Encyclopedia of
Governance

Encyclopedia of *Governance*

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Mark Bevir is a professor in the Department of Political Science, University of California, Berkeley, USA. He is the author of *The Logic of the History of Ideas* (1999) and *New Labour: A Critique* (2005) and coauthor, with R. A. W. Rhodes, of *Interpreting British Governance* (2003) and *Governance Stories* (2006). He is also the editor of *Public Governance* (2007, 4 vols.); coeditor, with Robert Adcock and Shannon Stimson, of *Modern Political Science: Anglo-American Exchanges since 1880* (in press); and coeditor, with Frank Trentmann, of *Critiques of Capital in Modern Britain and America* (2002) and *Markets in Historical Contexts: Ideas and Politics in the Modern World* (2004).

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Preface

The language of governance has spread rapidly in the last thirty years. It describes changes in the nature and role of the state—a shift from bureaucracy to markets and networks. It also denotes a program for global reform—addressing poverty, gender equality, fair trade, and sustainable environments.

Governance provides us with a language to describe and theorize changes in our world. This language has spread across numerous disciplines, including political science, economics, sociology, and public administration. It has also become a topic of concern for political actors: Good governance is among the lending criteria used by the World Bank. Moreover, because governance can refer to the ways political authorities govern alongside associations in civil society, it encourages us to recognize that the activity of governance occurs in schools and colleges, professional organizations, businesses, and the media. The language of governance thus extends to patterns of rule found throughout our daily lives. Businesses and nonprofit organizations are preoccupied with issues of corporate governance, Internet governance, clinical governance, and accountable governance.

Governance also provides us with a language to remake our world. Democracy requires us to think about how we are governed in terms of how we govern ourselves. We might ask how to make markets, networks, international organizations, corporations, and other associations democratically accountable. We might also ask what values we want to uphold in our practices of governance. It is important for us to address these questions because, by doing so, we shape the future. We collectively forge new patterns of rule based on new ideas and new values.

Although governance has arisen as a ubiquitous language in which to discuss and act in our world, few works translate it into the familiar, commonsense vocabulary of our daily lives. This encyclopedia unpacks the jargon that characterizes much writing in the field to make it more intelligible to researchers, professionals, students, and, I profoundly hope, those citizens who want to pass democratic judgment on the patterns of governance in which they find themselves. Researchers and professionals can refer to it for concise, accurate information on diverse topics. Students will find it offers a clear and accessible introduction and companion to a vast and growing literature. Journalists can refer to it for background information on developments in current affairs. Citizens will find it offers detailed accounts of the ideas and institutions often invoked in political debate. Everyone will gain from it new insights into the global community of which we are all part.

Scope and Coverage

The encyclopedia has a determinedly global scope. Governance is itself a global phenomenon. Global institutions, such as the United Nations and the World Bank, debate and act on global dilemmas, such as the environment, HIV, human rights, the Internet, and poverty. Besides, the language of governance highlights the ties of localities to the broader global context. Governments act with and through associations that are typically embedded in transnational networks. National boundaries get scant respect from trade, policy transfer, and intellectual debate. Indeed, one theme of the encyclopedia is the rise of new regional and global

institutions that attempt to regulate such transnational flows. Even when governance refers to specific public-sector reforms, such as privatization or new public management, these often have been pursued in one country and then had an influence on others.

Global phenomena, transnational links, and cross-national influences are covered in several ways within the encyclopedia. First, a host of entries explicitly address global, regional, and transnational topics. Second, yet other entries cover theories and concepts that are debated globally, or ideas and policies that have been implemented in diverse countries. Third, entries on specific regions often highlight similarities and differences around the world. Fourth, entries include information and examples from diverse regions and countries. And, fifth, the contributors themselves come from all over the world.

The encyclopedia has almost 550 entries, totaling more than 625,000 words written by some 230 international experts. The Reader's Guide provides one way of navigating this comprehensive coverage. It highlights general topics, such as policy analysis, public-sector management, sociological theory, economic governance, democratic theory, security, and global governance. Each topic heading is followed by a list of the entries that address that topic.

User Aids

The right way to use the encyclopedia is, of course, that which you find most helpful and convenient. That said, two of the main ways of accessing entries on a given topic are to

- look up relevant words in the index and
- browse the Reader's Guide.

And two of the main ways of pursuing further study on a given topic are to

- follow the cross-references and
- read the books and articles listed as Further Readings and References.

Entries are arranged A–Z (although there are no entries for X, Y, and Z). They are cross-referenced when appropriate so as to guide readers to related material. Blind entries cover general topics that are dealt with in more specific entries, as well as specific topics that have common, alternative headings. As the editor, I have written both an entry on governance and a brief introduction that provides a more personal overview of the encyclopedia.

Acknowledgments

Introduction

Readers might want to ask, what is governance? If so, I suggest they dive straight into the encyclopedia. Let them turn first to the lengthiest entry—that on governance. From there, let them go wherever their curiosity leads. Perhaps they will explore various topics associated with governance, including public-sector reform, policy networks, new public management, and the hollow state. Perhaps they will look at theories of governance, including rational choice and interpretive theory, or specific concepts associated with these theories, such as prisoner's dilemma and tradition. Perhaps they will explore issues of public debate into which the language of governance has spread, including global governance or good governance. Perhaps they will look at the way governance is addressed within academic fields as diverse as public administration, organization theory, and economic sociology. I can think of no better way to learn what governance is than by exploring the contents of this encyclopedia.

Because the entry on governance offers a general account of the term, I will offer here some more personal reflections. Governance can seem to be just a new term for government. However, there are differences between them. Conceptually, governance is less orientated to the state than is government, and it evokes the conduct of governing at least as much as it does the institutions of government. Temporally, governance captures changes in government since the latter quarter of the twentieth century. Although these conceptual and temporal differences between government and governance are not exact mirrors of one another, they do overlap: The changes in the state are attempts to replace hierarchic, rule-bound institutions with interactive processes in markets and networks.

The concept of governance opens up that of government. It suggests that patterns of rule are not formal institutions based on fixed laws or norms. Rather, patterns of rule are changing practices arising from interactive processes. One attraction of the concept of governance is that it can remind us that collectively we do much to determine how we are governed, albeit that we do so with widely differing resources. Contemporary governance is something we produced collectively through our activities, and it is also something we might strive to reform through future actions. The encyclopedia includes entries that explain the ideas, bodies of knowledge, and traditions that inspired the actions by which people constructed the patterns of rule we now live under. It also includes entries that explain alternative ideas, bodies of knowledge, and traditions, all of which might inspire us to reform those same patterns of rule.

The language of governance informs contemporary practices of rule, while also giving us resources with which to challenge those practices. Consider the examples provided by two contributors to the encyclopedia. As scholars, practitioners, and citizens, they have written entries on the theory and practice of contemporary governance at the same time as they have been acting to remake it. Anna Schmidt is a political scientist who works on the role of local networks in implementing and thereby formulating an international refugee regime. Much of her initial fieldwork was undertaken among the Burundi refugees in Tanzania. Anna wrote entries for the encyclopedia on some of the theoretical concepts that inform her work, including embeddedness, regime, and social network theory. These concepts direct her studies of

the export of international, democratic norms and practices to political systems that are structured very differently. Anna's interest in such matters also appears in her employment as an election monitor for the European Union. She observed the elections in Burundi and the Ukraine, and when she submitted her entries to the encyclopedia, she was on her way to act as a monitor in Liberia.

Andrew McDonald is a senior official in the UK Civil Service where he provided the strategic lead on a wide-ranging program of constitutional reform. He was Constitution Director in the Department for Constitutional Affairs, with responsibility for the reform of the House of Lords, the establishment of a new Supreme Court, the development of human rights policy, the modernization of the electoral system, and the implementation of freedom of information. Andrew has also offered expert advice to various international groups. He advised the International Council on Archives on the legal implications of electronic records, and he acted as expert adviser to a Transparency International project to introduce an

information access regime to the Novgorod region of Russia. For the encyclopedia, Andrew has written a whole batch of entries on topics such as data protection, electronic records, and freedom of information. These entries include accounts of best practice. They draw on his experience of delivering relevant legislation. And they chart a path for future reform.

No doubt Anna and Andrew are unusual in the deliberate intent with which they seek to understand and change contemporary governance. Nonetheless— to reiterate—one of the advantages of the concept of governance is that it suggests we all contribute to the creation of patterns of rule through our diverse activities; we do so whether or not we know it. As readers explore the encyclopedia, they will learn more about the concepts, beliefs, and theories that inform contemporary governance. Perhaps they also will reflect on these concepts, beliefs, and theories in ways that will lead them to try to reform and improve contemporary governance.

—*Mark Bevir*

A

ACCOUNTABILITY

Although the term *accountability* has been in common use for several centuries, it has only recently become a key concept in discussions of governance and democratic government. Strictly speaking, it means that someone (X), who has been put in a position of responsibility (*r*) in relation to the interests of someone else (Y), is required to give an account (to Y) of how he has discharged his duties, and that, concomitantly, Y is in a position to either punish or reward X's conduct in relation to (*r*). Such a meaning would seem both precise and uncontroversial. Actually, this is no longer the case in either common usage or in the specialized literature.

Family Resemblances: Accountability, Responsibility, Liability

The term *accountable* originates from the Latin *computare:* to count. To be accountable required a person to produce "a count" of either the properties or money that had been left in his or her care. This meaning has endured in all those forms of accountability that are exercised through financial bookkeeping or budgetary records. But more discursive meanings of being accountable, in the sense of "giving an account," also emerged early in the history of the term. Accountability as an abstract noun therefore refers to both the capacity of, and the obligation on, someone to produce an account. Yet, it was not in political or legal discussions that accountability first developed as a term of art, or as a fully developed and self-standing concept. In politics and administration, responsibility was the technical term that was preferred to indicate the duty that persons in public authority had to "respond" in their conduct and actions as public officials. In law, liability was (and is) preferred to indicate that by doing a certain action (or entering into a certain contract), a person has put himself or herself under an obligation and is therefore answerable for the consequences following from that action (or from entering into that contract). Thus, for a considerable time, accountability was part of a family of words in English that covered a number of interrelated meanings that had to do with issues of political representation, executive and administrative responsibility, and, more loosely, legal liability. The relationships between and within these semantic fields, however, have lately been transformed, with accountability taking a life of its own.

Two facts stand to indicate the late emergence of accountability as a specific concept. One is its absence from dictionaries and encyclopedias until fairly recently (the 1980s). The other is the lack of precise equivalents in most other languages. This has been noted in the literature because of the internationalization of academic life and the increasing dominance of English as a lingua franca (particularly in international organizations). As accountability has acquired a more

prominent role in discussions conducted in English about governance, public administration reform and the quality of democracy, it has become evident how the semantic field covered by the various uses of accountability cannot easily be captured in other languages, where it was traditionally translated by a group of words that had a closer affinity to the term *responsibility*: *responsabilité* (French), *responsabilidad* (Spanish), *Verantwortlichkeit* (German). Interestingly, in the romance languages there is no specific word for liability either, which is similarly rendered by contextual uses of the equivalents of responsibility.

One interpretation of this peculiarity has been to suggest that English, unlike other languages, has developed the concept of accountability to capture at a semantic level a series of practices and institutional structures typical of democracies of the Anglo-American type. Such an interpretation fails to appreciate how closely interrelated the developments of the meanings of accountability and responsibility are in English. It also shows a lack of appreciation (or indeed basic knowledge) of the constitutional and administrative discourses and practices of other countries, where the conceptual elements conveyed by accountability were rendered by a different constellation of terms. It is, however, true—as this entry suggests—that recent developments in politics and management have contributed to the redefinition of accountability, and that, as this term has tended to acquire new connotations and normative force, attempts at a direct translation have become more problematic and, nonetheless, more imperative because of the increasing dominance of English as an international language.

Some Rough Distinctions

To understand the original applications of accountability, some distinctions may be in order. The first set of distinctions refers to the areas to which the idea of accountability may apply. Normally, accountability is said to apply to positions of public office. These comprise both political positions where representatives or people covering other institutional roles deal with public affairs in the name and interest of the

citizens, and administrative positions, where the link with the citizens is mediated by the government. The chain of accountability is different in the two cases, and so is the form that accountability takes. Political accountability is of a more inscrutable nature. In democracies, it depends, on the one hand, on the form and mechanisms of political representation, linking citizens to their legislators, and, on the other hand, on the formalized relationship between executive and legislative powers. Both types of political accountability rely on a rather weak power of control because the position of the "agents" in those two relationships is comparatively stronger in either their knowledge or their ability to control the agenda. Ultimately, legislators can be voted out of office by their constituencies, although governments can be brought down by parliaments (though this does not apply in presidential systems), but whether this is the result of the process of strict accountability for what legislators or governments do while in office, or of a more general political evaluation, subject to opinion's trends, by the electorate, remains a moot point. Administrative accountability is apparently more straightforward because it operates within a more definite hierarchical structure where there is a certain division of labor and competencies, and where both the content and the process of public decision making, and hence, the role played by individuals, can be examined in more detail. There is another area of political and administrative accountability that is concerned less with how well (or badly) public officials operate in the public interest, and more with whether they abuse their position of authority. Accountability is here concerned with reducing the opportunities for corruption, maladministration, or legal impropriety that come to people in positions of power. Political and administrative institutions have a series of mechanisms and internal instruments for policing abuses of power, but ultimately, accountability relies on more traditional legal instruments and the operations of the legal system and the courts at large. Much of the effectiveness of this kind of legal accountability depends on the nature of the legal system itself, as well as on the level of independence of the judiciary from political power.

The second set of distinctions regards the process of accountability. This is concerned with three different questions: who is accountable, to whom, and for what? In the case of political accountability, where this operates as a general mechanism through which citizens hold their legislators accountable through the electoral process, the questions who and to whom would seem straightforward. The answer to the question for what is less clear. Indeed, the relationship between the actions and decisions of politicians and their direct consequences is a matter of intense political contention. Besides, no simple mechanism can be devised to hold politicians and governments accountable for the series of often-unrelated decisions that they take during the period they are in office. The issue is somewhat simpler in the case of ministerial and administrative accountability because it may be easier to apportion responsibility and blame when dealing with more specific policy issues or administrative decisions, and when the chain of causes and effects can be more easily isolated from the context of other policies and decisions, and from the general circumstances of economic and social life. Even so, ministerial and administrative accountability is often easier to deal with (at least conceptually) in cases of maladministration than when trying to establish how well or badly people in public office have operated—an issue that, as we shall see in the following section, has become increasingly central to the definition of public accountability.

When dealing with administrative responsibility, the questions of who is accountable, and to whom, are rather complex. They suffer, respectively, from the problems that come from "many hands" and "many eyes." It is indeed often difficult to identify with precision where responsibility lies in decisions taken about complex problems in complex organizations. No single person would have been involved, and it is not easy to apportion either praise or blame if not in the most obvious instances. The principle of ministerial responsibility, often invoked in many constitutional systems, would suggest that responsibility moves upward, and that some degree of knowledge and intervention by people higher in the decision-making hierarchy would put on them, rather than on

their subordinates, the onus of responsibility and accountability. This is, of course, the theory. The practice of modern governments rarely conforms to such a standard, relying on the obvious (and occasionally self-serving) justification that too many hands were involved and that higher officials should not take the blame for operational mishaps. Moreover, it is often difficult to distinguish between political and administrative decisions, so that—as put forth by critics of the justifications adduced by the U.S. and the UK governments for the Iraq War—these combined failures tend to cover each other up, with no one ultimately being either accountable or taking the blame. A similar problem arises when we consider accountability from the reverse perspective of the identification of the people "to whom" officials (particularly in the public administration) should be accountable. It would seem that, in the most immediate sense, public servants are directly accountable to politicians and the government of the day. Yet, public servants' accountability to their political "masters," or to their superiors in the bureaucratic hierarchy, can only be justified as part of a longer chain making themselves ultimately accountable to the citizens and the public at large. This longer chain becomes both evident and problematic when dealing with issues such as whistleblowing, where the public interest is pitched against the duty of confidentiality in acts of government, and where "private" judgment is weighed against the role one has in the public chain of command and responsibility. Furthermore, as the traditional hierarchical structure of government becomes more diffuse, the problem of "many eyes"—who the "principals" in the accountability relationship are—becomes more acute.

Democratic and Public Accountability

Our understanding of accountability in government and public law has changed as the effect of two concomitant processes, concerning the quality of democracy and that of public management. Although the two processes have developed separately (and sometimes in opposite directions), they have had a cumulative effect on the uses of accountability. At a more

political level, the traditional forms of electoral and ministerial accountability have increasingly been regarded as limited instruments for controlling political power and making it responsive to the wishes of the electorate. Demands for more effective accountability have therefore tended to expand the instruments of political accountability, looking for ways in which political control can be exercised procedurally and in the course of decision making, and not simply ex post facto. One can observe three tendencies in such a process of expansion. The first is the importance given to both administrative transparency and citizens' right of information. By opening up the process of decision making to the public scrutiny, it is hoped that representatives and public officials will be forced to act in the public interest. The second is the introduction of various forms of more direct control or input from the citizens. Institutions such as the ombudsman, who can act as the direct voice of the individual citizen vis-à-vis the public administration, or the recall of public officials, which approximates to a form of imperative mandate, or the more frequent use of referenda on controversial issues are all ways in which public officials and public decision making in general are supposed to be brought into more immediate contact with the wishes of the citizens. More generally, the use of public opinion surveys, focus groups, and other forms of deliberative polling, though often intended for partisan purposes, are other ways in which politicians tend to connect with the citizens and consider their views. The third avenue taken in the expansion of accountability, particularly as a way of curbing corruption and regulating private interest in public affairs, has been the introduction of stricter standards of conduct and the development of various registers of interests. Whether the proliferation of such instruments for the regulation of private conduct has in fact achieved the scope of reducing maladministration is not clear, and it may ultimately depend on the cultural context in which regulation operates. Similarly, the extent to which public officials' private interests and private life are deemed publicly relevant, and therefore matters of public accountability, varies greatly across both space and time. The impeachment of President Bill Clinton is a

case in point, for his "misdemeanors" may well not have been considered constitutionally relevant in other places and other times.

Changes in administrative culture and practices have arguably been even more important as contributing factors in the transformation of both the concept and the institutions of accountability. The greatest impact has come from the paradigm shift introduced by the new public management. Whereas accountability in traditional public administration and administrative law mainly worked procedurally, being concerned with the regular and effective implementation of the substantive policies decided at the political level, the revolution in public management has shifted the emphasis to performance and policy output. This shift has meant a blurring of the distinction between political and administrative competencies, a distinction that has further been weakened by the way in which policy implementation has become more autonomous from the legislative process in modern complex societies, where social legislation takes a more substantive form. The new emphasis on the new public management, and on public administration's capacity to deliver good services to the citizens, has paradoxically inverted the roles of politics and administration in relation to accountability. Whereas political accountability has become more procedural, administrative accountability has become more focused on output. In principle, this has meant a greater autonomy for the public managers in the way in which they organize service provision, but also a greater reliance on a quasi-market form of accountability, where performance is judged, as in the market, by customers' satisfaction. In truth, however, this is not the whole story. For assessing performance and customers' satisfaction in relation to the public sector (which is still meant to provide public goods, even though in the form of privately enjoyed services) is not easy in the absence of standard market indicators such as profit levels, the equilibrium between supply and demand, hard budgets, and so forth. Hence, accountability has taken the form of a complex series of exogenous indicators of performance and output, such as "targets," "benchmarks," and various proxies for consumers' choice. Together with the proliferation of performance

indicators, there has also been a steady increase in monitoring and audit exercises, which in themselves require considerable effort and have considerable costs. In short, the emphasis on output and quasi-market–based forms of accountability has tended to increase, rather than diminish, procedural requirements.

The most evident conceptual innovation of these recent developments in democratic and public accountability is the change from vertical to horizontal conceptions. Whereas traditional accountability was based on the agent's obligation to give an account to the principal, and for the latter to judge the agent's conduct, both democratic and administrative accountability have developed a series of instruments that are meant to produce agent's accountability independently from the principal's judgment and action, though ostensibly in the principal's own interest. Guillermo O'Donnell, for instance, has introduced the notion of horizontal accountability, as a way of describing the operations of checks and balances that various nonmajoritarian institutions perform in democratic systems. Increasingly, particularly in the literature on democratic transformation, democratic accountability is meant loosely as an aspect of the quality of democracy, deriving not so much from the electoral process and from the enjoyment of political rights, but from the protection of individual rights in general, the rule of law, and the probity, openness, and performance of the public sector.

The New Governance Agenda and the Culture of Accountability

The other important change in present conceptions of accountability is their transmigration from the public to both the private and the "third" sector, and, at the same time, their application to the international and global sphere. This extension of what was a concept of internal public law to these new areas is the result of both the increasingly normative understanding of accountability as tantamount to democratic legitimacy and the recognition that globalization provides a different map of political power, where the nation-state and its institutions are no longer in full control of decision making.

The study of accountability in these new areas has only recently started. The extensive use of "regulation" and "delegation" that characterizes many democratic regimes after the neoliberal revolution of the last three decades of the twentieth century has causal links with the transformations of accountability described in the previous section. As more traditional public services areas have been privatized, there has been an attempt to devise institutions of accountability in a nonhierarchical environment by mixing mechanisms of voice (traditional in the public sector) with those of exit (more appropriate to the market). Moreover, the proper context for accountability has become uncertain because the borders between private and administrative law, on the one hand, and public accountability and legal liability, on the other, have become blurred; at the same time, the internationalization of regulation has created possible conflicts between constitutional and international law. Delegation of important areas of the economic and political process to nonmajoritarian institutions and to agencies of experts, both at the national and international levels, has contributed to new problems of accountability by moving it away from the hierarchical structures of law and politics in the nation-state to a networklike form of governance. Regulation, delegation, and internationalization have thus contributed to create new regimes of accountability where the new nonmajoritarian institutions of economic and political governance are seen as playing an important part in horizontal accountability, but also as being in need of control, to be made answerable to their own stakeholders or to the citizens of one or more nations.

The "circle of accountability" in which nonmajoritarian institutions are caught is also relevant to the role that nongovernmental organizations (NGOs) are playing in the new accountability regimes. The so-called third sector (or civil society organizations), particularly in the form of international NGOs and advocacy organizations, has increasingly taken on itself the task of monitoring the operation of both governments and intergovernmental institutions in relation to a number of fields where the rights of individuals and groups are concerned, or where international public goods, such as environmental sustainability, are at stake. But as the

role of NGOs has become more prominent as an instrument of accountability, they themselves have been made the object of new demands of accountability, which, however, involve the complex operation of identifying who are the "accountees": those who finance them, their membership, the professional workers running them, or the people whose interests are the object of the NGOs' activities. A similar conundrum also applies to the accountability of a number of international organizations mainly financed by developed countries, but whose purpose is to help alleviate poverty and welfare problems in poor countries.

