promise of self-regulation and extensive consultation. Governments have also devolved more authority to quasi-independent bodies such as central banks, regulatory agencies and courts (Vibert, 2007). Yet such developments do not spell the end of governance through hierarchy. Smart regulatory systems still rely upon the threat of hierarchical intervention to encourage firms and associations to regulate their own activities. Indeed, critics have suggested that smart regulatory systems increase overall government control over society by giving officials the opportunity to intervene in the absence of any clear legislative mandate (Berg, 2008, 45–55). As for the shift toward quasi-autonomous bodies such as independent central banks and regulatory authorities, it should be remembered that they remain a formal part of the state with their authority being parcelled out by government.

Hence, even where governments have embraced alternative governance arrangements, hierarchy remains of central importance. Pierre and Peters (2006, 218) suggest that governments, 'rather than relying on command and control instruments', are now 'utilizing "softer" instruments to achieve their policy goals'. We question this depiction because, although governments are experimenting with different modes of governance, this does not necessarily imply a shift away from hierarchical command and control strategies or from the use of governmental or state authority in structuring a range of governance modes. Instead, the new instruments are running in parallel with command and control strategies because the operation of a wide range of governance mechanisms usually entails hierarchical state oversight; Chapter 3 explores this process further under the rubric of 'metagovernance'.

There are two other reasons why we are sceptical about the notion of a fundamental transformation in the state's role. First, we believe that those writing about governance risk exaggerating not only the extent to which governments now govern through markets, associations and community engagement but also governments' past dependence upon hierarchy. Consider the way in which governments can contract with private firms or voluntary organisations to provide particular services: an important component of governance through the market. There has, undoubtedly, been

a dramatic growth in the use of such contract arrangements. The basic principle of contracting-out services is, however, a venerable one. Services provided by private firms under contract to governments in the 17th and 18th centuries included prison management, road maintenance, collection of tax revenue and refuse collection. In that period the British government granted the East India Company monopoly control on overseas trade with the East Indies, India and China and the authority to use armed force to protect its position (Bernstein, 2008, 214–40). Meanwhile, the convict ships that carried prisoners from Britain to Australia were operated by private profit-making firms (Industry Commission, 1996, 74).

Neither can the involvement of organised interests in the policy process be considered novel. In the 1950s President Eisenhower warned of the influence exercised by the military-industrial complex over the United States' defence and procurement policy. In the 1960s social policy innovations such as the Model Cities program saw governments engaging with neighbourhood and religious organisations. And academic work on American democracy in the 1960s pointed to the influence exercised by interest-groups in shaping public policy (Lowi, 1969). In many European countries 'corporatist' power-sharing arrangements between governments and peak associations representing the interests of unions and/or business have been an established feature of the governance landscape for decades. We thus reject the claim by Rod Rhodes (1996, 652) that governance implies 'a change in the meaning of government' or 'a new process of governing' (see also Stoker, 1998, 26).

Our second reason for scepticism is that, even where governments have chosen to cede some of their authority to non-state actors, they always retain the authority to change governance arrangements. The authority the state gives to non-state actors is only ever on loan, and such arrangements are always potentially reversible. Consider, for example, the fate of the United Kingdom's privatised rail network. In 1994 a new profit-making firm, Railtrack, acquired ownership of all track, signalling and stations. Following a fatal rail crash that revealed systemic weaknesses in Railtrack's engineering culture, the rail network ground to a halt in 2000 and, largely as a result of the losses it incurred during this period, Railtrack was bankrupted the following year. A new company, Network Rail, was subsequently established that, in the place of a responsibility to maximise the value of shareholdings, had a board of directors with a responsibility to pursue the public interest. More specifically, Network Rail is required to set policies in a manner consistent with guidelines devised by the Office of Rail Regulation. Nominally, Network Rail is still classified as a private

company. In reality, and as ministers have frequently boasted, Network
Rail is controlled by the Department of Transport, which sets the overall
policy framework within which the Office of Rail Regulation and Network
Rail operate.

A STATE-CENTRIC RELATIONAL APPROACH

One of our key arguments then is that governance through hierarchical
control imposed by the state is alive and well. In some arenas – defence,
security, monetary policy – policies continue to be made and implemented
hierarchically by the state and consultation is non-existent or extremely
limited. And when governments have *chosen* to govern in alternative ways,
we argue that the state usually retains a pre-eminent position. On this basis
we argue that states and governments remain critical players in governance
and that governance is also about state–society relationships, whatever the
governance arrangements in place.

Governments and state agencies are attempting to further boost their
capacities by employing an expanding array of governance strategies. Gov-
ernments can choose how they wish to govern and can exercise this
choice without necessarily limiting their own powers. As Hans Andersen
(2004, 7) writes:

> Many researchers have claimed that the restructuring of governance is a gen-
> eral retreat of government and the state . . . yet there is no reason to assume
> that the rise of governance necessarily leads to a decline of government . . . the
> main reason for the rise in state capacity through restructuring is . . . the fact
> that the state is now able to influence hitherto non-governmental spheres of
> social life through partnerships, i.e. an enlargement of state competencies
> [see also Keating, 2004; Pierre & Peters, 2000, 49].

Thus, by building close relationships with non-state actors through alter-
native governance arrangements, state leaders are attempting to enhance
their capacity.

How can this happen? One way of thinking about the relationship
between state and non-state actors is in terms of a mutually beneficial
exchange. By working with other actors the state can sometimes achieve
more than it could by working on its own. The exact nature of these
exchanges will vary depending on the type of governance mechanism being