Finally, there is the application of ideas and mechanisms of accountability to private corporate governance. Demands for corporate accountability are the effect of the disproportionate power that corporations wield in the modern world, affecting, both directly and indirectly, the life chances of millions, who, despite the great stake they may have in the corporations' decisions, have little or no chance to influence these decisions, either individually or collectively. Straddling the divide between private and public, corporate accountability has many faces. In instances of malpractice and illegal dealings, issues of liability apply. In other instances where legality is of no particular concern, issues of accountability still apply. In one specific sense, issues of accountability can be raised in relation to the rights of the small shareholders whose investments often make the bulk of the corporation's investments and finances, but have little influence on the corporation's boardroom and its decisions. In another sense, it applies to the employees whose bargaining power is insignificant vis-à-vis big international corporations. But it may also apply to clients, customers, and the millions of others affected by externalities, whose interests are unrepresented and who have no power of redress against decisions affecting their lives. Although in the first two instances (of shareholders and workers), more traditional mechanisms for accountability toward direct stakeholders can be easily devised (even though effective implementation is a different matter), in the latter case, the only proper redress seems to come from either governmental intervention or the action and campaigns of civil society groups. In this sense,

accountability is nothing different than a form of protest and resistance.

The issue of corporate accountability is revealing of what has been called the iconic status of the idea of accountability, which is often used in the generic rhetorical sense of "good and responsible" governance. This takes us back to the beginning of the recent history of the term *accountability* and how it has increasingly tended to assume some of the meanings more readily associated with responsibility. Indeed, some authors refer to external and internal accountability to distinguish respectively between those instances when there is a specific power of external control (a principal) over the person who provides the account, and those instances when there is not such an external power, and accountability relies entirely on some kind of internalization of rules of conduct, or on the identification of objective standards of good governance. This distinction raises the important idea that the recent progress of the culture of accountability may have obscured the crucial role that the culture of responsibility plays in good and democratic governance. One of the ways in which we can ensure that people in authority are accountable is also, and crucially, that they are, and feel, responsible, in the sense of treating the power they have over their fellow citizens (or other human beings in general) with the utmost seriousness. It would be wrong to think that accountability is a matter of institutions and mechanisms of control, whereas responsibility (in this subjective and moral sense) is only a virtue or disposition. In democratic societies, they can be thought as interlocking practices and institutions. In her 2002 Reith Lectures on trust in society, Onora O'Neill criticized some of the manifestations of the "culture of accountability" introduced by the new public management revolution across many professions as sapping trust in society. Instead of producing better government, the multiplication of control, regulation, monitoring, and exogenous indicators of performance across public life risked having the unintended consequence of creating mistrust, disaffection, and ultimately cynicism, undermining responsible conduct, and consequently accountability. There may therefore be something to be said in favor of keeping both

words and concepts alive, while stopping short from making accountability mean everything and nothing.

—Dario Castiglione

See also Corruption Perceptions Index; Democratic Deficit; Effectiveness; Good Governance; Government Department; Oversight; Political Exchange; Politics-Administration Dichotomy; Public Information; Responsibility; Rule of Law; Transparency

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ACTION RESEARCH

Action research is best seen not so much as a methodology but, rather, as an overall approach to knowledge and inquiry. As such, action research has two faces: one is practical, concerned with providing processes of inquiry that are useful to people in the everyday conduct of their lives; the other is philosophical and political, part of a movement to change what is taken as knowledge in directions that are nondualist, participatory, and pragmatic. Action research is concerned with forging a direct link between intellectual knowledge and moment-to-moment personal and social action, so that inquiry contributes directly to the flourishing of human persons, their communities, and the ecosystems of which they are part.

Action research practices aim to open communicative spaces where people can come together in open dialogue to address issues of concern, and to engage in cycles of action and reflection, so that ideas that are tentatively articulated in reflection phases can be checked out systematically in phases of active experimentation. In more detail, we can describe action research by these dimensions:

Pragmatic

A primary purpose of action research is to produce practical knowledge that addresses issues of concern in personal and professional life. A wider purpose is to contribute through this to the increased well-being— economic, political, psychological, spiritual—of human persons and communities, and to a more equitable and sustainable relationship with the wider ecology of the planet of which we are an intrinsic part.

Participatory

Action research is a participative and democratic process that seeks to do research with, for, and by people; to redress the balance of power in knowledge creation; and to do this in an educative manner that increases participants' capacity to engage in inquiring lives. At a methodological level, participation is important because one cannot study and improve practice without the deep involvement of those engaged in that practice—the necessary perspective and information are simply not available—and one can only study persons if one approaches them as persons, as intentional actors and meaning makers. But participation is also an ethical and political process: People have a right and ability to contribute to decisions that affect them and to knowledge that is about them, and action research has an important place in the empowerment of people.

Many Ways of Knowing

Action research draws on a wide range of ways of knowing as we encounter and act in our world. This "extended epistemology" starts with everyday experience and is concerned with the development of living knowledge; it thus includes the experiential and the tacit; presentational forms drawing on story, theatre, graphic arts, and so forth; propositional knowing through theory and models; and practical knowing as expressed in skill and accomplishment.

Worthwhile Purposes

The focus on practical purposes draws attention to the moral dimension of action research—that it is not a value-free process but inquiry in the pursuit of worthwhile purposes, raising questions of values, morals, and ethics. Here there can be no absolutes; moral choice is always a matter of balance between competing goods. So in the practice of action research, we must continually ask what worthwhile purposes we are pursuing, and whether they continue to be appropriate and relevant.

Emergent Form

Good action research emerges over time in an evolutionary and developmental process, as individuals develop skills of inquiry, as communities of inquiry develop, as understanding of the issues deepens, and as practice grows, develops, shifts, and changes over time. Emergence means that the questions may change, the relationships may change, the purposes may change, what is important may change. This means action research cannot be programmatic and cannot be defined in terms of hard and fast methods but is in a sense a continually emerging work of art.

First-, Second-, and Third-Person Research

Action research has encompassed the individual, the small group, and wider organization and social entities. At an individual level—first-person research—action research has addressed questions of personal

and professional change, addressing questions such as "How can I improve my practice?" At the level of the face-to-face group, second-person action research has allowed people to come together to address issues of common concern. Current debate is focused on how action research can address issues at wider social and organizational levels, for example, through networks of inquiry and a variety of large-group processes and dialogue conferences as vehicles of inquiry.

Methodological Practices

These broad principles of inquiry are applied in practice with different emphases by the various schools and traditions. Included under the broad rubric of action research are variations including action science, action inquiry, appreciative inquiry, cooperative inquiry, participatory action research, and others.

—Peter Reason

See also Bottom-Up Approach; Deliberative Democracy; Dialogic Public Policy; Interpretive Theory; Local Knowledge; Participatory Democracy

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ADHOCRACY

Adhocracy describes an organizational design whose structure is highly flexible, loosely coupled, and amenable to frequent change. The adhocracy arises out of a need for formal organizations able to recognize, understand, and solve problems in highly complex and turbulent environments. The concept is of recent origin. Alvin Toffler coined the term in 1970 to define an

emerging system of organization appropriate to a world of swiftly advancing technology, and societal impatience with the multilayered authority structure of the typical hierarchy. Henry Mintzberg more fully elaborated adhocracy as a type in 1979, arguing its status as an important addition to the well-known forms, such as the simple structure, the professional bureaucracy, and the divisionalized form of organization.

Adhocracy tends to be far less hierarchical than other formal structures are. This is for two reasons. First, because adhocracy's purpose is to address specific, often urgent problems that other organizational types have failed to solve, more decisional authority rests with highly trained technical experts whose reputations identify them as both skilled problem solvers and as unconventional. Second, the units and work groups of the adhocracy in which experts operate are fairly fluid. The adhocracy tolerates and sometimes even promotes ongoing changes in its subunits. Consequently, incumbent authority is accorded relatively less status in the adhocracy than in other formal organizations. Examples of adhocracy include most project or matrix organizations. Among private-sector organizations, high-technology firms—particularly young firms facing fierce competition—are sometimes organized as adhocracies. The survival of these companies depends on the success of decisionmakers in predicting which shifts in market conditions really matter, and what technologies and strategies need to be developed to respond quickly and effectively. Occasionally, among larger multidivisional organizations, one or more units may be constituted as adhocracies, whereas the other units, performing more routinized tasks, remain more hierarchical. Although most of the Xerox Corporation was designed as a typical multidivisional firm, its Palo Alto Research Center (Xerox PARC) was an adhocracy with a flat authority structure that functioned as a semi-autonomous, innovative research unit.

Public-sector adhocracies are not common, partly because of the emphasis placed on short-term accountability by political leaders. The managerial and technical units of adhocracies require a degree of autonomy that political masters seldom permit. However, important examples of adhocracy do exist in government. In its first dozen or so years, the National Aeronautics and Space Administration (NASA) functioned as an adhocracy. It was created in the wake of failures and bureaucratic turf fights by the branches of the U.S. military at the beginning of the space race. NASA was given considerable autonomy and a clear problem-solving mandate to land men on the moon safely within a decade. Similarly, the Defense Advanced Research Projects Agency (DARPA), created by the U.S. Congress as a "black box" research and development agency in the Pentagon (directly in response to Sputnik), is perhaps the best example of a federal agency in the United States designed as an adhocracy. DARPA's core task is to identify emerging innovative technologies critical to national security. DARPANET, which evolved into the Internet, was one of its creations. Other examples of public-sector adhocracies include government-funded arts agencies, such as Canada's National Film Board.

As a design, adhocracy is malleable and relatively nonhierarchical, rendering it suitable for addressing the complex and ill-structured problems in its environment. As long as those to whom the adhocracy is accountable regard its tasks as necessarily ill structured and critical, the unconventional nature of authority relationships and decision-making styles is tolerated. Over time, however, institutional leaders and governance boards often seek to reign in the discretion of decisionmakers in adhocracies. This generally happens when resources shrink, when the adhocracy makes serious errors, or when conditions in the adhocracy's environment are regarded as either quiescent or no longer critical. In any case, the work of the adhocracy is usually risky, and it often invites controversy.

—James A. Desveaux

See also Fordism and Post-Fordism; Heterarchy; Matrix Organization; Network; Organizational Structure; Organization Theory

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Adversarial Legalism

Contemporary governance is pervaded and structured by law, judicial rulings, and the prospect of litigation. Yet even as law's domain expands and its density increases, legal institutions and processes vary considerably across nations. The concept of adversarial legalism stems from a typology devised by Robert A. Kagan to characterize this variation, and particularly to distinguish governance and legal processes in the United States from other economically advanced democracies.

Adversarial Versus Bureaucratic Legalism

In Kagan's typology, adversarial legalism is contrasted with bureaucratic legalism—a method of policy implementation and dispute resolution exemplified most clearly by Western European countries with a civil law tradition. In bureaucratic legalism, government agencies and courts are organized hierarchically. The emphasis is on uniform implementation of legal rules, centralized recruitment and supervision of politically neutral legal decisionmakers (judges, prosecutors, police officers, regulatory officials), and judge-dominated adjudicative processes. The influence of disputing parties and their legal advocates is muted. Judges are regarded as neutral "law-appliers," rather than legal policymakers.

Adversarial legalism, in contrast, is a style of policy implementation and dispute resolution in which litigation (or the threat of it) is common, as is judicial policy making. In litigation and adjudication, disputing parties and their lawyers play influential parts. Compared with bureaucratic legalism, authority is more fragmented. Those dissatisfied by governmental decisions can challenge them more readily in court. Whereas bureaucratic legalism emphasizes legal uniformity, adversarial legalism encourages judicial responsiveness and instrumental problem solving. American judges are popularly elected or selected through partisan political processes. Hence, compared with Western Europe, court decisions in the United States more often depend on whether a judge is politically liberal or conservative. Court outcomes also are affected by variability in the efforts and abilities of the disputing parties' lawyers.

The distinction between adversarial and bureaucratic legalism applies not merely to case-by-case decision making but also to modes of policy implementation. Thus, American lawyers and courts play major roles in making and enforcing legal norms concerning the practices of locally selected police and prosecutors—in contrast to the more hierarchical systems of Western Europe and Japan, where supervision is the responsibility of national or provincial police and prosecutorial bureaucracies.

Adversarial legalism and bureaucratic legalism are ideal types. Contemporary democracies use some mixture of both. Politically driven litigation sometimes occurs in countries primarily committed to bureaucratic legalism. In the United States, decision making in some government agencies reflects a mixture of bureaucratic legalism, adversarial legalism, and professional judgment. Because adversarial litigation is especially costly and fearsome, disputing parties in the United States negotiate settlements of most cases, both civil and criminal, before trial. Thus, adversarial legalism is not omnipresent in the United States—although it is more prevalent there than in other common law countries, including those (such as Australia, Canada, and the United Kingdom) that rely on the adversarial system of adjudication.

Causes

In the United States, adversarial legalism has grown from a political culture permeated by individualism, populism, and distrust of concentrated political and economic power. These attitudes have found

expression in the constitutional fragmentation of governing authority (federalism, separation of powers, local finance of municipal government), judicially enforceable constitutional rights, political selection of judges and prosecutors, and resistance to the growth of central government. In economic structure, the result has been a preference for private provision of many basic services and for open, competitive markets—which has fostered private litigation and legalistic regulation, rather than hierarchical control, to counter unacceptable business behavior. Beginning in the 1960s, adversarial legalism further increased because of the combination of (a) political demands for social and environmental justice, and (b) politically divided government and partisan mistrust of how new governmental regulatory powers would be deployed. To ensure that new welfare, anti-discrimination, environmental, and due process standards would be implemented by politically influenced administrative agencies, local governments, schools, and police departments, the new laws empowered businesses and advocacy groups to hold those bodies accountable through litigation.

Conversely, adversarial legalism has been far less prominent in polities where political authority is concentrated in national parliamentary governments with disciplined political parties and with strong, politically neutral national bureaucracies and corporatist bodies. There, internal administrative or political mechanisms, rather than lawsuits and judicial review, provide the dominant mode of accountability. Yet some of the same causal factors mentioned previously—growing distrust of government and fragmentation of political authority, privatization, and more competitive markets—have expanded the realm of judicial activity in countries traditionally dominated by bureaucratic legalism. In recent decades, constitutional courts have become prominent policymakers in many democracies, as has the European Court of Justice in the politically fragmented European Union. In the 1980s, Jeffery Sellers found that land use projects in France and Germany were challenged in (administrative) courts as often as in the United States. Nevertheless, the continuing strength of national bureaucratic states suggests that convergence on American-style adversarial legalism remains unlikely in most other countries.

Consequences

Based on the experience of the United States, adversarial legalism has both positive and negative effects. It encourages judicial flexibility and creativity, opening legal systems to new justice claims and to the values espoused by political and social minorities. Because of adversarial legalism, American lawyers, litigation, and courts have served as powerful checks on official corruption and arbitrariness, as protectors of individual rights, and as deterrents to racial discrimination and corporate heedlessness.

At the same time, compared with bureaucratic legalism and less formal modes of governance, adversarial legalism is a more complex, unpredictable, costly, punitive, and inefficient method of policy implementation and dispute resolution. Based on the American experience, adversarial legalism, though sometimes effective in advancing justice, also inspires legal defensiveness and contentiousness, impeding socially constructive cooperation, governmental action, and development projects. Precisely how to calculate and compare the positive and negative consequences of adversarial legalism, however, is difficult and contested.

—Robert A. Kagan

See also American Governance; Freedom of Information; International Courts; Rule of Law

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Advocacy Networks

An advocacy network is a form of organization consisting of independent groups that collaborate in the pursuit of political change. Advocacy networks are made up primarily of nongovernmental organizations, but may also include individuals or groups from the public or private sector, foundations, academia, and the media. Nationally and internationally, advocacy networks focus on the mobilization, interpretation, and strategic dissemination of information to change the behavior of governments, private firms, or international organizations. Advocacy networks share many of the characteristics of social movements, but the latter are generally less institutionalized and more likely to use disruptive tactics. Although advocacy networks have long been an important force in domestic governance, the last two decades have witnessed their rapid expansion across international borders. In both domains, advocacy networks have become effective drivers of social and political change.

Unlike governments and firms, advocacy networks generally have limited access to traditional sources of power. Instead, advocacy networks rely on the strength of information, membership numbers, organizational structure and leadership, and symbolic power. Their organizational form is characterized by voluntary, reciprocal, and horizontal patterns of collaboration, which allows for flexibility, adaptability, and quick reaction to political exigencies. Advocacy networks are more likely to emerge where personal and working relationships among key individuals and leaders already exist.

The most important assets at the disposal of advocacy networks are information and communication. Information is deployed to change actors' perceptions, preferences, and ultimately their behaviors. Information is invariably a critical component of conventional and unconventional campaign tactics, including education and capacity building, public relations, petitions, lobbying, and product or producer boycotts.

Advocacy networks use information in three different ways. First, they generate and disseminate new or different information to change the underlying logic of a policy issue. Such information may revise the evaluation of an existing policy, increase the cost of an undesirable policy option, or change the public view of a key actor. Second, information can draw attention to new issues or reframe existing issues in ways that resonate with a greater audience; this often involves the creative use of symbols, performances, and narratives. Third, advocacy networks use information to enlist the support of allies that individual network members could not leverage on their own.

The success and tactics of advocacy networks depend significantly on the system of governance in which they operate. The nature of state-society relations (accommodation or repression), extent of direct democratic institutions (initiative, referendum, and recall), electoral system (majority or proportional), openness of policy-making processes, and access to political leaders significantly affect outcomes of advocacy network efforts. Where advocacy networks meet obstacles at the domestic level, they may expand their efforts to the international level.

—*Jörg Balsiger*

See also Epistemic Community; Network; Policy Learning; Social Movement Theory; Social Network Theory; Transnational Social Movement

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African Governance

The term *African governance* refers to two salient trends in political analysis. First, the perceived crisis of African states has led observers to set out a range of models and prescriptions concerning political renewal or, less ambitiously, the reestablishment of centralized political order. Second, the generalized interest in governance has strongly shaped academics' understandings of state reform or renewal in Africa; the broad

governance agenda has provided the tools through which many researchers and institutions have made sense of state "crisis" and shaped a range of lending and policy interventions throughout the continent.

The Emergence of Governance in Africa

The term *governance*, and its more explicitly normative companion—good governance—entered political discourse concerning Africa in the early 1990s. This was an auspicious time for governance concepts to engage with African politics: The 1980s had witnessed the collapse of statist socialism (which had previously been a referent for some African states as a nonliberal or non-Western state form) and an increasing inability of African states to function as a result of economic recession and crippling levels of external indebtedness. Thus, from 1992, major European donors began to associate their aid allocation with good governance, meaning adherence to liberal models of political life such as the introduction of a multiparty constitution, the legalization of various kinds of civic association, and the introduction of more transparent and accountable procedures within state administration. The U.S. Agency for International Development (USAID), which had always had relatively "political" criteria informing its lending, re-emphasized democratization as a condition for aid. Finally, the World Bank adopted the term *governance* in its research literature and policy-based lending from the mid-1990s. Interestingly, the World Bank, directed by its Articles of Agreement not to intervene in the sovereign politics of its members, had to ensure that its operationalization of a governance agenda did not resemble the imposition of a specific model of polity upon African states. This rendered the World Bank's understanding of governance in Africa rather a technical affair, at one remove from the bilateral donor's more openly normative and culturally embedded exhortations to universalize the political goods of liberal democracy.

Thus, one can see that African governance, rather paradoxically, gained its entrée largely as a result of developments outside the continent. Governance became an international development policy, a global

set of political desiderata, and a set of conditionalities that accompanied aid and soft loan allocation. Nevertheless, developments within African countries intertwined with these international patterns, albeit in complex ways. All African states experienced significant turbulence during the 1980s and 1990s, one result of which has been the formal democratization of many states. New parties and civic organizations have emerged, some labor unions have regained their independence from state machineries, and religious and cultural organizations have gained greater public prominence in many countries. There is no easy way to make general comments on this diverse and complex bundle of political forces, but one important trend for our purposes is to note the selective incorporation of governance ideals into invigorated public realms.

Governance Politics in Africa

What have been the principal effects of governance politics in Africa? We can identify three key features:

1. Donors have become increasingly willing to intervene in the way states organize themselves and relate to their societies. Aid-dependent African states must at least make a public commitment to governance: Donor-funded anticorruption agencies, administrative reform programs, and externally funded technical assistance to introduce new forms of audit and record-keeping strongly shape the nature of state reform in many parts of the continent. In more extreme cases, external agencies have withdrawn funding from states that refuse to democratize or to deal with large corruption scandals or human rights violations.

2. A relatively recent civil society organization sector has emerged in many countries, largely concerned with rights, empowerment, and development. These organizations typically depend on external funding and work to monitor or pressurize governments to make specific rights demands.

3. A nongovernmental organization (NGO) sector has established itself as an auxiliary to government, providing social services such as primary education,

health care, agricultural development, or the provision of water. These NGOs are based in communities, notably around churches and mosques, and work independently of the government, or are contracted by the government to provide certain social services. Again, these African NGOs are often keyed to external networks, often working with partner international NGOs or the World Bank.

In sum, Africa governance has produced a novel form of politics, based in donor agendas of state reform, emerging liberal and civic advocacy groups, and nongovernmental service providers.

The Ambiguities of African Governance

African governance is far from straightforward, conceptually or in practice. What does it mean to promote a liberal form of political life largely through structures of external intervention and high levels of financial dependence? Although stopping short of coercion, governance programs can hardly be represented as a choice by African states or societies: There are no immediate alternatives, and the context of extreme indebtedness means that to displease Western donors is to risk the financial collapse of the state. Bearing in mind the normative centrality of freely operating agencies and the selection of one option from a range of choices to liberal tropes of politics, one might argue that the basic premises of liberalism are absent and that governance is largely fuelled by overbearing international Leviathans, whether people or governments like it or not.

This raises the issue of the genuineness of governance politics within African countries. Some states make a "show" or "perform" good governance to maintain flows of external funds; whether these reforms make any difference to ordinary people is another matter. Certainly, governance politics has largely remained an urban affair; in the countryside—where most people live—authority and political processes can be far removed from liberal ideals. Also, many NGOs and civil society organizations are reflections of African entrepreneurialism in winning external funds.

Donors, keen to support "new" civil societies, have funded so-called suitcase NGOs, which showcase themselves as an exciting new initiative, but function largely to give access to international patronage to middle-class adventurers who know governance-speak but know far less about the constituencies they claim to be empowering. There is also a question about the genuineness of the commitments of Western agencies: Evidence suggests that democracy and good governance are at best part of a broader agenda of intervention, which also involves considerations of security, economic interest, and relationships with governing elites.

Finally, to what extent does governance work as a political aspect of economic liberalization? Removing the state from the economy, establishing more robust property rights, opening economies to foreign capital, and promoting business organizations and their influence on governments are all partly issues of governance and economic liberalization. Given that economic liberalization in Africa was so unpopular during the 1980s, does governance legitimize *laissez faire* in African countries?

—Graham Harrison

See also Common Market for Eastern and Southern Africa; Development Theory; Economic Community of West African States; Good Governance; Organization of African Unity, The; Southern African Development Community

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AGENCY

In the language of contemporary governance, agencies are independent administrative authorities that participate in running specific parts of economies and societies. More precisely, these bodies undertake analysis and make decisions to regulate economic and social issues for which steering by the "invisible

hand" of the market is judged to be either ineffective or inappropriate and where direct governmental intervention is considered undesirable. Indeed, to grasp the importance of agencies within a large number of today's polities, one must first understand their inextricable link with the growth of regulatory public policies. Only then can one begin to tackle the complex set of governance challenges created by the establishment and proliferation of agencies.

Agencies and the Politics of Regulation

Although often considered new phenomena, agencies first came into being in the 1870s in the United Kingdom and the United States as a means to referee and encourage economic competition in sectors such as the railways and electricity. During the next century, agencies grew in piecemeal fashion as quasi-governmental bodies designed to ensure laws and rules were respected even in areas such as the "quality" of broadcasting. However, in the 1980s—a decade marked by fundamental, neoliberal criticism of the role of public authority in the economy and society—agencies were given a new lease on life as a means of promoting the regulation of an ever-extending number of markets and sectors.

At the heart of the diagnoses of the failure of the state to intervene effectively in the economy lay a deep-seated critique of a redistributive type of public policy associated with the interventionist welfare state. Such policies had three principal characteristics. First, they frequently entailed a transfer of ownership of the means of production and the provision of services through the nationalization of industry. Second, economic planning was engaged in by governments to politically direct investment to key sectors or prioritized geographical areas. Third, governments intervened directly, and often heavily, in markets and sectors through systems of subsidies, quotas, and taxes to encourage certain policy outcomes over others. Since 1980, governments inspired instead by neoliberal conceptions of the economy and society have abandoned nationalization and planning while seriously tempering their respective forms of interventionism.

Indeed, in many if not most cases, interventions are no longer legitimized by the goal of redistribution but, rather, by highlighting how regulatory-type policies can bring about more efficient policy outcomes.

Agencies have thus been reinvented as a means of implementing a "new" approach to economic and social governance. This approach depends heavily on faith in the efficiency of markets as a means of distributing wealth and life chances. But it also recognizes that in some issue areas markets fail as a regulatory mechanism, thereby necessitating the intervention of bodies that must be expert in their respective fields and independent from political interference. Three types of market failure have frequently been tackled through the establishment of agencies: the emergence of monopolies (e.g., in the telecommunications sector), negative externalities (e.g., damage to the environment by intensive agriculture), or the production of deficient public goods (e.g., poor public health caused by unscrupulous food manufacturers). Agencies have been devised as an antidote to such problems either by becoming watchdogs that alert governments to the abuse of laws and regulations or by regulating governments themselves in the name of efficiency, consumer protection, and, less frequently, the citizen.

Challenges for Governance and Democracy

Today, if most public actors either champion agencies enthusiastically as defenders of the public good or, at the least, defend them reluctantly as a necessary evil, it is generally accepted that these bodies pose at least four series of challenges for governance and even for democracy.

The Thin Line Between Implementation and Policy Making

As specialists of public policy never cease to underline, a great deal of decisions about regulation are taken during the implementation of laws and policies. Consequently, most agencies are frequently called on to overstep the line and actually make policy, not least by developing doctrines and instruments with which to put into practice often vague primary legislation.

The Complexity of Regulation and Problems of Transparency

Many policy areas regulated by agencies are highly complex and possess large amounts of detailed legislation. Specialists therefore are needed within the agencies, but also within the public and private organizations that they regulate. At worst, interactions between these specialists can produce sets of rules that only they can decipher, thus excluding wide ranges of practitioners and consumer representatives.

Political Control and Democratic Legitimacy

Be it genuine or perceived, lack of transparency within agencies clearly poses problems for elected politicians in general and officeholders in particular. This problem is less acute in polities such as the United States, where public congressional auditions of agency representatives are commonplace. Elsewhere, however, and in Europe in particular, agencies often have less direct linkages to elected assemblies. Consequently, it is feared that these bodies will become autonomous of governmental structures and pursue either their own agenda or that of the dominant actors they ostensibly regulate.

Intersectoral Policies and Holistic Governance

Finally, excessive agency autonomy in turn begs the question of the capacity of contemporary public administrations to develop and apply coherent political goals across a wide range of economic and social sectors. This question has been raised, for example, in the European Union over the case of competition policy. Many actors consider that regulating competition should be taken out of the hands of the European Commission and given to a Europe-wide agency specialized uniquely in this issue area. Defenders of the Commission reply that this administration must continue to regulate competition because it alone has the necessary information and political legitimacy to ensure that decisions over this issue are made on the basis of values rather than just on the basis of legal or economic expertise.

In summary, studying agencies and their challenges provides a means of tackling the following crucial question: Is governance just revamped public management or a genuinely new form of politics?

—*Andy Smith*

See also Bureau Shaping; Contracting Out; Marketization; New Public Management; Quango; Politics-Administration Dichotomy

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AIDS

See HIV/AIDS

AMERICAN GOVERNANCE

The American regime was not designed to secure efficiency. Rather, it deeply fragmented political authority and power to protect against the emergence of tyranny. As such, the U.S. constitutional structure divides authority between a central or national government and (now) fifty state governments. The Founders expected that each level of governance would prevent the potential usurpation of citizen rights by the other. If the federal government went too far afield and acted to deprive citizens of their rights, states could be expected to demand that it return to its rightful role. If one or more states denied citizens their rights, the national government could rein them in. In recent decades, for example, the national government has acted to ensure African American and disabled citizens their full political rights against frequent state-level claims to the contrary.

The nation's constitution divides political power via federalism and within the central government. The national legislature—Congress—was organized to allocate authority to two bodies, each of which was assigned specific functions. In addition, the House and Senate share responsibilities and powers with the executive authority or presidency. Third, neither the president nor Congress can act authoritatively without the assent of the other. Finally, both the executive and the legislature are subject to popular control through regular elections. The actions of each institution are also subject to review by an independent judiciary that is itself accountable to Congress and the president and to the rule of law. All these institutions are also subject to popular control through—at minimum—periodic elections. This assigns a vital role to the character or virtues of the voting population.

Indeed, for the nation's constitution to function as devised, voters need to exercise prudence consistently over time as they assess the claims of their leaders and would-be officeholders. Should voters fail to do so for any significant period, the cardinal aim of the regime, the freedom of its citizens, could be jeopardized. This basic requirement of democratic governance convinced political theorists for hundreds of years that popular rule simply was not possible. America's founders staked their hope that popular rule could occur in the United States on two anchors: a constitutional design that divided and shared power among multiple institutions, actors, and levels of governance and a belief that the nation's citizens could consistently choose prudent leaders and ensure that they acted wisely over time. The first secured against too-easy capacity to tyrannize whereas the second gave the body politic ultimate sovereignty.

Analysts of U.S. governance today have suggested that at least two basic challenges now test the ability of this political framework to deliver its desired results. Both are serious and both are linked ultimately to concerns about citizen capacities for thoughtful choice. The first might be labeled a crisis of legitimacy of the American state. Following the Vietnam War, the perceived failure of government action to remedy the ills identified by President Lyndon Johnson's Great Society initiative of the 1960s and Watergate, citizens grew increasingly disaffected with their public institutions. Indeed, by 1981, incoming President Ronald Reagan could declare famously in his first inaugural address that government was the major problem confronting society.

Reagan offered the market as a palliative to overcome the perceived failures of the regime. Since then, and reflecting widespread cynicism about governmental capacity at all scales to deliver desired results, voters have increasingly embraced leaders who offer the view that government's role in society should be displaced or augmented by private action. In a sense, this desire is not new because it is rooted in an always-rightful democratic concern that government not grow so large as to tyrannize. What is new, however, is the view that private agents, particularly market-centered ones, could and should displace the state in many domains of public service delivery. The national version of the administrative structures that result from these beliefs often resembles Rube Goldberg contraptions as, for example, when national grants are provided to the states with their varying political cultures, interests, and capacities, and states then rely upon localities or private agents finally to deliver services to citizens. The resultant extraordinarily complicated forms of policy action diffuse accountability widely.

The other major challenge to American governance identified by many recent analysts is the apparently waning interest of the citizenry in public and civic affairs. This trend is evidenced in declining levels of voter knowledge of American history, institutions, politics, and policies as well as in relatively low election-turnout rates and levels of participation in many civic organizations. These developments suggest a population that may not be as well equipped or inclined to judge its officials with prudence or to demand deliberative consideration of policy choices as may be necessary for the long-term health of American democracy. An ill-informed and unengaged citizenry deeply skeptical of the significance and efficacy of public action is potentially more subject to manipulation by the nefarious or by those who rationalize their self-interested policy or

political actions to themselves and others as necessary on grounds of ideology or other beliefs. Observers have argued that the relative lack of knowledge and engagement among large numbers of the nation's citizens may arise from the pervasive and privatizing influence of television, from an equally pervasive consumerism, or from the decline of the acculturating role of the nuclear family. Whatever the origins, lack of knowledge and disengagement represent a profound test of the capacity of the body politic to make and demand deliberative choices aimed at securing the rights and opportunities of all Americans for the future. The twin-barreled and related realities of declining state legitimacy and decreasing citizen knowledge of, and engagement in, political affairs now represent significant challenges to the U.S. system of governance.

—Max Stephenson, Jr.

See also Adversarial Legalism; Deliberative Democracy; Government Performance and Results Act; Hollow State; New Public Management; Privatization

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ANARCHY

Anarchy is an ordered state of society without government and domination. Anarchists argue that domination opposes human interests and that all aspects of society should not be ruled by authorities, but can be voluntarily organized based on self-organization, self-management, self-government, bottom-up decision making, grassroots democracy, decentralized networks, free agreements, and free associations.

Anarchists see capitalism and the nation-state as limitations to self-determination, freedom, and the full development of human faculties. The basic idea of anarchism is that decisions shouldn't be taken by minorities but, instead, in bottom-up processes by all those who are affected by them. Utopian socialists such as William Godwin, Charles Fourier, or Robert Owen didn't call themselves anarchists, but anticipated the idea of a society without government. Pierre-Joseph Proudhon was the first scientist who systematically developed the idea of anarchism, defining it in 1840 in *What Is Property?* as the absence of a master, of a sovereign. There are different types of anarchist thought; the basic difference is the one between individual and collective forms of anarchism.

Individual anarchism stresses that domination limits the free development of the individual and that all domination should be abolished. This line of thought goes back to the ideas of Max Stirner, who advocated the supremacy of the individual, individual freedom and self-determination, the uniqueness of the "I," the abolition of all social and moral bonds on the individual, and an association of egoists. Another form of individual anarchism is Proudhon's mutualism, which is based on the idea of an equal distribution of private property among individuals.

Historically, collective forms of anarchism have been more influential than individualistic ones. Mikhail Bakunin considered capitalism, the nation-state, and religion as forms of domination that should be abolished. He described his approach as collective anarchism that is based on the idea that the means of production and the structures of decision should be controlled in collective processes of self-organization by communes that freely associate themselves in federations. The ideas of anarchy and communism as forms of society are homologous insofar as they both conceive a free society as a self-organized association where all human beings live in peace, wealth, and social security, where people can fully participate in society, which is based on the principle "to each according to his needs, from each according to his ability." The main historical difference between anarchists and communists that fuelled a controversy between Karl Marx and Bakunin and resulted in the

apparent that there was a strong structural asymmetry within the bloc, resulting in the three Northern states of Colombia, Ecuador, and Venezuela dominating intra-bloc trade with a market share of seventy percent. This distorted trade pattern was not helped by Peru's reluctance to engage fully in the first common external tariff project, persistent border conflicts between Ecuador and Peru, or the recession that struck Bolivia and Peru in the 1980s. The Andean Pact consequently languished as an ineffective integration movement until the increasing pressures of accelerating globalization in the 1990s forced a reaction from the member states. In an effort to cope with the pressures of the Free Trade Area of the Americas (FTAA) negotiations, the growing strength of Mercosur to the South, and the fragmenting nature of the international economy, the Andean Pact members signed the Protocols of Trujillo and Sucre, which in turn led to the birth of the Andean Community on August 1, 1997. The result is an open regionalist movement with defensive origins that seeks to exploit internal synergies to maximize the possibilities of external economic interaction. Despite the political will that the bloc's presidents have brought to the project, the central challenge that plagued the Andean Pact remains: geography. The member states are stretched along the forbidding terrain of the Andean Cordillera, a situation that is exacerbated by the parlous state of transnational infrastructure linkages. Although the Andean Community is devoting serious effort to improving transportation and energy networks, the combination of a lack of intra-bloc production chains and the distances between national production centers suggests that the bloc will have more importance in the future as a political coordination mechanism than as a dynamic engine for economic growth.

—Sean W. Burges

See also Hemispheric Integration; New Regionalism; Regional Governance; Regionalism

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ANTIGLOBALIZATION

The antiglobalization movement is a new social movement that emerged at the turn of the millennium and that questions neoliberal globalization. It can be considered as a reaction to the frictions and stratifications that have been caused by neoliberal globalization.

Looking at definitions of globalization by important social scientists such as Anthony Giddens, David Held and colleagues, and Roland Robertson shows that they concentrate on quite similar aspects. Giddens portrayed globalization in 1990 as intensified worldwide social relations where local events are shaped by distant occurrences. Held and colleagues wrote in 1999 that globalization exemplifies interconnectedness of regions near and far, allowing for enhanced social-activity and power networking. Robertson noted in 1992 that the term *globalization* denotes both a compression of the world and greater consciousness of the world as an entity.

These definitions show that the central aspects of globalization are interconnection, intensification, time-space distanciation, deterritorialization, supraterritoriality, time-space compression, action at a distance, and accelerating interdependence. Globalization might be defined as the stretching of social relationships in space and time: A globalizing social system enlarges its border in a way that means social relationships can be maintained across larger spatial and temporal distances. Globalization is based on processes of disembedding, that is, the production of time-space distanciation of social relationships. Yet processes of disembedding are accompanied by processes of reembedding—processes that adapt the newly disembedded social relationships to local (temporal and spatial) conditions. Globalization involves the stretching of practices and structures that constitute social systems in time and space; it results in an increase of the intensity, extensity, reach, and velocity of social relationships; that is, there is a faster and wider flow of more artifacts, people, and symbols over networks across space-time. Disembedding and reembedding are interconnected processes that are an

expression of the dialectic of the global and the local. The global is based on the interaction of localities; the local is adapted to local circumstances. Robertson spoke of this with the term *glocalization* in 1994.

The common theme underlying Giddens's concept of disembedding, Manuel Castells's 1996 concepts of timeless time and the space of flows, and David Harvey's 1990 concept of time-space compression is that modern technologies such as the computer both accelerate social relationships and make them more flexible. The history of modern society is a history of globalization and of the technological acceleration of transportation (of data, capital, commodities, people) that makes the world a smaller place: Technologies increasingly mediate social relationships more efficiently so that distances appear to shrink. Technological progress has resulted in an increasing separation of the movement of information from that of its carriers; the movement of information gathered speed on a pace much faster than the travel of bodies. Transportation and communication technologies (railway, telegraph, broadcasting, automobile, television, aviation, digital computer-based communication technology, and most recently digital network technology) especially have increased the speed of global flows of capital, commodities, power, communication, and information. The earth has been increasingly transformed into a global communication network that affects all realms of society. Knowledge is today quite substantially detached from territorial space: It cannot be situated at a fixed and limited territorial location, it operates largely without regard to territorial distance, and it transcends territorial space. New knowledge-based technologies such as the computer facilitate the delocalization and disembedding of communication in the sense of the generation of spatial and temporal distance.

The dominant form of globalization is neoliberal globalization; there is a global hegemony of neoliberalism. Neoliberal policies aim at creating a framework for the economy that makes it possible to raise profits by minimizing the costs of investment, reducing social security, and preaching individualism. All subsystems of society are increasingly dominated and penetrated by economic logic, that is, the logic of commodities and accumulating finance capital. Aspects of neoliberalism include the following:

- The state withdraws from all areas of social life.
- The welfare state and collective responsibility are destroyed.
- Self-help, self-responsibility of the individual for his or her problems, and the capability of the market to regulate itself without human intervention are preached.
- Growth, productivity, and competition are presented as the only goals of human actions.
- Old ultraliberal ideas are presented as modern and progressive.
- Homogenization of money and finance markets under the dominance of a few nations.
- A kind of new Social Darwinism, which puts across the message that only the strong and remarkable survive in society and on the market.
- A permanent insecurity of wage and living conditions ("flexploitation"), an individualization of work contracts, and state assistance and state subsidies for large corporations are all established and institutionalized.
- Neoliberal ideologies claim that the economy is independent from society, that the market is the best means of organizing production and distribution efficiently and equitably, and that globalization requires the minimization of state spending, especially on social security.
- These developments are presented as something inescapable, self-evident, and without alternatives.
- The neoliberal state creates the legal framework for flexible wages and flexible working times.
- Collective bargaining systems are increasingly superseded by systems at a sectoral, regional, or company level.
- The state tries to facilitate capital investment and technological progress by subsidies, research and development (R&D) programs, funds, and institutional support.
- The state increasingly tries to activate entrepreneurial thinking by creating new forms of self-dependence and self-employment, reducing unemployment benefits and welfare, tightening eligibility criteria, installing sanctions and coercive activation programs (workfare, welfare to work).
- Pensions are increasingly cut and the retirement age lifted; private pension funds are encouraged.
- Universities are considered as enterprises and cooperation between universities and corporations is encouraged.

- Regulation is increasingly important on, and shifted to, the supranational, regional, and local level, and networks or links between cities, regions, and federal states are established (also on a cross-border basis).
- Certain state functions are shifted to civil society (neocorporatism).
- Public enterprises and services are increasingly privatized and commercialized.
- Welfare is increasingly shifted from the private to the corporate level.
- Transnational corporations introduce increasingly flexible ways of producing commodities, and they themselves are organized as globally distributed firms that are political as well as economic actors.
- The nation-state is transformed into a competitive state: There is competition for good conditions of economic investment between nation-states and, hence, nation-states are frequently forced to facilitate privatization, deregulation, and the deterioration of wages, labor legislation, and welfare policies to attract the interest of transnational capital. Whereas capital and transnational corporations operate at a global level, the state is forced to enforce political action at a national level.

There are both Right-wing and Left-wing antiglobalization activists. Extreme Right-wing groups such as the British National Party, the Nationaldemokratische Partei (NPD) in Germany, Front National in France, and the Austrian Freedom Party (FPÖ) see globalization as a threat to national economies and national identity and argue that the economy should be nationally controlled and immigration should be strictly restricted to guarantee national identity. Right-wing antiglobalism tends to argue that globalization is an ideology advanced by Zionism, Marxism, and Liberalism. Globalization is presented as a worldwide conspiracy against national identity, Western culture, or the White man. Such arguments frequently have racist and anti-Semitic implications. For Right-wing exponents of antiglobalism, neoliberal globalization is not the result of the structural logic of capitalism but, rather, the result of a conspirative political plan of powerful elites. These Right-wing exponents of antiglobalism don't argue in favor of an alternative globalization, but suggest nationalism and particularism as cures for the problems caused by the dominant form of globalization.

Far more important in number of activists and public attention than Right-wing antiglobalism has been Left-wing antiglobalism. It has come to public attention through protests such as at the gathering of the World Trade Organization (WTO) in Seattle in November 1999, at the gatherings of the International Monetary Fund (IMF) and the World Bank in Washington in April 2000 and in Prague in September 2000, at the G8 (Group of Eight) countries' gathering in Genoa in July 2001, and by annually organizing the World Social Forum in Porto Alegre as a counter event to the meetings of the World Economic Forum.

Capitalist logic has resulted in a global dominance of commodity logic and asymmetrical political power. Global economic and political capital flows and structures of decision making increasingly control the lives of humans. And money and power are considered as estranging and controlling forces. Left-wing antiglobalism can be considered in the terminology of Jürgen Habermas as a reaction to the increasing colonization of the life-world by capital and power. The term *antiglobalization movement* is misleading because the movement is not purely defensive and reactive but, rather, a proactive movement for global democracy and global justice. Hence, it can better be characterized by terms such as movement for an alternative globalization or movement for democratic globalization. The insurgency of the Mexican Ejército Zapatista de Liberación Nacional (EZLN) against impoverishment, neoliberalism, North American Free Trade Agreement (NAFTA), and land expropriation, and for freedom, dignity, justice, human rights, and democracy has resulted in the emergence of a global solidarity movement that uses the Internet. The EZLN has been characterized as the first informational guerrilla, and as the germ cell of the antiglobalization movement.

The movement is a transnational protest movement that is global in character and has a decentralized, networked form of organization that mediates the production of common values, identities, goals, and practices that transcend spatial and temporal boundaries. This movement communicates mainly with the help of the Internet, which is used to organize worldwide protests and online-protests, to discuss strategies, to reflect political events and past protests, and to build identities. Internet-based protest forms

that can be termed cyberprotest or cyberactivism, mailing lists, Web forums, chat rooms, and alternative online media projects such as Indymedia are characteristic of this movement, which has a high degree of openness, accessibility, and globality.

The movement is pluralistic and to a certain extent contradictory. Groups that are involved include traditional and autonomous labor unions, art groups, landless peasants' groups, indigenous groups, socialists, communists, anarchists, autonomous groups, Trotskyists, parts of the ecology movement and the feminist movement, Third World initiatives, civil rights groups, students, religious groups, human rights groups, groups from the unemployment movement, traditional Left-wing parties, critical intellectuals, and so forth from all over the world. This network includes groups from different social movements. It is a global network of networks, a movement of social movements, a universal protest movement, and a coalition of coalitions. It aims at reclaiming the common character of goods and services that are increasingly privatized by agreements such as General Agreement on Trade and Services (GATS) and Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Michael Hardt and Toni Negri have used the term *multitude* to describe the antiglobalization movement as a whole of singularities that act in common, a decentered authority, a polyphonic dialogue, a constituent cooperative power of a global democracy from below, an open-source society, and a direct democratic government by all for all. The multitude, according to Hardt and Negri, is a wide-open, unrestrained network that promotes working and living in common.

Because of its structure and diversity, the movement is rather undogmatic and decentralized—it can't be controlled and dominated. The unity of this plurality emerges by the common mobilization against the neoliberal intensification of global problems. The different issues and concerns of the involved groups are connected because they all consider problems that have been caused by the logic of capitalistic globalization. The goals and practices of the movement are not homogeneous; there is a large difference between reformist and revolutionary activists and between nonviolent and militant methods of protest. Another difference concerns those parts that argue in favor of

the strengthening of the regulation of capitalism at a national level and those parts that want to put a global democracy in place of national sovereignty.

As a collective actor that is composed of many interconnected non-identical parts, the movement can as a whole be considered as striving for global democracy, global justice, and the global realization of human rights. The movement tries to draw public attention to the lack of democracy of international organizations and puts pressure to support democratization on dominant institutions. This global nonparliamentary opposition acts and thinks globally.

The movement is spontaneous, decentralized, networked, self-organizing, and based on grassroots democracy. The organizational form is an expression of the changing organizational features of society that is increasingly transformed into a flexible, decentralized, transnational, networked system of domination. Capitalist globalization has resulted in the constitution of a worldwide system of domination that is strictly shaped by economic interests. Hardt and Negri call this decentralized, flexible, networked global capitalistic system empire. Empire would be a global system of capitalistic rule; it would be based on a crisis of the sovereignty of nation-states, the deregulation of international markets, an intervening global police force, as well as mobility, decentralization, flexibilization, and the network character of capital and production. The emergence of a decentralized global empire has been challenged by a decentralized global protest movement that calls for global participation and global cooperation and suggests that the degree of democracy, justice, and sustainability of globalization should be increased. The organizing principle of the movement is one of global networked self-organization. For many of the activists, the protests anticipate the form of a future society as a global integrative and participatory democracy. The movement is a yearning for a society in which authorities don't determine the behavior of humans, but humans determine and organize themselves. The movement opposes globalization from above with self-organized forms of globalization from below.

Probably the most well-known antiglobalization group is Association Pour La Taxation Des Transactions Financières Pour L'Aide Aux Citoyens (Association for the Taxation of Financial Transactions for the

Benefit of the People, ATTAC), which exists in more than thirty countries. ATTAC, according to its Web site (www.attac.org), holds that financial globalization leads to a less secure and a less equal playing field for people, favoring instead the interests of global corporations and financial markets. The main demand of ATTAC is the Tobin Tax, a sales tax on currency trades across borders. At this writing, ATTAC claims more than 90,000 members in forty countries.

—Christian Fuchs

See also Competition State; Global Civil Society; Global Governance; Globalization; Global Justice; Global Market; Glocalization; Marxism; Transnational Social Movement

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ARAB INTEGRATION

The concept of Arab integration broadly refers to efforts aiming to achieve closer cooperation and assimilation between different Arab countries and subregions. Depending on the context in which the concept is used, integration could be meant as political, economic, or institutional. The term has been used in various frameworks, and its meaning has evolved and shifted over time. Originally employed as part of a larger project aimed at unifying the numerous Arab countries into a single Arab nation, Arab integration has lately been discussed in strictly economic terms, often associated with efforts by Arab countries to liberalize their economies and connect with the global markets.

Pan-Arab Conceptions of Arab Integration

Arab integration was first employed within the discourse of Arab nationalism and parallel to the evolution of the Arab state system in the aftermath of World War II. The Arab nationalist (or Pan-Arab) ideology posited that the multitude of Arab states represents a coherent historical and political national community and that this nation should be realized within a unified Arab state. Following from that, Arab nationalists argued that the Arab nation is a natural unit that was artificially divided into unsustainable entities and that political and economic development can only be achieved through the rapprochement, cooperation, and, ultimately, the unification of these states. The League of Arab States was founded in 1945 as a tool for the realization of Arab integration and unity, even though in practice it was paralyzed by political divisions and institutional deficiencies. Furthermore, from the 1950s through the 1970s, several attempts were made to unify two or more Arab countries, most of which were discontinued. The most famous of these endeavors was the formation of the United Arab Republic, a political union between Egypt and Syria that lasted from 1958 to 1963. Other attempted unifications occurred between Libya and Egypt, Egypt and Sudan, and Jordan and Iraq.

In the late 1960s, the idea of Arab unity through political fusion was mostly abandoned as an immediate goal and new forms of Arab regional integration were initiated. This included the establishment of institutions promoting inter-Arab trade, cultural exchange, common industrial projects, common educational policies, and military cooperation. In addition, Arab states signed many bilateral agreements and formed

subregional organizations to facilitate trade and political cooperation. The most notable of these organizations were the Gulf Cooperation Council, the Arab Maghreb Union, the Arab Common Market, and the Arab Organization for Industrialization.

The idea behind these projects was to further economic and political integration within the system of existing Arab states in the hope of achieving greater political weight on the world scene and accomplishing economic objectives (that individual Arab states might not be able to realize). The rhetoric of pan-Arabism was not completely divorced from such attempts, and many of these institutions had the stated goal of achieving higher degrees of rapprochement and complementarity between different Arab states, which would eventually pave the way for Arab unity.

This latter notion of Arab integration differed from the traditional Arab nationalist model in several respects. First, it recognized the Arab state system and accorded a greater importance to the Arab states in the process of Arab integration, whereas the orthodox pan-Arab discourse viewed these entities as illegitimate colonial constructs and an obstacle to Arab rapprochement. Second, this notion implied a belief in an incremental route to Arab integration based on institutional cooperation that was greatly influenced by the experience of the European Community and the building of a common European market. Conversely, the orthodox nationalist view favored a more direct approach to Arab unity inspired by European cases of national unification in the late nineteenth century (especially those of Germany and Italy). Finally, the more recent notion of Arab integration believed in cooperation being designed and effectuated on the level of state bureaucracies and diplomatic agreements, whereas the Arab nationalist perspective believed in the promotion of Arab integration through mass movements and party politics.

Despite the multitude of institutions designed to promote Arab integration, autarkic economic policies and political differences kept the levels of Arab cooperation and trade at a minimum. Trade barriers were rarely removed, and the movement of people and goods between Arab states was often restricted. Inter-Arab regional trade never exceeded eight percent of the total of foreign trade in the Arab region in the past

four decades. Furthermore, the Gulf War of 1990 created deeper political divisions among the Arab countries and marginalized the Arab nationalist discourse.

Arab Integration as a Globalizing Tool

Since the mid-1990s, the concept of Arab integration has been revived within a different context. The wave of economic liberalization initiated by several Arab states and supported by international lending institutions has pushed Arab economies to lift trade barriers and liberalize monetary policies. In tandem with these changes in economic governance, international agencies—specifically the World Bank and the United Nations Development Programme (UNDP)—have been pushing for greater regional integration and trade as a step toward economic integration on the global level.

The market-oriented approach views regional integration as a necessary element for the creation of trading blocs that would allow individual countries to enter the global economy better prepared and under more favorable terms. Citing the experiences of the North American Free Trade Agreement (NAFTA), the Association of Southeast Asian Nations (ASEAN), and Southern Cone Common Market (Mercosur), the proponents of regionalization see these blocs as a useful tool for fostering the movement of capital and labor within a region, which would lead to lower poverty rates and the building of internationally competitive institutions.

Similarly, several regional institutions have been created to promote trade among Arab countries under the supervision and support of international agencies, most significantly the Greater Arab Free Trade Agreement (GAFTA), which aims at removing tariff and custom barriers between Arab countries and is being promoted as an essential tool to prepare for the introduction of Arab states into the World Trade Organization and the Euro-Med partnership.

—Amer Mohsen

See also Association of Southeast Asian Nations; North American Free Trade Agreement; World Trade Organization

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ARMS CONTROL

Arms control is the adjustment of military forces given the capability and intent of a state's adversaries. Although the adjustment of military forces according to strategic ends has always been a part of statecraft, arms control did not become a coherent idea and a potential means of maintaining national security until the advent of nuclear weapons. The logic encapsulated under the term *arms control* originated among physical and social scientists involved in the development and implementation of nuclear weapons in the United States during the late 1950s and early 1960s.

The core assumptions of the arms control logic held by American proponents deal with the origin of interstate conflict and the impact of nuclear weapons. First, the cause of conflict between states is misperception of intention and behavior. Second, the scale of destruction incurred by those involved in a nuclear exchange precludes the possibility of victory. The first implication of these two assumptions is that cooperating with adversaries via treaties and conferences allows for communication, reduces the likelihood of misperception, and thus, decreases the chance for conflict. The second implication is that nuclear force structure should be designed and maintained to prevent an advantageous first strike while ensuring an invulnerable second strike. And the third implication is that advancements in technology providing a final nuclear advantage is unlikely, leaving politics as the best means of maintaining security in a nuclear environment.

Examples of prominent arms control agreements include U.S.–Soviet efforts to manage the nuclear arms race by signing and adhering to the Partial Test Ban Treaty, the Strategic Arms Limitation Treaty, and the Anti-Ballistic Missile Treaty. The Biological and Chemical Weapons Conventions represent multilateral treaties limiting nonnuclear weapons, although the Nonproliferation and Comprehensive Test Ban treaties are agreements at the center of contemporary international debates.

American opponents of arms control challenge the cause of military conflict and subsequently the effect of nuclear weapons on military planning. First, opponents assume conflict occurs when a state fails to develop the military capability necessary to make credible threats to its adversaries. Second, the potential for destruction on a scale unprecedented in the history of military affairs does not preclude political leaders from the obligation to plan for military victory. The first implication is that cooperation with adversaries only allows them to gain an advantage and thus invites attack. The second implication is that a nuclear force structure must provide the capability for a first strike or deterrent threats will lack credibility. And the third implication is that technological advances may provide the means for gaining military advantage and thus enhance national security.

—Zachary Zwald

See also Deterrence; Epistemic Community; Security; War on Terrorism

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ASIAN FINANCIAL CRISIS

The 1997 and 1998 Asian financial crisis began in Thailand and then quickly spread to neighboring economies. The crisis began as a currency crisis when

Bangkok unpegged the Thai baht from the U.S. dollar, setting off a series of currency devaluations and massive flights of capital. In the first six months, the value of the Indonesian rupiah was down by eighty percent, the Thai baht by more than fifty percent, the Korean won by nearly fifty percent, and the Malaysian ringgit by forty-five percent. Collectively, the economies most affected saw a drop in capital inflows of more than US$100 billion in the first year of the crisis. Unparalleled both in its magnitude and its scope, the Asian financial crisis became a global crisis when it spread to Russian and Brazilian economies.

A Crisis of Governance

The significance of the Asian financial crisis is multifaceted. Though the crisis is generally characterized as a financial crisis or economic crisis, what happened in 1997 and 1998 can also be seen as a crisis of governance at all major levels of politics: national, global, and regional. In particular, the Asian financial crisis revealed the state to be most inadequate at performing its historical regulatory functions and unable to regulate the forces of globalization or the pressures from international actors. Although Malaysia's controls on short-term capital were relatively effective at stemming the crisis in Malaysia and attracted much attention for Prime Minister Mahathir bin Mohamed's ability to resist International Monetary Fund (IMF)–style reforms, most states' inability to resist IMF pressures and reforms drew attention to the loss of government control and general erosion of state authority. Most illustrative was the case of Indonesia, where the failures of the state helped to transform an economic crisis into a political one, resulting in the downfall of Haji Mohammad Suharto, who had dominated Indonesian politics for more than thirty years.

Debates about the causes of the financial crisis involved competing and often polarized interpretations between those who saw the roots of the crisis as domestic and those who saw the crisis as an international affair. The economic crisis focused much attention on the role of the developmental state in East Asian development. Proponents of neoliberalism, who saw the crisis as homegrown, were quick to blame interventionist state practices, national governance arrangements, and crony capitalism for the crisis. Assistance from the IMF all came with conditions aimed at eliminating the close government-business relationships that had defined East Asian development and replacing Asian capitalism with what neoliberalists saw to be an apolitical and, thus, more efficient neoliberal model of development.

The early neoliberal triumphalist rhetoric, however, also gave way to a more profound reflection about neoliberal models of development. Perhaps most of all, the 1997–1998 financial crisis revealed the dangers of premature financial liberalization in the absence of established regulatory regimes, the inadequacy of exchange rate regimes, the problems with IMF prescriptions, and the general absence of social safety nets in East Asia.

Echoing these concerns were those who saw the crisis as a function of systemic factors. In contrast with neoliberal theorists who focused on technical questions, however, critics of neoliberalism focused on political and power structures underlying the international political economy. Mahathir's characterization of the financial crisis as a global conspiracy designed to bring down Asian economies represented the far extreme of these views, though his views did have some popular appeal in East Asia.

Mostly, the widely held perception that IMF prescriptions did more harm than good focused particular attention on the IMF and other global governance arrangements. The IMF was criticized for a "one size fits all" approach that uncritically reapplied prescriptions designed for Latin America to East Asia, as well as its intrusive and uncompromising conditionality. Fiscal austerity measures were criticized as especially inappropriate for the East Asian case and for prolonging and intensifying both economic and political crises. In addition to the criticism leveled at the technical merits of IMF policies, the politics of the IMF and the general lack of transparency of its decision making were also challenged. Limited East Asian representation in the IMF and World Bank underscored the powerlessness of affected economies, as well as their lack of recourse within existing global governance arrangements. Combined, the criticisms of the IMF diminished the prestige, if not the authority, of the

IMF, resulting in heightened calls for a new international architecture to regulate the global economy.

The Asian financial crisis also revealed the inadequacies of regional organizations, especially the Asia-Pacific Economic Cooperation (APEC) and the Association of Southeast Asian Nations (ASEAN), generating much debate about the future of both organizations. Criticism focused especially on the informal, nonlegalistic institutionalism of both organizations. However, though ASEAN has displayed greater receptiveness to institutional reform, informal institutionalism remains the norm with respect to regional forums in East Asia.

The crisis also has intensified other regional activities. In particular, unhappiness and resentment toward the IMF and U.S. handling of the crisis intensified interest and activity in an East Asian regionalism that excludes the United States. The most prominent example is the ASEAN Plus Three framework.

Last, the Asian financial crisis' significance for governance also played into debates about convergence versus divergence. East Asian governance at national and regional levels displays elements of both. Although global pressures clearly structure development in key ways, the persistence of certain domestic practices and relationships shows that there remains an important heterogeneity in the global system. The same can be said for the persistence of different regional institutional arrangements.

—Alice D. Ba

See also Asia-Pacific Economic Cooperation; Association of Southeast Asian Nations; Chiang Mai Agreement; Convergence and Divergence; Foreign Exchange Market; International Monetary Fund; Neoliberalism

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Asian Governance

Asian governance is an ambiguous and often-contested term used to describe or distinguish governance arrangements in East Asia (defined as Northeast plus Southeast Asia). In general, Asian governance refers to political systems and economic development defined by an interventionist state and corporatist political arrangements involving close coordination between public and private (especially government-business) actors. Governance in East Asia is distinguished by a personalistic and particularistic style of governance and capitalism that contrasts with the legalism, impersonalism, and universalism of Western liberalism and capitalism. Often associated with Asian authoritarianism because of the number of nonliberal democracies in East Asia, Asian governance is characterized as state-led and top-down, rather than grassroots and bottom-up in structure.

Values and Development Debates

Asian governance is part of larger debates about development and in particular the emergence of East Asia's "miracle economies" (Singapore, Korea, Taiwan, Hong Kong) and later the newly exporting economies of Thailand, Malaysia, and Indonesia. The term gained salience in the late 1980s and early 1990s because East Asia's economic growth challenged established theories of development. Questions about Asian governance arrangements also attracted attention because of both changing geo-economic and geo-strategic forces, in particular, sluggish U.S. and European growth and heightened post–Cold War attention to human rights concerns.

As an explanation for East Asian growth, Asian governance draws on both developmental state arguments about the necessary role played by interventionist states and cultural arguments about "Asian values," especially Confucianism. The tremendous growth of these economies has posed a special challenge to dependency theorists who identify structural obstacles for later-developing economies moving up the global economic hierarchy and in from the periphery. Proponents of neoliberalism offered contrasting criticism for the role played by interventionist states and praise for East Asia's embrace of, and integration into, the global economy.

Those who use the term *Asian governance* often draw on ideas about culture and specifically Asian values to explain economic development and authoritarian governance in East Asia. "Asian values" are generally understood to be a cultural preference for stable leadership over political pluralism, consensus over dissent and confrontation, communitarian over individualist values, duties and responsibilities over rights, the primacy of order and harmony over competition. It has been argued that Asian values facilitate a more activist or interventionist state. Such cultural-relativist claims are perhaps most associated with Singapore's former prime minister and senior statesman Lee Kuan Yew. According to the "Singapore school," Asian values provided a needed antidote against unrestrained capitalism of the West. In the early 1990s when Western economies were sluggish, those like Lee, comparing East Asia's dynamism with what they saw to be Western decline, further argued that Asian governance may be illiberal and authoritarian but at least it was governance that worked.

The relationship between culture and development is a contentious one, however, not least because it overgeneralizes a region that is extremely diverse. For example, Asian values are frequently associated with Confucianism despite the fact that states like Malaysia, which has played one of the more vocal and prominent roles in the Asian values debate, are not Confucian. Another common criticism is that if Asian values explain economic growth, then they must also explain periods of nongrowth and decline in earlier periods, for example, China during the nineteenth and twentieth centuries.

Nevertheless, until the Asian financial crisis in 1997 and 1998, the idea of Asian governance continued to feature prominently in discussions of East Asian development. In part, Asian governance remained mostly an elite discourse and reflected the self-interest of status-quo actors and states. Critics, for example, maintain that cultural arguments in defense of existing practices are a convenient tool of governments to ensure compliance, control, and conformity. On the other hand, such criticisms should not negate the larger point that governance and development may vary given important differences—timing and historical context of development, as well as culture—between Asian and Western systems. At the least, Asian governance challenges the widely held notion that economic development necessarily leads to liberal democracy.

It also must also be acknowledged that arguments about Asian governance—whether Asian values in domestic politics or Asian institutionalism (i.e., "the Asian way") in international politics—did have a broad appeal in the sense that they expressed a "rare pride in being Asian," as Khoo Boo Teik commented in 1999. After centuries of domination and emulating the West, Asian values and Asian governance expressed a sense that Asia too had something to offer in the way of models and historical development.

Governance After the Crisis: Asian Governance and "Bad" Governance

Asian governance had always had critics on both economic and political grounds. Even Lee Kuan Yew acknowledged that Asian governance suffered from important problems, with nepotism being a major one. Intertwined public-private relations can also make accountability difficult. The 1997–1998 Asian financial crisis, however, renewed and intensified external criticism and domestic reflection. Longtime critics of Asian development saw the crisis as vindications of both neoliberal development and liberal democracy.

Straying from its historical role and into debates about "good governance," the International Monetary Fund implicated Asian governance as "bad governance" in which the financial crisis was seen to be a product of Asian-style crony capitalism and a general lack of respect for the rule of law. It followed that democracy and neoliberalism were the cure for East Asia's economic troubles.

Attempts to equate Asian governance with bad governance should be treated with the same caution as those that attribute Asia's economic success entirely to culture. Just as levels and quality of development vary widely from state to state, so do levels of corruption. The crisis did provide strong impetus for leaders and elites in East Asia to reexamine their governance arrangements and to introduce economic and political reforms, but it is premature to conclude that the East Asian developmental model has been completely delegitimated. In East Asia, blame is leveled as much on the absence of effective (and democratic) global level governance arrangements as on arrangements at the national level. Mostly, Asian governance arrangements continue to adapt, while retaining some of their distinctive characteristics. Local mores and local expectations about the importance of social obligations, for example, will continue to filter external influences and pressures.

—Alice D. Ba

See also Asian Financial Crisis; Confucian Governance; Development Theory; Good Governance; International Monetary Fund

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ASIA-PACIFIC ECONOMIC COOPERATION

The Asia-Pacific Economic Cooperation (APEC) is a multilateral economic organization. It aims to enhance economic cooperation among its member states and, in particular, to improve trade and facilitate investment throughout the Asia-Pacific region. Its twenty-one members are Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, Mexico, New Zealand, New Guinea, Peru, Philippines, Russia, Singapore, Taipei, Thailand, United States, and Vietnam. Collectively these states control some 47 percent of world trade and create some 60 percent of world gross domestic product.

APEC was formed in 1989, and its secretariat (administrative branch) was established in 1992. The creation of APEC was controversial. Critics argued that the Asia-Pacific was already the most economically advanced region in the world and that the creation of APEC would further increase its dominance to the detriment of other parts of the global economy. Supporters claimed that the creation of APEC would help renew economic alliances between the United States and East Asia following their fracturing during World War II and the Cold War.

Many commentators describe APEC as one of the trading groups that constitute a new pattern of regional governance in the international economy. Yet APEC differs from many similar bodies, such as the Association of Southeast Asian Nations, in that it relies on nonbinding commitments rather than obligations established by formal treaty. Some commentators have described this voluntary and consensual approach as a kind of open regionalism. Critics argue that APEC and its policies are thus ineffectual and irrelevant. They have even described it as "transregionalism without a cause" and suggested that it lacks the institutional basis needed to be a major economic grouping and to implement and enforce its policies. In contrast, APEC's supporters argue that a loose confederation is sufficient to accomplish its goals, especially the Bogor Goals for Free and Open Trade and

Investment, which require the removal of trade barriers by 2010 for industrialized member states and by 2020 for poorer or developing countries.

—Mark Bevir

See also Multilateralism; Open and Closed Regionalism; Regionalism, Trade Agreements

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ASSOCIATION

An association is any group of individuals that exists for a shared purpose. Associations can be formal organizations such as labor unions and business groups, or they can be informal organizations such as charity leagues, social clubs, and cultural groups. The sum of associations within a state constitutes what is generally referred to as civil society.

Although some academic literature has paid attention to associations in nondemocratic regimes, most scholarship has examined how associations facilitate or hinder governance in a democratic context. This entry will provide a partial survey of the literature on associations in democratic regimes.

Models of Democratic Order

In their principles of organization, associations are so varied that broad comparisons are difficult to make. They may be governed according to either formal or informal procedures. Associations may be organized either along strictly hierarchical lines or based on more egalitarian principles. Decision-making power may be either centralized in one body or decentralized according to different tasks.

Some scholars suggest that participation in associations is an important element of democratic societies because it inculcates citizens with democratic values. Through experience with the democratic rules that govern membership and representation in many associations, citizens learn to value broader constitutional rules. Through group activities, participation in associations teaches citizens how to engage in public debate and cooperate with one another to accomplish shared goals. Associations help citizens develop basic civic values by teaching them to value public goods in addition to purely private individual interests, by helping them to develop a sense of trust in each other, and by teaching them to value political equality. The nineteenth-century French philosopher Alexis de Tocqueville praised the high degree of associational membership in American society as creating an exceptionally high degree of "civic virtue" among American citizens.

Recent literature on civic engagement in the United States highlights a significant decline in the traditional associational life of American citizens since the mid-twentieth century. Most famously, Robert Putnam expressed concern that the decrease in regular face-to-face interaction among individuals through participation in civic associations has produced a tear in the American social fabric. More specifically, whereas civic associations once put Americans in the regular practice of good citizenship, the decline of associational life has eroded Americans' ability to work together to achieve community goals. This rise in individualism has led to increases in crime and political corruption, as well as declines in community and individual health.

More optimistic accounts of modern civic engagement in the United States suggest that news types of affiliations are replacing traditional forms of membership associations. Most prominently, Theda Skocpol argued that associations have not experienced decline but, rather, an evolution into advocacy organizations. An increase in federal and philanthropic funding for associations has decreased the reliance of associations on membership dues. In response, associations have become more professionalized, centralized, and

advocacy oriented. Although the new types of organizations do not require active participation by individual members, and some do not have members at all, they are working to bridge class, racial, and gender divides on a national political scale. At the individual level, Skocpol suggested that communication through the Internet may be replacing the face-to-face interaction once provided by membership in civic associations.

Political Interest Intermediaries

A large body of literature also highlights the role of associations as intermediary organizations that link individuals to political leaders. This literature focuses on "interest associations" or "interest groups," which are associations whose goals involve making political claims. In the political sense, associations are vehicles that channel citizen interests into organized political demands, both by shaping public opinion around an issue and by influencing policy decisions.

One group of scholars views democratic pluralism—the diverse array of interest associations operating to influence politics—as the key to the functioning of American democracy. They share the basic assumption that associations broaden the spectrum of interests that would otherwise be represented through the democratic electoral process, and they see the role that associations play as necessary for citizens to fully exercise their rights in a democratic political system. Similarly, pluralists highlight the role that associations play in protecting members of society against abuses of power by the state, by giving a concentrated voice to minorities, and by providing a mechanism for citizens to form a political response when the state threatens their interests.

At the same time, not all associations embody civic virtues. Most famously, James Madison in the *Federalist Paper #10* warns of the danger of "factions," which he defines as citizens united by some common interest that opposes the rights of other citizens or the aggregate interests of the community. What then prevents factions from dominating the democratic political process? Pluralist scholars such as Arthur Bentley and David Truman argued that groups will naturally check each other's influence by

mobilizing in response to new radical influences. In the same way that groups emerge to protect citizens against the abuse of state power, individuals will also form new associations in response to radical societal groups that threaten their common interests. Consequently, in a pluralist society, so many kinds of associations represent such a wide variety of interests that no one association can dominate other interests. Pluralist scholars also emphasize the constraining role of public opinion, which they consider a large potential group that can mobilize to mitigate radical influences.

However, several prominent scholars have questioned the capacity for public opinion or "potential groups" to protect against radical influences, arguing that collective action depends not just on grievances but also on the availability of resources. Most famously, Mancur Olsen coined the "free rider" problem, which he defines as the natural inclination of individuals not to participate in group activity when they are likely to receive the benefits regardless of their individual participation. In contrast to pluralist scholars, Olson suggests that people's behavior is motivated more by individual interests than by group interests, and consequently, despite the presence of political grievances or threats posed by factions, interest associations will not form unless their leaders also provide individual incentives to join. This argument suggests that a large number of interests will never achieve political representation in the American democratic system for lack of resources, and it has led a number of scholars to examine whose interests are represented and whose are excluded from the American interest group system.

Stratification theorists such as E. E. Schattschneider and C. Wright Mills pointed out an elite bias to the group of associations that wields political power in the United States, suggesting that the interest group system tends to replicate and exacerbate societal inequalities by representing only the interests of the already powerful. According to stratification theorists, the American interest group system privileges economic, military, and political elites over the rest of society, in addition to privileging the interests of large corporations over small businesses and consumers.

Pluralists, however, counter that many different kinds of resources are available to citizens who want to influence politics and that almost everyone has access to some type. Consequently, pluralists argue, the relevant division in the interest group system lies not between the haves and the have-nots but, rather, between those who are interested in politics and those who are not. Robert Dahl labeled these two groups *homo politicus* and *homo civicus,* and he suggests that *homo politicus* is just as likely to exist at every income level, although it is always a small minority relative to *homo civicus.* Nelson Polsby further argues that skills, education, and hard work play key roles in the movement from *homo civicus* to *homo politicus.*

Another group of pluralist critics argues that an overabundance of interest groups has produced gridlock in the American policy-making process. According to these scholars, such as Theodore Lowi and Jonathan Rauch, a major problem with American democracy is the large number of organized interests that are entrenched in the political system, all of which lobby to protect their pet programs. New government programs catalyze the organization of constituencies that mobilize to protect, preserve, and expand their new entitlements. As the size and scope of government purview has expanded, so too has the number of and power of associations campaigning to protect the status quo, leaving the government little room for policy innovation.

Neocorporatism

Scholars who focus on the Northern European political context suggest, however, that coordination among interest associations, and between associations and the state, may increase the effectiveness of governance in times of economic crisis. In contrast to democratic pluralism, the neocorporatist system of interest intermediation limits the number of claims that are made on the state. Under this system, a small group of labor and business associations enters into a formal bargaining relationship with the state to negotiate the outcome of macroeconomic policies. According to scholars such as Philippe Schmitter, Gerhard Lembruch, and Peter Katzenstein, restricting the range of competing interests at the political bargaining table facilitates effective negotiation, and furthermore, formalizing the special relationship between a select group of interests and the state encourages both business and labor associations to occasionally sacrifice short-term interests for long-term political or economic gains.

Despite the fact that neocorporatism narrows the spectrum of demands made on the state, these scholars point out that a sense of broad political representation is maintained in Northern European countries. Most importantly, each individual association that is selected to participate in policy making typically represents a wide range of political and economic interests. With respect to labor, the encompassing associations that bargain on behalf of all workers constitute umbrella organizations that hold together a highly coordinated and hierarchically organized alliance of smaller unions. The need to unify the interests of labor from a diverse array of economic sectors encourages unions to balance the alternative costs of different economic policies against each other before formulating their demands on the state. By deradicalizing the demands of labor, neocorporatism facilitates policy reform and innovation. Thus, a significant number of scholars suggests that neocorporatist bargaining systems have allowed the small economies of Northern Europe to adjust rapidly and effectively to global economic shocks.

Authors such as Schmitter, however, point out that several characteristics of the state and society are critical to the neocorporatist bargaining system. A strong and relatively autonomous state is needed to prevent the overaccumulation of power by associations, which according to some scholars characterizes the American political system. An organized and autonomous society is necessary to facilitate negotiation with the state and to check the power of the state. For example, Southern Europe and Latin America throughout much of the twentieth century were characterized by the combination of a strong state and weakly organized society. In this context, corporatism functioned as a way for the state to co-opt interest groups into an unequal bargaining relationship, demanding the political cooperation of labor in return for only minor or symbolic concessions.

Associational Networks

A nascent strain of literature is beginning to suggest that the twin forces of globalization and decentralization are disintegrating corporatist alliances. According to this literature, loose networks of associations are emerging that form alliances among themselves and with the state around specific issues. This system of interest intermediation lies in stark contrast to the corporatist system of bargaining in a number of ways. First, alliances are temporary, formed around specific short-term goals. Second, the coordination between interest groups tends to be informal and less strictly hierarchical than are corporatist alliances. Finally, state-society negotiations tend to be decentralized, either divided among relatively autonomous government bureaucracies or among state and local governments.

In the developing world context and particularly in Latin America, some scholars promote associational networks as the new alternative to the exclusionary corporatist system that predominated in the earlier part of the century. These authors suggest that interest associations may be expanding political representation to include a broad swath of societal interests that were previously excluded from politics. However, other authors suggest that national and interventionist international organizations have responded to these societal alliances by creating new political institutions to co-opt them. At the same time, one outcome of the decentralization of policy making has been to produce broad subnational variation in the kinds of political alliances that form, both among associations and between associations and the state. Thus far, the degree to which these emergent associational networks represent a more egalitarian form of interest intermediation or a repetition of the cooptation that characterized the old corporatist system remains unclear.

—Jessica A. J. Rich

See also Advocacy Networks; Civic Engagement; Civic Virtue; Civil Society; Community Organizing; Corporatism; Interest Group; Interest Intermediation; Neighborhood Association; Network; Network Society; Pluralism; Pluralist Democracy; State-Society Relations; Third Sector

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ASSOCIATION OF GOVERNMENTS

See COUNCILS OF GOVERNMENTS

ASSOCIATION OF SOUTHEAST ASIAN NATIONS

The Association of Southeast Asian Nations (ASEAN) was founded in 1967. Founding members were Indonesia, Malaysia, Philippines, Singapore, and Thailand. Brunei joined in 1984, Vietnam in 1995, Laos and Myanmar (Burma) in 1997, and Cambodia in 1999. Though not a military alliance, ASEAN is best characterized as a political-security organization

focused on regional stability-mitigating intra-regional tensions, self-strengthening, and preventing foreign intervention or interference. Early efforts at trade and industrial cooperation were limited, but intra-ASEAN trade liberalization efforts have intensified since the late 1980s.

ASEAN has been distinguished by its quiet diplomacy and informal institutionalism, especially its avoidance of binding agreements, the relative absence of conflict resolution mechanisms, and its preference for consensual decision-making processes. ASEAN's informalism is related to its norm of non-interference, considered one of ASEAN's defining norms and certainly an early point of agreement among members. These norms and practices are often characterized as the "ASEAN way."

As exemplified by the works of Michael Leifer, early scholarship has tended toward realist themes—the influence of great powers and great power conflict on regional processes and narrowly conceived national interests as the explanation for ASEAN's informal institutionalism. Realist explanations have been challenged by constructivist accounts that focus on the normative foundations of regional order and the role of ideas, culture, and process in shaping ASEAN's institutional and security practices. ASEAN's security community status has been a particular preoccupation of constructivists like Amitav Acharya.

In debates about regionalism, ASEAN contrasts with the legalistic, formal institutionalism associated with regional arrangements in Western Europe and North America. ASEAN's informalism, which also characterizes wider regional arrangements (e.g., Asia-Pacific Economic Cooperation [APEC] and the ASEAN Regional Forum), has also been a source of tension between ASEAN states and other actors, especially the United States. These tensions have generated contrasts between the process-driven ASEAN way and the results-oriented American way.

Noninterference has received particular attention and recent criticism for limiting the organization's efficacy in managing regional affairs and for sheltering member governments from scrutiny. Troubles regarding the political instability and human rights situation of new members (Cambodia and Myanmar), domestic

changes (democratization, the rising influence of societal and transnational groups, globalization) in the politics of old members, as well as a series of crises (most notably the 1997–1998 Asian financial crisis) have strained ASEAN's state-centric regionalism. These problems have also contributed to the development of "Track III" processes involving societal groups (domestic and transnational) that parallel more established "Track I" (formal or official) and "Track II" (academics and think tanks) processes. Questions, however, remain about how much societal groups will be able to penetrate the formal decision-making process.

—Alice D. Ba

See also Asian Financial Crisis, Asia-Pacific Economic Cooperation; Chiang Mai Agreement; Economic Integration; Mesoregionalism; Security Community; South East Asia Treaty Organization

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AUDIT

Audit performs an assurance and accountability function over the use of public resources and the veracity of financial accounts. Audits are undertaken to provide information about resource management and accounting to higher authorities and the electorate to enable them to have confidence that public resources have been used properly and effectively. Today, government auditing consists of two interrelated systems of review—public audit by external agents, and internal audit by agency management. In both cases, auditors report to a responsible authority (such as a democratic legislature, governing board, or a management team).

External auditing (generally regarded as the most important) involves the official examination of the public accounts and financial transactions by designated personnel who make their findings public. The duty of external auditors is to examine government finances to ascertain their validity, accuracy, and comprehensiveness. Crucially, although these audit officials often remain government employees, they are institutionally separated from the operational spheres of executive government (and may be supplemented by private audit firms). Once the public accounts are audited, they are, thus, externally verified and certified as true and correct.

External auditors have wide powers of search and information gathering—covering ministers and officials, documents and records, contracts and purchasing arrangements, premises and facilities, and stock or other stores. Auditors have access to virtually all government documents (even cabinet papers, commercial in-confidence information as well as performance and financial information generated and held by government agencies). They monitor and check whether public money was properly collected and recorded (legal taxation and receipts) and properly spent (legal appropriation). The auditors attest that government accounts and in-year transactions are accurate, fully recorded, and properly supported by documentation and that the final statement of accounts gives a true representation of the end-of-year government finances ("true and correct statements"). Auditors also provide opinions about whether government has adhered to the appropriate accounting standards and conventions. A key responsibility of the auditor is to uncover fraud, financial corruption, and maladministration and, if any fraud or deception has been uncovered, to make sure that it has been exposed and rectified. In many jurisdictions, these officials may also inquire into the efficient and effective use of public resources. Their assessments enter the public domain principally through reports or briefings to the legislature (and by working closely with legislative committees such as public accounts committees).

Internal audit, by contrast, concerns the monitoring of resources within public agencies by internal staff specially selected to perform this function. The importance of internal auditing has grown in recent decades, and it now usually constitutes part of the initial phase in the external auditing function. The internal audit function is now a vital aspect of modern corporate governance frameworks. Internal auditors verify internal revenues and expenses and assist external auditors with data, investigations, and reports. Although internal auditing is a management function (reporting issues to boards or senior management for information or action), it can also alert external auditors to problems or issues within the organization, as well as follow up or prosecute issues raised by external auditors over subsequent periods.

In most countries, the external audit function is governed by various separate statutes (audit acts, financial accountability acts, performance acts) that stipulate basic requirements about transparency and regularity, detail the appointment and dismissal of the principal auditor, outline the duties and powers of audit officials, and sometimes provide detail about how audits shall be conducted. These acts also stipulate requirements to be followed by public officials and agencies. Generally, the supreme audit official is a statutory officeholder, who enjoys certain legal rights and protections and has a degree of operational independence from the executive. These officeholders are variously termed the *auditor general* and *comptroller general* or combinations of the two.

Traditionally, the officeholder has been supported by a specialist agency, secretariat, or department—usually called the national audit office or general accounting office—that is either an arm of the legislature or a specialist executive agency reporting to the legislature. These audit officeholders typically report to a specialist audit committee of the legislature (public accounts committee or audit committees). Audit offices usually develop specialized divisions, depending on the types of audits performed or mirroring approximately the structure and functions of government itself.

In recent decades, many government auditors have actively sought the assistance of private accounting firms to perform the audit function of government (contract auditing), rather than relying solely on their in-house audit services. This helps spread the demanding workload and assists government auditors to

develop close working relations with other auditors—possibly leading to improvements in the skills and capacities of both parties. Where private auditing firms conduct audits of government bodies, these audits are first presented to the government auditor for inspection and, if that auditor concurs with the findings, are then forwarded or included in reports to the legislature. Many private audit firms are also contracted to perform internal audit roles by government agencies.

In most advanced democracies, the external audit function is carried out ex post facto—namely, after the expenditure or transactions have occurred and been expended. However, in some Asian nations, simultaneous or continuous audit is practiced as expenditures are occurring (e.g., over large infrastructural projects). Essentially, ex post facto auditing is a form of retrospective checking to verify compliance with approved procedures and practices (the term *compliance audits* is often used to denote this approach). It also means that any errors, system failures, or recommendations for change may not be brought to the public's attention until as long as two years after the event or decision occurred. This relatively long timeline can limit the effectiveness of ex post facto audits. By comparison, internal audits are generally performed in a more timely manner and, although the reports are not made public, the findings may be more effective and acted upon by management in proximity to the actual events or transactions. Both dimensions of audit are important to a holistic audit review and changing behavior in government agencies.

In the history of auditing, the audit function did not begin as an independent, external verification of government finances—it was performed in-house by treasury officials. In the *Ancien* monarchies, the exchequer and auditing functions began as a means of establishing accurately the magnitude of the royal treasury, verifying the state of the books and reconciling payments and receipts from the royal treasury. It was practiced at the heart of government by the most trusted senior officials of the monarch, in some cases (e.g., ancient Egypt) in a special language or using codified symbols. In republics, the audit function performed the role of verifying to the people the financial probity of their governments—but again, historically,

by internal officials. By the eighteenth and nineteenth centuries, in both constitutional monarchies and republics, early auditors were often located within the executive departments of government—most notably the treasury departments. Auditing then was essentially an internal form of checking and verification, and ensuring that the money was present to finance the activities of the crown or government. But gradually, nations considered it more appropriate to separate the auditor and audit staff from the direct control of the executive. Various provisions were put in place to enhance the independence of the audit opinion. These include dedicated statutes that provided statutory independence, protections against arbitrary dismissal, lengthy terms for auditors, separate audit organizations, the ability to report directly to the legislature (and not through the executive), wide investigatory powers, and perhaps even controls over the budget proposed to cover an adequate audit function.

The main types of public-sector audit have tended over time to be correlated with the size and scope of government and the technology and information systems available to government and management. Initially, auditors attempted to conduct comprehensive verification of all financial transactions—tracking every transaction and receipt and acquitting them against the ledger. This comprehensive audit technique was employed across the general government sector (departments and executive agencies) and in public enterprises. There are bizarre stories of auditors attempting to audit public banks on the basis of comprehensive compliance checks—only to find they could not keep up with the workload even if officers were permanently attached to the banks. As government activities grew, the comprehensive audit became impractical (although many auditors general attempted to retain this form of full audit for customary reasons). Gradually, sample survey audits were commissioned, based on broad checks with case studies or samples chosen for more detailed forensic or diagnostic auditing. The development of computers allowed external auditors to analyze comparative statistics to assist the process of auditing and still deliver the assurance function.

From the 1960s, auditors began to extend their interest in the broader dimensions of government

performance and "value for money" evaluations—based on resource use but not restricted to it. Auditors began to evaluate the design, resourcing, implementation, and management of programs against their objectives. At first, program evaluation focused largely on efficiency auditing—investigating how efficiently programs operated and what ratios of efficiency were found relative to outputs. By the 1980s, auditing in many jurisdictions had extended to performance auditing or effectiveness audits—where the main issue concerned how effective the program was at achieving its desired outcomes.

In addition to the functions of investigation and assurance (the watchdog role), audit also plays an educative role. This occurs at two levels. First, audit reports (and associated recommendations for change) have an educative and demonstration effect across government—auditors often claim that although they cannot physically check everything in government, well-directed diagnoses exposing some shortcomings can have much wider effects and keep everyone on their toes. Second, auditors have found themselves well placed to advise governments and individual agencies on improved practices, more accountable management, risk assessment, and the benefits of internal audit. Many modern audit organizations now issue guidelines and advisory standards, best practice guides, and recommended ways of treating resources.

The legislature or parliament receives external audit reports (receiving and tabling makes them publicly available) and has the opportunity to comment on reports, follow up any findings or recommendations, and ask for further audit investigation. Legislatures and their committees can conduct additional investigations in public or in camera, and many committee investigations in nonfinancial areas often benefit from or feed into the audit function. Public accounts committees often play "tag team" roles with auditors, where the auditor may expose shortcomings through the financial audits and the committee can then investigate further and cross-examine public officials on these and other matters. This enhances the intensity of public scrutiny of government resource usage. Many legislatures, through the public accounts committee,

now are involved in the formulation of the forward audit schedule for the year ahead and may even be involved in the process of appointing senior auditors and advising on their recommended budgets.

The key issues with audit today are the degree of real independence auditors enjoy, the skills and expertise of auditors, how far auditors can comment on policy, the effectiveness of the audit function, and compliance with recommendations. In many countries, supreme audit officials enjoy only limited independence from the executive—some are selected internally, positions are filled by grace-and-favor appointments, their budgets are constrained by the executive, and they are restricted in what types of reports they can produce. The mix of required skills and expertise of audit offices has also been questioned—especially by senior executives in government and sometimes by legislatures. Too often audit organizations are staffed by accountants and financial auditors who are not necessarily qualified to report on program performance, organizational capacities, or behavioral dynamics. Auditors have also traditionally restricted their comments and findings to the administration of government programs, rather than to the merit of the programs themselves. Yet, many auditors have strayed into the policy field, commenting on the appropriateness of policy decisions from an external vantage point. Governments generally regard this incursion into their prerogatives as exceeding the auditor's role. Finally, few auditors have formal capacities to rectify problems or failings in government. Their influence comes through public recommendations and commentary but they have no real power to impose changes on other parts of executive government. Governments can ignore or marginalize audit recommendations or qualifications to an audit report—sometimes seemingly with no sanction. Auditors can reexamine and re-report on the problems if they persist but are not in a position to effect change themselves. This is sometimes seen as a limitation of auditing in the public sector.

—*Alexander Gash and John Wanna*

See also Accountability; Contracting Out; Corporate Governance; Public Administration; Transparency

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AUSTRALASIAN GOVERNANCE

Australia and New Zealand occupy distinctive places in debates about how governance could or should be conducted. In the latter stages of the twentieth century, New Zealand and Australia went further than most countries in embracing the policy prescriptions and rhetoric of neoliberalism and the concomitant reduction of the state's role in economic management this implies. Although the state is still actually a major player in political and economic affairs of Australia, and though New Zealand has retreated from its earlier radical embrace of neoliberalism, ideas about the appropriate role of government have changed profoundly in both countries. As the larger economy, and given New Zealand's recent policy reversals, the Australian experience is arguably of greatest long-term significance.

For much of the twentieth century, Australia had been a fairly insular, highly protected place, in which the government oversaw a particular accommodation between organized labor and various economic sectors. Restructuring in the global economy, the decreasing importance of Australian agriculture and the declining competitiveness of Australia's manufacturing sector forced change, however. By the 1980s, Australia's old model of "protection all round" was no longer sustainable. A consensus among economic and eventually political elites developed that the economy had to be opened to international competition.

Remarkably, it was the formerly Left-leaning Australian Labor Party that promoted this transformation, with the acquiescence of organized labor. All the key elements of the neoliberal agenda—a floating currency, trade liberalization, the phasing out of protection, and labor market reform—were pushed through during the 1980s and early 1990s. At the same time, major reforms to government itself and of Australia's foreign policy were put in place to consolidate these changes.

At one level, these changes were manifest in a reorganization of government departments and—especially under successive coalition governments during the 1990s—introducing the principles of "new public management" to Australia's public service. At another level, however, domestic and foreign policy were consciously linked in an effort to open both the Australian economy and workforce to international competitive pressures.

As a consequence, many areas of activity that were formerly the direct responsibility of government have either been passed to the private sector, as with job placements for the unemployed, or given to nominally independent institutions like the Reserve Bank of Australia (RBA), which has now assumed formal responsibility for the management of monetary policy. The RBA's seemingly permanent independence is emblematic of a new order in which particular ideas, generally imported from overseas, and specific economic interests, especially in the financial sector, exert a powerful influence over public policy.

New Zealand went even further and faster during the 1980s, as a technocratic elite sought to drive policy reform and turn abstract economic ideas into

political and social reality. Increasing skepticism about the economic and social impacts of the reform process has seen a significant retreat from the earlier wholesale embrace of neoliberalism and the rising inequalities it was frequently associated with. What is clear is that New Zealand's per capita gross domestic product (GDP) growth has been the slowest in the developed world since 1984 and notably poorer than that of Australia, which had a less radical reform process. At the very least, this is a reminder that the Australasian countries have had different policy experiences and outcomes, and that government reforms alone may not be able to overcome structural constraints of size and isolation.

—*Mark Beeson*

See also New Regionalism; Regional Governance; Regionalism

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AUTHORITARIANISM

The term *authoritarianism* has been employed in several different contexts. The two most prominent usages will be discussed in this entry: authoritarianism as a style of rule and as a personality type.

Authoritarianism as a Style of Rule

Authoritarianism refers to a style of rule characterized by limited political pluralism, little political mobilization, and few safeguards for individual rights. An authoritarian regime, sometimes called a dictatorship, is often contrasted with a democratic form of government.

The term *authoritarianism* was created to describe a middle ground between democratic regimes, such as the United States and United Kingdom, and totalitarian regimes, such as Germany, Italy, and the Soviet Union in the first half of the twentieth century. Totalitarian regimes use terror to maintain power and completely reorganize social and political life by banning pluralism, mobilizing mass demonstrations of support, and constructing ideologies around charismatic leaders. Authoritarian regimes, by contrast, allow for limited pluralism while banning political mobilization and de-emphasizing ideology and charisma.

Authoritarianism is a broad category, and various subtypes of authoritarian regimes have been identified. Bureaucratic authoritarianism describes various Latin American regimes led by coalitions of military officials and bureaucrats. Sultanism is a type of authoritarianism characterized by extreme patrimonialism, unrestrained personal rule often around a personality cult, and the use of terror and rewards. Competitive authoritarianism is a combination of democracy and authoritarianism, whereby formal democratic institutions are the main way that political authority is obtained, but incumbents often violate rules and employ bribery and harassment.

Several questions dominate the study of authoritarian regimes. Under what conditions do countries successfully transition from authoritarian to democratic regimes? Why do countries backslide from democracy toward authoritarianism? How do authoritarian regimes obtain and maintain legitimacy and power? Are authoritarian regimes more likely to make successful economic transitions than democratic countries are?

Authoritarianism as a Personality Trait

The Authoritarian Personality is a study of prejudice written by Theodor Adorno and his colleagues in 1950 as an effort to explain anti-Semitism during the rise of fascism, communism, and McCarthyism. The authoritarian personality is a particular type of disposition toward authority characterized simultaneously by submissiveness toward leaders above and harshness

and aggression toward those below. Additional characteristics of an authoritarian personality include a focus on power relationships and a pessimistic view of human nature. This psychoanalytical, cultural approach to understanding authoritarianism produced numerous tests and measures to study this personality characteristic.

Since its inception, the study of the authoritarian personality has opened doors to the following debates: Can we generalize about antidemocratic personalities (Left or Right)? Are there common psychological characteristics that lead to extremism? What is the relationship between the authoritarian personality and political behavior? Under what conditions will authoritarian predispositions arise? Should authoritarianism be understood as a personality trait rooted in Freudian psychology or a feature of collective in-group/out-group behavior?

—*Regine A. Spector*

See also Communism; Democratization; Legitimacy; Patrimonialism; Regime

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AUTHORITY

Authority is the right to command obedience. Authority implies both one who commands and others who obey, the wielder and the subjects of authority being linked in a hierarchical relationship mutually recognized as legitimate and based on the shared norms of a collectivity. As a consequence of this relationship, authority endows the wielder with the right to issue commands that the subjects of this authority feel obligated to obey. Thus, authority is distinguished by the voluntary compliance of its subjects on the basis of the perceived legitimacy of a hierarchical relationship, rather than on the basis of persuasion,

calculations of self-interest, or physical coercion. Authority is also by definition limited in its scope, being constrained by a set of shared beliefs and norms that justify the hierarchical relationship between wielder and subjects.

Authority is a robust and efficient form of social and political order, as the voluntary obedience of subjects means that few resources need to be expended on eliciting compliance. In contrast, when physical coercion (or the threat thereof) is the basis of social control, compliance is the result of fear. Those seeking to exert control must expend immense resources on policing and enforcement of rules. Likewise, compliance on the basis of self-interested calculations suggests a tenuous form of social control because an individual's observance of the rules is open to constant reevaluation to determine if obedience still provides the greatest utility. Finally, securing obedience to rules through persuasion or appeals to reason, emotion, or norms may be more stable and less costly than either physical coercion or self-interest, but it is clearly less effective and more costly than the habitual obedience elicited by authority. In any complex social system, however, control is likely to be achieved through a combination of these methods.

Waning State Authority?

Current writing on governance often asserts that the authority of the state is declining. This could mean at least three things. First, states may be increasingly less able to rely on authority as a key method for exerting social control. This may be the result of individual crises of legitimacy or a more general trend associated with globalization or broad cultural changes that have undermined the normative foundations of hierarchical authority relationships. In this case, a loss of authority suggests that states are increasingly governing in networks with voluntary and private bodies either as a means of increasing legitimacy or to mitigate the costs associated with having to rely on less efficient forms of securing compliance. Second, decreasing state authority could refer to a narrowing scope for the exercise of authority. In this case, it may not be that states are less able to rely on authority for social control but, rather,

that normative changes have led to a redefinition of the range of areas where that control applies. Thus, new forms of governance may emerge as states seek to exercise influence in areas where they previously commanded obedience. Third, a loss of state authority could mean that authority has shifted to other levels. In response to economic, political, and normative changes, new governance forms may emerge as state authority is transferred upward to the supranational level, downward to the subnational level, or outward to the private realm. This could represent a voluntary delegation of authority (with the implication that states could take authority back), or an involuntary loss to bodies at other levels that are either actively "poaching" on state authority or merely willing and able to fill in for a retreating state.

Empirically, there is still much debate about to what extent and in what ways state authority is declining. What are the consequences of declining state authority for social and political control? Have states voluntarily delegated their authority, or is this happening against their wills? Can states regain lost authority, or is this an irreversible process?

Authority Outside the State?

Much of the writing on authority and governance has focused on this shift of authority to other levels. However, the concept of authority must not be confused with governance. Global economic integration and other challenges may be shifting the locus of governance beyond the state to supranational, subnational, or private arenas without creating hierarchical relationships that give one party a mutually recognized, legitimate right to command and receive obedience. This is especially relevant to arguments about authority in the private realm. Arguments about the authority of firms and markets, the "illicit" authority of transnational criminal groups, or the "moral" or "knowledge" authority of nongovernmental organizations (NGOs) or epistemic communities often confuse authority with the ability simply to elicit voluntary compliance. These groups' expertise, knowledge, or values may provide convincing reasons for obeying their directives, but being convinced is not the same as

being obligated to obey a socially legitimated authority. Will authority have a place in evolving forms of governance, or will governance instead rely on other forms of social control to deal with the consequences of fragmented or waning state authority?

—*Jeremy Darrington*

See also Coercion; Differentiated Polity; Legitimacy; Organizational Structure; Sovereignty

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AUTOPOIESIS

Autopoiesis refers to the continual "bringing forth" of self. It has its origins in systems theory and is closely associated with the work of the Chilean biologists Francisco Varela and Humberto Maturana. In their work, the term was used to mark the essential distinction between living and nonliving systems. An autopoietic system is therefore defined as a system of interrelated components that interact to produce themselves.

The concept of autopoiesis has had significant influence well beyond the field of theoretical biology. A detailed review and appraisal of the various implications and applications of autopoiesis can be found in the work of John Mingers, who demonstrates its impact in cognitive science, artificial intelligence, family therapy, law, and sociology. Autopoiesis receives its most significant reworking and extension for the domain of the social sciences in the work of Niklas Luhmann.

Autopoietic social systems are an evolutionary achievement of modern society. For Luhmann, they were nothing more than the communication systems that enabled the thematization of particular areas of social life. For example, the legal system is an autopoietic system that protects norms by deciding if something is legal or not. Such systems are not needed for society to function as a whole, as is the case in the functionalism of Talcott Parsons. These systems are there because they perform a function. There is no other justification for their existence. In this respect, Luhmann reversed Parsons's structural functionalism. In this view, society is not an integrated whole like an organism; rather, it is composed of a plurality of inter-acting systems. One of the interesting features of social autopoiesis is that people are no longer said to be contained within society but, rather, they exist in its environment. They can affect society because it would not exist without them, but the manner of their effect is said to be indirect and unpredictable.

Autopoietic systems are organized around the constant reproduction of a specific code; the economy, for example, achieves its autopoiesis because it generates the need to replace money that has been used by people to purchase end products such as food and electricity. These products are used up in the process of their consumption. The economy therefore continually reproduces the need to replace such goods, and this is its form of autopoiesis.

An important property of autopoietic systems is that they are organizationally closed. This means that they cannot "see" other systems. The economy cannot, for example, "see" political power nor can it ascertain legal decisions. It can, however, be affected by these in unpredictable ways. It follows then that such systems present special problems for steering and governance.

The significance of autopoietic social systems is of particular relevance to governance because such systems are not purposive or rational. A society composed of such systems is a process of social communicative evolution where systems such as the economy and law coevolve in complex ways. It is impossible to steer such a society in the form of governance.

—*Barry Gibson*

See also Complexity; Network; Network Society; Self-Organizing System; Sociocybernetics; Systems Theory

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B

BALTIC STATE COOPERATION

The Republics of Estonia, Latvia, and Lithuania are collectively known as the Baltic States and are located on the eastern littoral of the Baltic Sea in Northeastern Europe. Interstate cooperation between Estonia, Latvia, and Lithuania has its roots in the treaty on Understanding and Cooperation, which was signed in 1934 in Geneva. The treaty's principles of cooperation in foreign affairs were reaffirmed by the leaders of the Estonian, Latvian, and Lithuanian Socialist Republics when they established the Baltic Council in 1990. After regaining independence, the Baltic Assembly (BA) was founded in 1991 to facilitate interparliamentary cooperation. Intergovernmental cooperation is coordinated through the Baltic Council of Ministers (BCM), which was established in 1994. The Baltic Council now serves as a forum for enhancing cooperation between the BCM and the BA.

The role of the chairperson of the BCM rotates between the three states annually. The BCM consists of the Prime Ministers' Council, the Cooperation Council (chaired by the three Foreign Ministers), a Secretariat, and Committees of Senior Officials. In 2003, the Prime Ministers' Council announced that it would play the leading role in agenda and priority setting for intergovernmental cooperation and reduced the number of Committees of Senior Officials from twenty-one to five. These committees explore areas of common or potential interest and make recommendations in the following fields: energy, transport and communication, defense, environment, and home affairs.

The BA houses sixty parliamentarians, with the national delegations consisting of twenty parliamentarians drawn proportionally from the Estonian, Latvian, and Lithuanian parliaments. There are six standing committees, which draft declarations and statements on behalf of the assembly and also proposals and recommendations for the consideration of the Baltic Council and BCM on economic affairs, communication and informatics, education, science and culture, environmental protection and energy, legal affairs and security, social affairs, and budgets.

Interstate cooperation between Estonia, Latvia, and Lithuania in the post-Soviet era is deeper, broader, and more institutionalized compared with the interwar period. Efforts are currently underway to coordinate work on educational reforms, developing business and tourism prospects, border crossings, the fight against organized crime, defense, energy, and transport. Yet, there has been skepticism about the level of commitment given to Baltic State cooperation. It has been argued that it was merely a tool for advancing European Union (EU) and North Atlantic Treaty Organization (NATO) membership prospects, rather than addressing, promoting, and protecting common interests and concerns. The lack of progress in establishing a Baltic Customs Union and Common Baltic Economic Space has been used to support this view.

Yet cooperation in a number of fields is fairly well developed. The most frequently cited cases of enhanced cooperation are found in the military sphere. For example, the Baltic Battalion (BALTBAT), Baltic Naval Squadron (BALTRON), Baltic Air Surveillance Network (BALTNET), and Baltic Defence College (BALTDEFCOL) are regarded as positive instances of Baltic cooperation, which can operate within a broader multilateral framework, such as NATO. Therefore, the BA, BCM, and Baltic Council continue to function, despite the fact that the Baltic States are now members of the EU and NATO because there is still a need for institutionalized cooperation mechanisms for coordinating common positions to promote or defend shared foreign and defense policy interests.

—*Paul Holtom*

See also European Union; Mesoregionalism; North Atlantic Treaty Organization; Regionalism

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BEAR MARKET

A bear market is characterized by falling prices for securities, usually stocks, within a context in which market participants are pessimistic about the chances of an imminent turnaround in prices. A bear market differs from a market correction, even during a correction in which the market index loses twenty percent of its value (the figure typically associated with a bear market). Corrections tend to follow dramatic events where the confidence of investors is shaken very badly for a short period, but where the impression quickly forms that the event is a one-off that should not alter investors' underlying outlook. The responses of North American and European stock markets to both the crash of 1987 and the fallout from the Asian financial crisis in 1997 represent two such

cases. On both occasions, following a record points fall in the market index, the underlying increase in stock prices soon returned to its pre-correction trend, amid the general perception among investors that market fundamentals remained sound. A bear market, by contrast, is one in which falling stock prices are not treated as a symptom of a one-off shock to the financial system, nor as evidence of temporary poor performances by the companies in question, but as a function of depressed expectations across the market as a whole. Bear markets therefore tend to be more protracted than market corrections, requiring a wholesale change in the confidence of market participants before they are brought to a conclusion. The most notable worldwide peacetime bear markets of the last one hundred years occurred (1) during the depression of the 1930s, (2) in and around the collapse of the Bretton Woods system in the early 1970s, and (3) following the bursting of the tech-stock bubble in 2000.

Public policymakers have few policy tools at their disposal to end a bear market (the same is true of a bull market). They can maintain low real rates of interest in an attempt to encourage investors to adopt a more optimistic attitude toward the market, but that is about all they can do. In recent times, however, public policymakers have shown a high degree of inflation aversion and, as such, they may be reluctant to reduce interest rates for fear of introducing inflationary tendencies into the economy. This leaves policymakers with the option of trying to talk the market up, to instill into investors the sense that all is well with the economy and that they should feel confident that they can realize their investment plans. Central bankers in particular are often called on to emphasize sound macroeconomic fundamentals during a bear market. The expertise that they have as central bankers, allied with their perceived autonomy from the political process, is assumed to lend additional authority to their pronouncements. However, one feature typical of bear markets is investors' unwillingness to act based on news about fundamentals, but to act instead because of their experiences of the depressed state of the market around them.

—*Matthew Watson*

See also Bull Market; Irrational Exuberance

Benchmarking

Benchmarking is a technique of governance designed to improve the quality and efficiency of public services. In essence, benchmarking involves comparing specific aspects of treating a public problem with an ideal form of public action (the benchmark), then acting to make the two converge. By making comparisons in this way, public administration is supposed to improve through processes of learning and emulation.

Of course, public administrations have always learned in the sense that they have changed as a reaction to evolving political, social, and economic circumstances. Since the 1980s, however, the conceptualization and systematic application of benchmarking has accelerated this process using ideas from the management of private businesses. Subsequently, at least three levels of usage of benchmarking can be identified. First, this technique has been used to encourage learning and emulation within organizations such as ministries and local authorities. Second, benchmarking has been used to encourage competitive learning between service providers, such as schools in the United Kingdom. Third, benchmarking concerns the transfer of policy instruments between states. Benchmarks are used frequently, for example, by international organizations such as the World Bank when encouraging administrative reforms in African countries. The European Union also uses benchmarking to encourage a systematic form of policy transfer, particularly by using benchmarking within what it calls the "open method of co-ordination" in fields such as social policy, employment policy, and policing.

Two different methodological approaches to benchmarking can be discerned. The first involves the sharing of standardized data on performance in specific issue areas, for example, equal pay for women. Here, statistics are used to encourage, or even politically embarrass, protagonists into striving to reach or surpass a benchmark. A second method is more qualitative, involving either self-assessment (particularly through responses to questionnaires) or organizational analysis carried out by independent researchers or consultants.

Although superficially benchmarks appear uncontroversial, they can create at least three types of governance problems. First, setting a benchmark often proves problematical. For example, one cannot simply assume that policy instruments that appear to be similar across countries were actually designed to tackle the same public problem. For instance, the multiple meanings given to "community policing" in Europe makes it difficult to establish benchmarks for "police on the beat" ratios. Second, proponents of benchmarks need to be aware that the contexts within which their comparisons are taking place evolve over time. Benchmarks for employment rates in periods of economic boom must be handled with care in times of recession. Finally, benchmarks are tools for inciting political change that need to be handled with care. "Naming and shaming" with benchmarks may bring about change in the short term but also institutionalized tension and resistance in the longer term. Thus, as with so many tools of contemporary public management, research on governance concludes that benchmarks need to be used in a manner that is imaginative and appropriate rather than mechanical and imposed from above.

—*Andy Smith*

See also Effectiveness; Performance Measurement; Policy Transfer

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Border Theory

Border theory is concerned with the functions and characteristics of boundaries for social systems. For the modern political system, which is based on the principle of sovereign nation-states, geographic borders have played a constitutive role because they demarcated the basic entities of the system. Recently, processes of continental integration and globalization revealed the historical contingency of territorially based systems of governance and made the changing roles of state borders an important topic of theoretical reflections.

Borders, Boundaries, and Frontiers

In English, the terms *border, boundary,* and *frontier* carry different connotations. Analytically, four dimensions help us gain a more precise understanding of the terms. In a first dimension, we can distinguish between perceptions of borders as zones and conceptions of borders as lines. Whereas the former meaning highlights contact and overlap between entities the latter points to separation and clear-cut division between entities. In the second dimension, we can differentiate between border conceptions that stress flexibility from those that stress stability of boundaries. The former conceive borders as regions of transition and usually as the part that is "in front" of the rest. The latter conceive borderlands as strongholds of tradition and as backward areas. The third dimension is concerned with the importance of borders for the contained entities. Whereas some approaches put much emphasis on the border as being the main determent of what is inside, others put the inside first and see the border only as one of several markers. An example for the former is the notion frontier society, which means that the whole society is strongly influenced by the situation at the front. The fourth aspect differentiates symmetric boundary conceptions that conceive both sides of the border as principally equal from asymmetric conceptions in which there is no basic recognition of the "other" as a similar kind. This perception shows up in sharp ingroup versus outgroup distinctions (e.g., the religious separation of believers and heathens).

Overall, the meanings of zone, movement, centrality, and asymmetry are emphasized in the notion of frontier. In contrast, the terms *border* and *boundary* are closer to meanings of line, stability, marginality, and symmetry. Whereas boundary has very broad applications, the term *border(land)* is more closely connected to the territorial demarcation of political systems.

From Frontiers to Borders: The Territorial Base of the Modern Political Order

Historically, the transition toward Western modernity was accompanied by a transformation from frontiers to borders. Medieval Europe, with its complementary and competing rules of feudalism, of the Christian church, and of the Holy Roman Empire, was characterized by a political order based on personal bonds and shared authority. Landlords could be vassals of various superior rulers. Geographic boundaries of land did not represent a line that separated spheres of authority. This changed dramatically in the modern political system. Sovereignty, the monopolization and exclusiveness of authority, and territoriality, the geographic congruence of all rights to rule, are the cornerstones of this system. This led to formal and clear-cut borders but not necessarily to stable borders because power in a system of sovereign states depends more than before on the control over territory. The precursors of the modern state system, Great Britain and France, could channel the expansionist impulse of the new state system into extensive colonialism. The latecomer nation-state Germany found the world apportioned and its aggression against its European neighbors was partly based on expansionist imperatives of geopolitical thinking. After World War II, the Berlin Wall symbolized a world in which the dualism between East and West was manifested, locally pacified, and for decades stabilized by geographic lines of separation.

Blurring the Line: Perforation and Decomposition of Borders

At the same time and almost the same place where borders found its most drastic expressions as lines of separation, there also began a new process of border deconstruction. In the late 1950s, a process of pooling of sovereignty on a supranational level began in Western Europe. In the 1990s, the European Union (EU) implemented a far-reaching program to reduce all barriers for the free movement of goods, services, capital, and labor. In parallel, the European Commission launched a financial program for cooperation in border regions. Triggered by the discourses on regional competition in the larger market and facilitated by the financial incentives of this program, a broad wave of cross-border cooperation swept over Europe. Similar attempts for cross-border cooperation were triggered by free trade agreements in North

America. These processes of continental integration and discourses on globalization lead to diagnoses of and proposals for a borderless world. But the creation of many new borders by the break up of the Union of Soviet Socialist Republics into fifteen republics and attempts to strengthen the external border of the EU have made clear that there is no general process of political borders withering away. Some parts of the world are still in the stage of establishing nation-state borders. And in the Western world, the current transformations are better understood if we conceive them as the decomposition of a single geographic border into a multiplicity of functional boundaries. The modern nation-state bundles various functional systems (e.g., economic, cultural, social systems) on the same territory with congruent boundaries. Currently, these functional systems are becoming unbundled. For example, in Europe, the economic system is regulated on a wider scale (the EU level), but the system of social security is still regulated on the national level. Furthermore, some countries integrate their monetary systems, whereas another group of states cooperates in security policy. These kinds of differentiated integration lead to a system of variable geometry with different geographic scales and overlapping boundaries. In other parts of the world, decomposition of borders means something different because border areas are characterized by the copresence of contradictory types of boundaries. Economically, they serve as contact zones exploiting opportunities for arbitrage and synergy, while they are strengthened as lines of defense and exclusion. This kind of functional differentiation occurs especially at those borders that are characterized by strong asymmetries between neighboring societies (e.g., the United States and Mexico).

—*Joachim K. Blatter*

See also Sovereignty; Territoriality; Transnationalism

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BOTTOM-UP APPROACH

The bottom-up approach takes the view that policy and action cannot simply be separated; hence, policy implementation is an essentially political process. It is concerned with the dynamism that bureaucrats and street-level service providers bring to the policy process.

Bottom-up approaches to governance emerged as an antidote to rationalist, prescriptive, top-down models where policy is devised by elites and mechanically implemented by passive bureaucrats and service providers. Bottom-up approaches examine the active impact of public servants on whether a policy is successfully realized and demonstrate that policy making does not stop once a policy is approved because it is continually being remade as it is administered. Conflict and bargaining, previously seen as dysfunctional, are embraced as inevitable features of the implementation process. Challenging traditional notions of a strict demarcation between politicians and bureaucrats in decision making and execution, implementation is thus understood as another form of politics within the sphere of unelected power.

This approach can be understood as a backward mapping of policy and problems from the end point of implementation. With an emphasis on cooperation rather than command, the actions of bureaucrats are understood as choices between conflicting or interacting demands. These actors are involved in a multiplicity of reciprocal, interdependent relationships, which they manage through resource sharing and dialogue aimed at mutually beneficial goals. Street-level bureaucrats, such as teachers and social workers, who encounter the public in service delivery, have a high level of discretion in how a policy is applied. Implementation is directed by the interests of these professionals, and may produce different outcomes to those originally desired by policymakers.

Successful implementation is judged in behavioral or human terms, and the role of political science is to focus on the nature of these interactions. One approach is to produce game theory models of self-interested people seeking to maximize their own power or influence. Alternatively, policy and action are dynamically linked and subject to interpretation, adjustment, and even subversion, which begs an interpretative approach to understanding how policies are enacted. Different actors view implementation from multiple standpoints, so interpretations of policy language or responses to dilemmas posed by the demands of competing programs introduce a decentered approach to analysis.

Bottom-up theory is criticized for removing traditional barriers between elected representatives and public servants in policy formulation and enactment, raising questions about democratic accountability and legitimacy. What counts as successful implementation? Is it legitimate for policy to be shaped by unelected bureaucrats? Does accountability entail responsibility to drive prescribed outcomes or trust to execute policy using discretion? If there is no clear policy path, then who is accountable? Can politicians shift responsibility for policy failure to those involved in implementation?

More recently, bottom-up approaches have been used in network analyses of actors and organizations focusing on policy networks and communities, steering, and network management, continuing the trend of decentralizing hierarchical approaches to implementation.

—*Claire Donovan*

See also Decentered Theory; Policy Network; Street-Level Bureaucrat; Top-Down Approach

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Bounded Rationality

A decisionmaker is said to exhibit bounded rationality when he or she violates some commonly accepted precept of rational behavior but nevertheless acts in a manner consistent with the pursuit of an appropriate set of goals or objectives. This definition is, of course, not entirely satisfactory, in that it specifies neither the precept being violated nor conditions under which a set of goals may be considered appropriate. But the concept of bounded rationality has always been somewhat ill defined in just these respects.

Some examples may help clarify these ideas. When the precept being violated is to "buy footwear that fits one's feet" (an admonition that will no doubt find wide acceptance), the consumer's action might be to purchase a pair of shoes that is instead one-half size too large. This behavior would be considered boundedly rational if the shoes being purchased were needed for a wedding this afternoon, and if a perfectly-fitting pair could be obtained for certain only by visiting each of ten geographically dispersed shoe shops. In this instance, thinking of the decisionmaker simply as an optimizer of comfort would lead to puzzlement at his or her selection, but the purchase of poorly fitting shoes looks reasonable enough when the consumer's limited knowledge of the retail environment is considered.

Alternatively, when the precept being violated is to "draw electoral boundaries in such a way as to equalize the populations within the voting districts created," the planner's action might be to try to ensure merely that no two populations differ by more than one percent. This behavior would be considered boundedly rational if the costs of computing an acceptable boundary configuration were to increase with the level of accuracy required because it would then be appropriate to tolerate small inequalities in district populations to save significant computational costs.

In each of the two previous examples, an action that is undoubtedly suboptimal in a certain narrowly defined choice problem (among pairs of shoes or electoral partitions) can be "rationalized" by considering

the totality of the decision-making environment. In the first case, purchasing a pair of shoes that is one-half size too large does not appear inappropriate given the consumer's time constraint and his or her ignorance of exactly where a better-fitting pair can be found. Similarly, creating voting districts with populations that are approximately but not exactly equal seems sensible given that improving the partitioning could be computationally expensive. This general phenomenon—that boundedly rational behavior can be made to look fully rational by broadening the scope of the choice problem to which it is seen as a response—has led some commentators to suggest that models of optimal decision making are adequate for social scientific purposes as long as the environment in which an agent chooses is always described "comprehensively." But even if this is true in principle (which is by no means obvious), for the claim to have any practical significance, we must be willing both to declare a particular description of the agent's environment to be comprehensive and to commit to a new, more general rationality precept such as, in the electoral partition example, to "minimize one thousand times the maximum absolute difference between district populations in percentage terms minus the cost of computation in dollars." If the planner fails to consistently obey any rule of this sort, or if repeated broadenings of scope are needed to preserve the appearance of optimal decision making, a good case can be made for restricting attention to the simple problem of creating voting districts (without reference to computational costs) and for imagining the planner to be boundedly rational.

Herbert A. Simon, an influential proponent of the concept of bounded rationality, used the terms "substantive" and "procedural" to distinguish between the notions of rational behavior commonly adopted in, respectively, economics and psychology. According to this usage, an agent is substantively rational if he or she has a clear criterion for success and is never satisfied with anything less than the best achievable outcome with respect to this criterion. For an agent to be procedurally rational, on the other hand, it is necessary only that his or her decisions result from an appropriate process of deliberation, the duration and intensity of which are free to vary according to the perceived importance of the choice problem that presents itself. The concepts of "procedural" and "bounded" rationality are thus roughly the same, and both are closely related to the idea of "satisficing," also promoted by Simon.

Of the numerous attempts to introduce boundedly rational decision making into the social sciences, most fall into one of two categories. The first of these encompasses the work of economic theorists and others who begin with models of optimal behavior and proceed by imposing new kinds of constraints on the decision-maker. For example, boundedly rational agents have been developed who do not always remember the past, nor adequately consider the future, nor understand the logical consequences of facts that they know. Other theories of this sort add costs of computation to otherwise standard models, and still others allow the decision-maker's cognitive capabilities to depend on the complexity of the choice problem at hand.

The second category of contributions to the literature on bounded rationality contains work that dispenses with optimal decision making entirely and seeks to construct new models on alternative principles. Writers in this vein speak the languages of neuroscience and evolutionary psychology; stress the impact on human behavior of emotions, heuristics, and norms; and maintain an especially close dialogue with experimentalists.

—Christopher J. Tyson

See also Decision Making; Groupthink; Optimal Decision Making; Rational Choice Theory; Satisficing Behavior

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Bretton Woods

The Bretton Woods Agreement of July 1944 laid the foundations for the system of international economic management after World War II. The core of this new regime was based on a series of fixed exchange rates tied to the U.S. dollar and supported by a set of institutions and rules for maintaining financial order. These arrangements helped provide renewed stability and economic growth during the postwar period. The system collapsed during the early 1970s as a result of internal tensions and mounting difficulties within the global economy.

Managing the Postwar Global Economy

The Bretton Woods Agreement was designed to reinvigorate the global capitalist economy by establishing international financial stability, and by avoiding any return to the economic chaos and depression of the interwar period. The debate surrounding the nature of postwar economic management centered around the conflicting aims of Britain and the United States. Representing the British view, the economist John Maynard Keynes argued that the main aim of the postwar system should be to promote economic growth. International imbalances would be resolved with an adjustment by both surplus and deficit nations, and an international central bank would be established to provide global liquidity to help finance this process. The arrangements that were subsequently adopted, however, reflected the postwar dominance of the United States and were based on plans devised by Harry Dexter White, the chief international economist at the U.S. Treasury. These prioritized the avoidance of inflation and the maintenance of price stability and argued that the burden of adjustment for rectifying economic imbalances should fall solely on deficit nations.

The central feature of the postwar arrangements established in the Bretton Woods Agreement was an international system of fixed exchange rates. Participating nations agreed to ensure the free convertibility of their currencies and to maintain their value within one percent on either side of a centrally

defined ratio to the price of gold. Because four-fifths of the world's gold was now held in the United States, and because the price of gold was denominated in U.S. dollars, this effectively established a series of bilateral parities between participating currencies and the dollar. The stability of the system itself was underpinned by a credible commitment by the American government to allow the convertibility of the dollar into gold at $35 per ounce.

The Bretton Woods Agreement also established two new institutions. The first of these was the International Monetary Fund (IMF). This was designed to ensure orderly currency arrangements and cooperation between participating states. Countries wanting to adjust their exchange rate with the dollar could do so only with the permission of the IMF, and only in exceptional circumstances, defined loosely as conditions of fundamental disequilibrium. This aimed to ensure that countries pursuing unsound and inflationary economic policies could not simply devalue their way out of trouble. The IMF also provided liquidity to participating states in the form of loans, backed by surveillance measures, to help finance any temporary balance of payments difficulties. Accompanying the IMF was the creation of the International Bank for Reconstruction and Development. Better known as the World Bank, this was set up to promote international trade and to help finance the postwar reconstruction of Western Europe.

Bretton Woods in Practice

The Bretton Woods system proved to be remarkably successful. By the early 1950s, most of the world's major capitalist states had established currency convertibility with the dollar. Despite an initial shortage of dollars, the series of rules, procedures, and institutions enshrined in the Bretton Woods Agreement helped impart an impressive degree of stability to the postwar global economy. This was also accompanied by an increased liberalization of international trade and helped facilitate the greatest boom ever seen in the history of global capitalism.

Starting in the late 1950s, however, internal tensions began to undermine the operation of the system. The key to this was the asymmetrical nature of its

adjustment process. The high willingness of participating nations to hold U.S. dollars given the international dominance of the U.S. economy and the credibility of the American commitment to exchange dollars for gold, enabled the United States to run a persistent deficit in its balance of payments without producing a corresponding fall in the value of its currency. By the latter half of the 1960s, with the volume of dollars circulating outside the United States far in excess of its available gold reserves, the U.S. deficit was starting to put the international monetary system under increasing strain. At the same time, the postwar boom began to subside and national economic conditions began to diverge, putting the various exchange rates within the system under increasing strain. By the end of the 1960s, international confidence in the dollar was in decline, financial speculation was starting to rise, and the U.S. government was forced to introduce a series of measures designed to restrict capital outflows.

During the early 1970s, the strains on the Bretton Woods system became increasingly intense, and in 1973, the convertibility of the dollar was finally abandoned. Since then, the international monetary system has operated on an eclectic basis. Presently, about a quarter of countries (primarily developing or transitional economies) operate a floating exchange rate regime, more than a third are committed to the use of a fixed regime, and more than a third use a combination of the two by seeking to manage any movements in their exchange rate. The IMF and the World Bank continue to play an important role in the management of the world economy.

—Steven Kettell

See also Exchange-Rate Regime; Foreign Exchange Market; Global Governance; International Monetary Fund; World Bank; World Trade Organization

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BROKERAGE

Brokerage is a process in which individuals (brokers) act as intermediaries between individuals or groups who do not have direct access to each other. The broker provides a link between these segmented or isolated groups or individuals, so that access to goods, services, or information is enabled. Brokers possess specialist knowledge or resources that enable them to act more effectively than individuals or groups could themselves. In some cases, brokers may have specialist knowledge that gives them access to resources or services that clients would not otherwise be able to access; in other cases, brokers may simply be trusted by different parties who do not trust each other or be able to operate across multiple cultural systems. A crucial element of brokerage is the broker's monopoly of exchanges between separate domains. Brokers facilitate exchanges, but their central position also confers power because they control information flows and communication between isolated groups or individuals.

Brokerage studies have developed out of various strands of research. One was the social network studies in social anthropology, sociology, and social psychology that focused on individual or ego-centered social networks and the ability conferred by a person's central position in a community or organizational network to control flows of information and communication between isolated groups or individuals. Another strand examined brokerage and social inequality, especially in developing societies. In these societies, brokerage linked citizens and elites via informal, voluntary, and asymmetrical relationships, and was part of a broader system of political clientelism. These exchanges fulfilled crucial economic functions, but were overlaid with imputed moral qualities such as friendship or kinship, which disguised the inequality that created the need for such exchanges. The distinction between broker and

patron is an analytic one; both have a monopoly over resources that clients need, but patrons directly control the resource whereas brokers provide the resources that are under someone else's control. Finally, studies of ethnicity highlighted brokerage links between ethnic groups. These studies of brokerage have been further elaborated by the work on social capital that focuses on the role of bridging capital in maintaining social consensus in culturally diverse societies. Brokerage has also been significant in electoral systems (especially urban political machines), as political brokers trade their control over allocations of public goods for clients' political and electoral support, and brokers may derive private advantage from their access to public resources.

In contemporary societies, brokers provide informal linkages within policymaking communities and link policy communities with external groups such as community groups and special-interest groups. Brokers act as proxies for groups whose interests or values they are familiar with, and the process makes it easier to get the support of outside groups. It is sometimes argued that diverse values and beliefs are inevitable in societies with distinctive ethnic, policy, or practice groups. In this context, brokers act as cultural translators and so reduce misunderstandings. Brokerage, as bridging capital, encourages cohesion and stability and maintains a broad social consensus in segmented societies. However, insofar as such segmentation implies inequality or power differentials, brokerage can also obscure such differentials.

—*Lee Komito*

See also Clientelism; Social Capital; Social Network Theory

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BUDGETARY AUTONOMY

Budgetary autonomy refers to the relationship between the finances of different public entities. Most commonly, the budget refers to the central government as a consolidated institution in which the executive, legislative, and judicial branches follow accepted procedures to manage income and outflows for a given time period. For a variety of reasons, government entities may be granted a degree of independence in the management of their finances. This means that the same processes do not govern their revenues and outlays as the general government budget. Government entities are allowed to make their own decisions about how to raise financing, such as through taxes or loans, and to make decisions about the way in which they would like to allocate their expenditures, such as spending on personnel, investment, or maintenance.

There are different degrees of autonomy that are important to consider. In some cases, entities with budgetary autonomy are entirely outside the purview of the rest of government, and other branches of government have no formal authority to examine, approve, or evaluate their finances. In other cases, a periodic report must be submitted, usually to the legislature, which can decide if the finances of the autonomous agency should be approved or sent along to the judiciary for further examination.

Some of the reasons for budgetary autonomy can be traced to the ideas of public choice analyses of politics. According to public choice perspectives, government agents act as individuals responding to incentives, much as actors within a market. Budgetary autonomy provides a different set of incentives than traditional budget processes do and, in this way, opens the possibility of a new set of principal-agent

relationships. This can break with prior practice and introduce a new organizational culture and policy outcome. In particular, those who are skeptical of the political and partisan influence of legislatures frequently advocate budgetary autonomy to protect executive agencies from political considerations.

The drawbacks of such arrangements are predictable. Autonomous entities are not necessarily less prone to capture by powerful interests, distortion for political gain, and maladies such as bureaucratic rigidity. Indeed, some argue that entities with budgetary autonomy are more prone to these problems because they are outside normal legislative-executive relations and not subject to the same degree of oversight and control.

Examples of budgetary autonomy tend to include things such as state enterprises, pension funds, social programs, tax administrations, and local governments. Each of these entities could potentially manage its own inflows and outflows, and each could be taken off-budget, in the traditional sense. In a number of highly indebted poor countries, debt relief has freed resources that are then tied to social investment funds. These funds frequently operate off-budget, with a significant degree of autonomy, in the management of the allocation of these monies. Results vary.

—Aaron Schneider

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Bull Market

A bull market is a market characterized by rising prices for securities, usually stocks, within a context in which market participants are optimistic that the trend increase in the value of the market index will continue for some time to come. It is therefore the exact opposite of a bear market, not only in the direction of price changes, but also in the psychology of investors.

A bull market is as much a state of mind exhibited by participants in the market as it is an indication of underlying economic conditions. The essential feature of a bull market is that investors make decisions based not on the value of the assets they are buying but, rather, on the general feel-good factor being displayed within the market. A bull market arises when investors develop a sense that the risk-return structure of the market has shifted in favor of higher rates of return. Such temporary losses of risk aversion can lead to self-fulfilling dynamics: The assumption that investors exist within a bull market leads to expectations that investments will prove profitable, such expectations lead investors to trade assets at increasingly inflated prices, the evidence of which deepens the assumption that bull market conditions are in operation.

As with bear markets, bull markets pose difficulties for public policymakers. Such problems have become particularly acute in recent years, as the social basis of stock market trading has changed throughout the advanced industrialized world. An ever-greater number of people have become increasingly exposed to the dominant pattern of stock market trading. For some, such exposure has been consciously accepted through attempts to diversify savings away from simple interest-bearing bank accounts. For others, increased exposure has been less conscious, being an unintended consequence of having a mortgage and a private pension plan. During a bull market, the upward momentum in prices gives the ostensible impression that investors have become relatively immune from taking losses. This encourages more people to invest more of their savings on the stock market; the period preceding the end of the bull run in 2000 coincided with the largest ever increase in household debt in the countries with the most liquid stock markets. Much of the bull run itself, particularly in the United States, was triggered by margin debt—that is, borrowing against other assets, often homes, to buy stocks. The concern for policymakers is that households may over-invest in a bull market, such that once confidence in the market ebbs and prices begin to fall, they are left with uncoverable levels of debt. Policymakers have few possible responses to prevent this happening. Bull markets have proved relatively immune to interest rate increases

designed to deter further money from being invested in the market. This leaves policymakers with only the option of urging caution, warning households of the risks they face if they over-invest in a bull market that comes to an abrupt end.

—Matthew Watson

See also Bear Market; Irrational Exuberance

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BUREAUCRACY

The term *bureaucracy* is one of those political concepts that have become part of our daily speech. Bureaucracy carries strong emotive overtones and elusive connotations that in everyday parlance evoke negative images of red tape, costly administrative inefficiencies, cumbersome procedures, and unresponsive public officials who are oblivious and unresponsive to the needs and wants of citizens. The very passions that the term raises in us, however, obscure a more specific and meaningful understanding of the sense in which it has been or should be used. Turning to the social sciences in hope for terminological clarification can produce further frustration and bewilderment because over time and across disciplines a great many authors have added to the wide array of—sometimes incompatible—concepts of bureaucracy. Although in some writings bureaucracy is used interchangeably with "public sector" or "public administration," in other contexts the term denotes a method of social coordination (as opposed to markets or networks). Still other authors see it as a specific mode of conduct based on the application of general rules to particular cases. Also, bureaucracy can refer to a social group—those who work in an office, be it a private or public one. More commonly, however, this usage is reserved for public employees, and especially for senior civil servants. In many respects, the concept of bureaucracy is irrevocably linked to

the exercise of political power and authority. The semantic roots of the term can be traced back to the word bureau—signifying a place where officials work—and the Greek word for rule. In eighteenth-century France, the economist Vincent de Gournay (1712–1759) popularized the usage of the term as a conceptual addition to the classical Greek typology of systems of government. Seen from this angle, bureaucracy is a system of rule in which officials dominate.

Without a doubt, the single most influential contribution to the debate on bureaucracy was made by the German social scientist Max Weber (1864–1920). He is generally acknowledged to have developed the most comprehensive classic formulation of the characteristics of bureaucracy. What follows is an attempt to put his elaborate conception of bureaucracy in its political and historical context and to explore the relevance of the Weberian bureaucratic state for contemporary public management.

Systems of Rule, Authority, and Bureaucracy

In his wide-ranging comparative and historical approach, Weber does not confine himself to the more narrowly defined field of organizational analysis but encompasses a wide spectrum of political, economic, and social thought. Although his translated work was largely perceived as part of the management science and organizational sociology literature, his overarching theme was no less ambitious than the evolution of civilization from the primitive and mystical to the rational and complex. Within this framework, his primary concern was with the exercise of domination based on political authority. Obedience in those systems of rule depends on the perception of legitimacy. As the evolution of human society progresses—driven by the process of rationalization, for Weber the most important of all social processes—the sources of legitimacy also tend to change in their relative importance. Weber distinguishes between three basic concepts of authority that explain why individuals throughout history have obeyed their rulers.

The established belief in the sanctity of tradition forms the basis of traditional authority. Respect for the

customary way of doing things legitimizes the personal authority of the ruler. Tribal or clan loyalties, but also absolute monarchs, can serve as examples to illustrate this system of rule. Under charismatic authority, characteristically a rather loose and unstable form, a ruler acquires his or her legitimacy through exceptional personal qualities. Accordingly, it is a form of rule over people to which they submit because of their belief in the almost magical powers or heroism of the leader. Military leaders, founders of religious movements, or popular party leaders can fall under this rubric. Their powers, however, can quickly fade away as the "routinization of charisma" sets in. In stark contrast to the aforementioned types of authority, in systems of rational-legal rule, legitimacy is based on a belief in reason. Here, the rights and obligations of both rulers and ruled are specified primarily through legal provisions. It flows from this that submission to authority constitutes deference to an impersonal order, rather than to an individual.

His historical analysis leads Weber to identify a general developmental trend toward rationalization. To the extent that the rational-legal type of authority has become the foundation of modern political systems, bureaucracy—as the archetypical manifestation of rational-legal rule in institutional form—claims a central role in steering and controlling modern societies. A bureaucratic system of rule is not to be confused with a system of government in which civil servants dominate; rather, a bureaucratic system is one in which government is carried out by means of a bureaucratic administrative staff.

Weber's Ideal-Typical Concept of Bureaucracy

A crucial aspect of Weber's methodology is his use of the ideal type construct. This is one of Weber's most celebrated concepts, but it can also be a source of confusion and misunderstanding. For the sake of conceptual clarity, an ideal-type is meant to capture the essence of a social phenomenon. In doing so, ideal-typical descriptions exaggerate and accentuate certain elements of reality. By definition, they are mental or conceptual constructs that exist in their purest form in

ideas only. Consequently, ideal-types are not to be confused with an "average type" conveying the common characteristics of a phenomenon. An ideal-type does not represent a normatively desirable state. Rather, the ideal type was intended as an analytical tool to help the researcher navigate in the vast sea of empirical facts by means of sharp distinction. For the purpose of comparative studies, for example, the ideal-type can be used as a yardstick against which we can measure actual empirical cases to see how they deviate from the ideal-type. Bureaucratic rule is an ideal-typical form of rule that can be applied to nonstate as well as state organizations, although here it will be discussed in the context of the state.

As laid out previously, the concept of bureaucracy is intimately linked to the related notion of legal authority. In a system of legal authority, legitimacy is based on the rule of law understood as abstract rules that are applied to particular cases. It is an impersonal order in which the legal code can claim obedience from members of the organization. The defining features of a bureaucratic staff fall into different categories. The first group of characteristic traits deals with the structural layout of the administration. A rigorous horizontal and vertical division of labor characterizes the organizational setting. Most importantly, a bureaucracy is organized as a hierarchy and the rights of control and complaint are clearly specified. Official tasks are organized on a permanent, regulated basis with offices being functionally divided into distinct spheres. Any administrative action that is taken is based on written documents that are supposed to be archived. A second group defines the terms of employment of the bureaucrat. Officials are personally free and owe their obedience only to the impersonal duties of their offices. They are appointed (not elected) and employed on the basis of a legal contract and devote their full activity to their work. Bureaucrats are selected on the grounds of their professional qualifications or technical training and join a career structure with a chance of advancement based either on seniority or merit. The resources of the bureaucratic organization are strictly separated from those of the office holders, so the official cannot appropriate the post or the resources that go with it. Rather, he or she is

paid with a fixed salary (with pension rights) that corresponds with his or her position in the hierarchy. In addition to the listed defining features, Weber's writings also point to some specific behavioral traits of bureaucratic officials. The administrator must ultimately be compliant and work in a spirit without anger or passion. Weber even adds one notch: Bureaucracy means to administer rules without regard for persons. The bureaucratic sense of duty is a cornerstone of officials' work ethic and adds to the social self-esteem of officials as a social group.

In Weber's picture, bureaucracies are frequently portrayed as efficient machines. This superior technical rationality makes bureaucratic organizations indispensable for modern mass administration, so he claims.

Bureaucracy: Vice or Virtue?

Weber theorized that bureaucracy as the purest form of rational-legal rule is bound to increase in importance. The attributes highlighted in his ideal-typical conception promote precision, continuity, calculability, and discipline, thus laying the foundation for his claim to bureaucracy's technical superiority as a tool to exercise political authority. Bureaucracy also resonates well with modern capitalism because it relies on dependable and predictable administrative decision making. Clearly defined lines of command and control allow, in principle, for rapid action and help pinpoint responsibility for those actions. In contrast to administration under charismatic or traditional authority, defined spheres of competence protect against arbitrary exercises of power or personal favoritism, and a system of formal rules ensures equal treatment and due process. The democratizing effect on society in historical perspective should also not be underestimated: Bureaucracy sweeps away aristocratic privileges and places administration in the hands of full-time professionals regardless of their economic or social position. Finally, the growth of bureaucracy can be attributed to its sheer organizational capacity to cope with the extension of administrative tasks: Work is divided and trusted with expertly trained, functional specialists to achieve the goals of society.

Not surprisingly for a highly contested concept such as bureaucracy, Weber's seminal statement on the subject has also attracted a fair amount of critical fire. His ideal-typical conception was mistakenly interpreted as suggesting that bureaucracy, as a system based on formal rules and the other characteristics he discusses, resulted in greater efficiency in the performance of any organizational task. The mainstream of the organizational sociological criticism in the 1950s and 1960s disputed this alleged linkage between the attributes of Weber's ideal-type and organizational efficiency. Actually, most studies succeeded in demonstrating that the empirical link between efficiency and this conception of bureaucracy was rather tenuous. More significantly, the critique has drawn our attention to the potentially self-defeating consequences of bureaucracy's defining features. The specialization of labor can lead to fragmented organizations with sub-units setting up goals of their own and fighting each other's turf, whereas the unified control and disciplinary systems also tend to stifle personal initiative and critical thinking. The emphasis on continuity and stability may breed organizational inertia and immobility just as the graded career structure may encourage an excessively disciplined and prudent behavior. Still other critics point to the inherent tensions between professional expertise and bureaucratic authority based on hierarchical position. The flipside of the norms of impersonality is that bureaucracies can become "dehumanized," as Weber himself noted. Administration "without regard for people" can cause conflict with individual citizens and is likely to alienate members of the organization. This is particularly true in monolithic, large-scale bureaucracies. Closest to the heart of rational-legal rule is the critique that abstract rules and formal procedures may well become ends in themselves (goal displacement) rather than being means to ends.

Bureaucracy and Modern Public Management

If compared with the prescriptive as well as descriptive models of public-sector reform currently advocated by scholarly writers and management consultants, the Weberian concept of bureaucracy appears

to be obsolete and oddly out of place. Actually, the characteristic traits of the Weberian state epitomize the essence of the old public management. Consequently, bureaucracy is often presented as a relic from an almost-forgotten era when hierarchy was still an accepted principle of organizational as well as political order, technological and social change came about relatively slowly, public organizations were trusted with a rather limited set of functions, and the days of industrialization and urbanization were still young. When societies grow more complex and are changing at a faster pace, so the argument continues, public organizations have to cope with increasingly unstable environments. Public authorities have to cooperate with the growing universe of commercial service providers and nonprofit organizations (not to mention other public agencies and "hybrid" cases growing out of public-private partnerships), and the portfolio of their tasks has also grown immensely to include welfare services, economic concerns, and planning functions in addition to the traditional defense and law and order. The emergence of the information society as well as the growing significance of the knowledge-based economy also calls for thoroughly redefined means of societal and political steering. By the same token, the prevailing patterns of political and work-related attitudes seem to be less and less conducive to most of the distinct features of bureaucratic organizations.

Although this view can easily be supported by empirical findings, we need to take a more multifaceted approach to adequately capture the relevance of the concept of bureaucracy for the contemporary public management discourse. Given the far-reaching administrative reform measures along the lines of the new public management—initially designed almost as an antidote to the pathologies of the Weberian approach to managing the public sector—it does not come as a surprise to see many characteristics of modern administrative systems moving away from the bureaucratic ideal-type. And yet, bureaucracy is not going to wither away—not because of the inertia of bureaucratic institutions and the highly developed survival instinct of those officials who populate them, but because it is worth it. Even though hierarchical conflict resolution and rule-bound decision making have often been augmented if not replaced by lateral negotiations and bargaining processes, we should not forget that most of those conflicts can only be resolved when they are being negotiated in the "shadow of hierarchy." Whether bureaucratic traits are seen as an asset or a liability is primarily a question of matching organizational forms and functions. The machinelike efficiency of bureaucratic organizations can still be brought to use in private- and public-sector administrations that process masses of routine cases, and most of us value rule-bound behavior and impartiality in the legal and law enforcement systems. The significance of bureaucratic organizational settings and methods is more than a function of policy sectors and administrative tasks; it also depends on the type of politico-administrative regimes. This linkage was (and still is) often neglected when international advisers and consultants rushed to transitional states in Central and Eastern Europe, Latin America, or developing nations in Africa or Asia to assist in public-sector modernization projects with prepared new public management blueprints for administrative reform. Rather than getting rid of bureaucratic rigidities and fostering market-style forms of service delivery, the most pressing need in those countries was to establish basic bureaucratic institutions: clear lines of political accountability, a professional merit-based career civil service, and a body of abstract rules to guide administrative behavior. This experience reminds us of the Weber's foremost intention when he developed his ideal-typical concept of bureaucracy: to analyze systems of political authority and rule in comparative and historical perspective. As we continue to grapple with the evolution of our contemporary systems of government (not limited to short-term changes in public management doctrines), the Weberian concept of bureaucracy will remain with us.

—*Eckhard Schroeter*

See also Bureau Shaping; Contracting Out; Government; Government Department; Hierarchy; Iron Law of Oligarchy; Logic of Appropriateness; Natural Resource Management; New Public Management; Politics-Administration Dichotomy; Public Administration

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BUREAUCRATIC POLITICS APPROACH

The bureaucratic politics approach to understanding policy making argues that policy outcomes result from a game of bargaining among a small, highly placed group of governmental actors. These actors come to the game with varying preferences, abilities, and positions of power. Participants choose strategies and policy goals based on different ideas of what outcomes will best serve their organizational and personal interests. Bargaining then proceeds through a pluralist process of give-and-take that reflects the prevailing rules of the game as well as power relations among the participants. Because this process is neither dominated by one individual nor likely to privilege expert or rational decisions, it may result in suboptimal outcomes that fail to fulfill the objectives of any of the individual participants.

Most discussions of bureaucratic politics begin with Graham T. Allison's 1969 article in *The American Political Science Review,* "Conceptual Models and the Cuban Missile Crisis," although this work built on earlier writings by Charles Lindblom, Richard Neustadt, Samuel Huntington, and others. Allison provides an analysis of the Cuban missile crisis that contrasts bureaucratic politics bargaining with two other models of policy making. The first of these assumes that policy decisions are made by a unitary, rational decisionmaker, represented by "the state" in many formulations. Thus, bureaucratic politics is often offered as a counterpoint to realist or rationalist conceptions of policy decision making. The second alternative approach describes policies as guided by, even resulting from, previously established bureaucratic procedures, which leaves little room for autonomous action by high-level decisionmakers. Compared with these and other alternative conceptions of policy making, the bureaucratic politics model represents a significant and distinctive strain of organization- and state-level theory in international relations, organization theory, public policy, and American politics.

Perhaps the most abiding concept from the bureaucratic politics model, and the shorthand many have used to define it, is that actors will pursue policies that benefit the organizations they represent rather than national or collective interests. This idea, that "where you stand depends on where you sit," is often called Miles' Law after the Truman-era bureaucrat who coined the phrase. A central and intuitively powerful claim of bureaucratic politics explanations, this premise has been criticized for its narrow view of preference formation. For example, critics note that it fails to explain the role of many important actors in the original bureaucratic politics case study of the Cuban missile crisis. Yet even the early bureaucratic politics theorists, including Allison, were explicit in acknowledging that other factors, such as personality, interpersonal relations, and access to information, also play important roles in the bureaucratic politics process. For these theorists, three key questions guide one's understanding of the policy-making game: (1) Who are the actors?; (2) What factors influence each actor's position?; and (3) How do actors' positions come together to generate governmental policies?

Each of these queries masks a number of additional questions and hypotheses about the bureaucratic politics process. Whether actors are elected or appointed; high-, mid-, or low-level; and new to their stations or old hands can all affect their interests and bargaining positions. For example, actors who serve as part of a temporary political administration, such as political appointees of the U.S. president, might be likely to pursue shorter-term interests than would career civil servants with long-standing organizational affiliations. Many aspects of the policy environment also

influence the bureaucratic politics dynamic. Issues that are highly salient and visible to key constituencies, for instance, may cause politically ambitious actors to alter their bargaining positions. The venue in which bargaining takes place—cabinet room, boardroom, public news media, and so forth—may also privilege some actors and some interests over others.

Important implications can be drawn from this model. A main goal of Allison's initial analysis was to show that the assumption, common among practitioners of foreign policy, that governments act as rational, unitary actors is fundamentally flawed. To understand the actions of a state—indeed, of any large, complex organization—one must understand the rules governing its decision-making processes and the motivations of actors participating therein. The result of such a process may well indicate a compromise point without any clear internal strategic logic and may even reflect the unintended consequence of a dynamic tug-of-war among actors. Thus, it may be very difficult to interpret the intentions that underlie the seemingly strategic behavior of complex organizations, making interactions with these bodies less predictable and, in some spheres, such as international conflict, consequently more dangerous.

Though the bureaucratic politics model has been used to describe decision making in many different contexts, it is most commonly applied to national policy making in the United States, and particularly to U.S. foreign policy. This focus has meant that the theory remains underdeveloped in many policy areas, and the traditional, pluralistic view of bureaucratic politics has been challenged by critics who claim alternative paths to policy making. Some critics argue that in the American context the model underestimates the power of the president, who dominates policy through the selection and control of appointed officials. Others critique the model because it places too little emphasis on the power of lower-level administrators and structures to influence policy through the control of information and implementation. Because the bureaucratic politics approach has most often been applied to studies of crisis decision making, critics have also asserted that its value for explaining ordinary policy making, particularly over time, is limited. Finally,

some have expressed normative worries about the implications of the bureaucratic politics model for government accountability: If government decisions cannot be traced to individual policymakers but, rather, result from an opaque process of give-and-take among both elected and unelected leaders, assigning responsibility and therefore accountability for these activities becomes far more difficult.

—*Brent Durbin*

See also Bureaucracy; Decision Making; Incrementalism; Ombudsman; Policy Development; Rationality

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BUREAU SHAPING

Bureau shaping involves molding a bureaucracy in a manner that maximizes the utility of a rational self-interested official.

Economic theories, in particular public choice theory, assumed an increasingly significant role in political science during the latter part of the twentieth century. Prominent within this was the analysis of bureaucracy. New-Right thinking advocated free market mechanisms in many areas of previously state-provided goods. New-Right thinkers argued that bureaucracy was wasteful and inefficient. Their

arguments were often premised on the neoclassical economic assumption of individuals as instrumentally rational utility maximizers. One of the primary claims was that bureaucrats were budget maximizers. That is, they were assumed to maximize the budgets of their departments so that they could achieve higher status and salaries. This highly influential work, and Anthony Downs's more pluralist account of the workings of bureaucracy in 1967, became the basis of the critique of public choice from which Patrick Dunleavy's bureau-shaping model was developed in 1985, which, he argued, provided explanation of changes in the British civil service in the 1980s. Dunleavy argued that bureaucrats were more concerned with enhancing the status and quality of their work; in addition, senior bureaucrats sought to play a policy advisory role. Utility maximization could therefore be achieved by maximizing core budgets, rather than the overall budgets suggested in earlier models. Dunleavy believed maximizing overall budgets for instrumentally rational bureaucrats would be a risky strategy, which would produce low payoffs. Therefore, top bureaucrats would be better served shaping departments into small agencies, removed from direct line management. They would consequently be less likely to be affected by spending reductions in their specific policy areas.

In the bureau-shaping model, Dunleavy differentiates between type of budget and type of agency. The former highlights a core budget, consisting of running costs; a bureau budget, which includes the core budget and payments made to private sector, for example, for contracts; a program budget, which includes the bureau budget and monies passed to other public-sector bureaucracies (and that can only be included if the bureau retains some control over the spending of this money); a super-program budget, comprising the agency's program budget and spending by other bureaucracies over which the bureau has some control. In contrast, type of agency includes delivery agencies, which directly deliver services and are labor intensive because they provide the manpower to implement policy; regulatory agencies, which are concerned with the regulation of other agencies or enterprises; transfer

agencies, which are money-moving organizations that handle payments of government subsidy or entitlement to individuals or enterprises; contracts agencies, which focus on developing service or capital specifications and then contracting out to private-sector firms; and control agencies, which supervise grant provision to other public-sector bureaucracies. These differing analytic categories highlight the complexity of government bureaucracies that are highly differentiated. This also suggests a less-hierarchical organizational structure of bureaucracy than earlier public choice accounts assumed. This is done, for example, by recognizing that policy responsibilities and implementation are fragmented between layers of government and decentralized to quasi-governmental agencies.

Having highlighted this complex framework, the bureau-shaping model then makes assumptions in respect of the bureaucrat, the individual within the bureaucracies. First, Dunleavy differentiates between different levels of bureaucrat. The bureau-shaping model then suggests that rational self-interested bottom and middle-level officials are more likely to be concerned with maximizing core budgets, whereas senior bureaucrats may be more inclined to increase bureau budgets, mainly to protect their core budgets from potential challenge. This model also suggested that the incentive to maximize core budgets is strongest in delivery agencies, given that they have the largest core budgets and staffs. Dunleavy believes that utility maximization is best achieved through bureau shaping, rather than through the maximization of generic budgets. Senior bureaucrats can shape bureaucracies in their favor. Bureaucrats pursue strategies to shape their bureaus that include the shaping of internal work practices and relationships with external partners. Bureaucrats may engage in reorganizational strategies and are able to assign less favorable, low-level work to others. This model also accounts for why senior officials may accept budget cuts; privatizing and hiving off routine work may enable the bureaucrat to shape their bureaus favorably so that their utility can be maximized. This model, then, draws attention to the focus of bureaucrats in increasing their policy advisory role. It also suggests that changes within the

British civil service were driven by utility maximizing officials.

Critics, such as David Marsh and colleagues, highlight two key theoretical difficulties with this model: These are structural and ideational. In doing so, Marsh and colleagues highlight how failure to specify the context within which actors operate can both facilitate and constrain behavior. For example, the model does not incorporate the broader social, political, and economic context within which bureaucrats operate. Failure to acknowledge this context, then, means the variables such as a "public service ethos," which can be said to be a characteristic of British bureaucracy, are also not admitted into the analysis.

—*Heather Savigny*

See also Agency; Bureaucracy; New Public Management; Public Sector; Rational Choice Theory

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BUSINESS CYCLE

The business cycle (or economic cycle) characterizes the dynamics of capitalist economy in time. In general, the business cycle is defined as a fluctuation in the level of economic activity around a longer-term trend. The business cycle is usually described in terms of the general pattern of prosperity, recession, depression, and recovery. Thus, the business cycle is considered to be complete when the level of output returns to the trend level after a period of cycling above then below the trend level.

Being rather descriptive in nature, the concept of business cycle is associated with a group of explanations of economic fluctuation. In contrast to neoclassical approaches to economics that conceive of recessions as the result of external interventions or disturbances leading an economy to deviate from a normal path of steady growth, continuous optimization of economic actors, and adjustment of prices to supply and demand, theories of business cycle claim that the succession of economic expansion and downturn is an intrinsic feature of the capitalist economy. Accordingly, periods of profitable accumulation give rise to factors that tend to undermine the basis of profitability. These factors are not considered as external disturbances, but rather as expressing contradictions of the process of capitalist reproduction or resulting from market failure. A downturn in the business cycle is seen as an adjustment mechanism by which the tensions and imbalances that emerge in the economic expansion are eliminated. Crisis or recession thus creates the basis for a new period of growth.

Mainly (post-)Keynesian and (post-)Marxist schools of thought theorize business cycle. There are four underlying explanations of business cycle in these theories. First, the profit-squeeze position argues that the economic expansion allows workers to push up their wages, which leads to decline in profitability. Second, the underconsumptionist positions refer to the problem of realization because of inadequate demand. Third, there are explanations associating business cycle with the tendency of the profit rate to fall. Finally, the disproportionality position refers to the problem of imbalance between different branches of economy as they expand at different rates. The existing explanations usually combine some of these factors.

Keynesian economists focus on the possibility of managing timing and shape of business cycles. They believe that the state can ameliorate the adverse effects of the business cycle by its monetary and fiscal policies. Thus, they attempt to sustain full or near-full employment over the duration of the business cycle by managing aggregate demand. Monetarist economists, on the other hand, largely discount the business cycle. Thus, the monetarist policies may be considered as

orchestrating the business cycle. Accordingly, social and economic policies can be assessed with respect to their effects on the business cycle: They can be procyclical or anticyclical.

—Jan Drahokoupil

See also Keynesianism; Marxism; Monetarism; Monetary Policy; Political Business Cycle

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CAIRNS GROUP

The Cairns Group of Fair Trading Nations was established in 1986 as part of the early phases of the Uruguay Round of the GATT trade negotiations. The group takes its name from the place of its formation in Northern Australia and reflects Australia's prominent role in bringing the grouping into existence.

The original intention of this group of highly diverse countries was to encourage reform of the international agricultural trading system, which was distinguished by high levels of trade protection and subsidization. The European Union (EU) and Japan had become preoccupied with economic security in the aftermath of a number of economic shocks in the 1970s, and this had led to an increasingly nationalistic and illiberal approach to agricultural trade. The influence of powerful domestic agricultural lobby groups meant that reform became increasingly difficult and countries like the United States felt bound to retaliate.

It was against this background of rising protectionism, and the corruption of international agricultural trade, that the Cairns Group was formed. The original members—Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand, and Uruguay—were highly politically and economically diverse, but united in their sense of vulnerability and a desire to free up international trade for their generally large, export-oriented agricultural sectors.

One of the most striking aspects of the Cairns Group was the intellectual leadership provided by Australia, and to a lesser extent Canada. Australia's commitment to trade liberalization was the outcome of a long domestic debate in which neoliberal ideas had supplanted protectionism and become the guiding rationale of foreign and domestic policy. The Cairns Group offered a mechanism to promote this agenda in a key multilateral forum.

Consequently, the Cairns Group's original goals focused on reducing tariff barriers, reducing or eliminating subsidies, and providing special concessions for agriculture-dependent, less-developed countries. The Cairns Group had some success in the 1980s in playing the role of honest broker and mediating between the United States and the EU in particular, and it also managed to keep trade liberalization on the international economic agenda at a time when it seemed as if it might succumb to nationalistic protectionist pressure.

By the early 1990s, the Cairns Group's influence was declining, as was its capacity to encourage multilateralism rather than bilateralism among the major powers. It is striking that Australia has recently negotiated a bilateral free trade agreement with the United States, symbolizing just how far both Australian attitudes have shifted and how much the status and importance of the Cairns Group has diminished of

late. At a time when such bilateral trade deals are proliferating and being linked to strategic concerns, it remains an open question whether coalitions of like-minded countries like the Cairns Group can wield an effective influence.

Nevertheless, the Cairns Group did help to promote trade liberalization and highlight the inequitable nature of the global trading system. The idea that agricultural trade ought to be freer has become widely accepted, and it appears that both the United States and the EU may finally be moving to do something about it. The Cairns Group can claim much of the credit for this.

—Mark Beeson

See also Liberalization; Trade Agreements; World Trade
    Organization

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Capacity Building

Capacity building refers to those sets of activities in which vested parties (individuals, organizations, communities, or nation-states) develop the ability to effectively take part in governance. The underlying assumption is that by enhancing the appropriate skills, attitudes, and knowledge, these parties will be more effective in their respective governing roles. The result is a greater equalization of power, access to decision-making venues, and a more even distribution of society's benefits.

One of the problems in defining capacity building is that the terminology does not imply a specific or unique target. For example, some scholars argue for building the expertise of individuals, while others focus on improving community organizations or institutions of the state. In an attempt to more fully understand capacity building, one might investigate the varied purposes and means associated with the general concept.

At the individual and organizational level, the focus is on increasing the availability of information and participation of underprivileged, underserved, or impoverished members of society. The purpose of these activities is to give voice and status to previously underrepresented populations. The mechanisms for building individual capacity are often leadership training, political activism, and community development. Programs that build awareness are also often highlighted. For nonprofit organizations and communities, capacity is built through technical assistance, organizational development, and interorganizational collaboration.

For some, however, building capacity is part of a much loftier goal of ensuring sustainable institutional arrangements. In the international development arena, scholars are concerned with increasing state competence to efficiently and effectively manage their affairs. In this context, capacity-building efforts may be quite broad and include development of roads and water resources, economic and legal institutions, health and education services, and mechanisms to increase public participation. The goal is to develop strong governing institutions that stabilize legal, economic, and social conditions.

Some argue that capacity-building efforts ignore the greater milieu of power, politics, and history. These critics challenge the underlying assumption that elite powerful interests will recognize, value, and support shared power arrangements. Because mechanisms for building capacity place the state or other powerful political interests in a central role, the result may be a corporatist arrangement whereby the governing body selectively enhances groups more favorable to its policies. This is also true for nonprofit organizations, whose work within communities to enhance political efficacy is structured within a larger political economy. Absent a sincere interest in reform, disingenuous efforts at capacity

building may create only the illusion of shared power without substantial implications for effective governance.

—Margaret E. Banyan

See also Community Organizing; Contract Enforcement; Knowledge Management; Regional Development Bank; State Building

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CAPITALISM

For a sizeable proportion of the world's population and, I suspect, for almost all of the people reading this entry, the word *capitalism* refers most obviously to the economic system in which they live. Moreover, many of the remainder currently have direct experience with development programs sponsored by the World Bank and the International Monetary Fund, through which a capitalist economy is that to which their countries aspire. Given the current conjuncture in international politics, in which all credible alternatives to the capitalist economy seem, at least temporarily, to have been exhausted, capitalism appears to reign supreme.

However, acknowledging its present dominance is not the same as saying what capitalism actually is. Here we encounter more difficulties because capitalism has many dimensions. At one level, it is nothing more tangible than an economic ideology, associated with a normative preference for private ownership and the delegation of production decisions to the individual. At another level, capitalism is a set of concrete institutions, associated with encouraging a particular pattern of exchange relations, such that the result is a distinctively market-based economy. In addition to this, capitalism is a legal structure, which enshrines the right to private property. Capitalism is also a set of sedimented practices, whose manifestation as embedded relations of production and distribution serve to reproduce the economic system in a distinctively capitalist form.

As is hopefully clear, there is no simple definition of capitalism. Any useful definition must be able to capture each of these aspects of the capitalist economy, but to attempt to do so necessarily complicates matters. Moreover, all definitions of capitalism reflect the political perspective from which they are constructed. For instance, those who are normatively opposed to the dominance of capitalist relations of production will choose a definition that suits this opposition. They are likely to define capitalism as a system of production in which individuals are required to subjugate themselves to the exploitative process of wage labor, as this creates the profits on which the maintenance of the system relies. Similarly, those who are normatively supportive of capitalism will choose a definition that evokes a much more positive image. They are likely to define capitalism as a system of production in which rewards accrue to the people who have been most able to harness their assets to the enrichment of society as a whole.

While these two definitions are describing exactly the same economic system, they could hardly be more different in their underlying political emphases. Where, then, given these definitional difficulties, should we start in our attempt to say what capitalism is?

Perhaps the best place to begin is with an assessment of the novel features of the capitalist economy, compared to what preceded it. In other words, we might learn more about what capitalism is by focusing on what distinguishes it from all previous systems of production. On this, the first thing to note is that individuals do not produce for their own consumption under capitalism; they produce for other people's consumption and, in turn, other people produce for their consumption. For capitalism to provide the basis for a functioning economy, then, some means must be created to ensure that goods can be transacted in order to

satisfy even the most basic of consumption needs. That mechanism is money. Capitalist economies are money economies, in which all circulating commodities are given a price denominated in a common monetary measure, and it is at this price that goods are exchanged. Therefore, money is the dominant medium of exchange within a capitalist economy: Workers give their labor in order to be paid in money, because this money can then be used to purchase necessary consumption goods. In modern times, the state has been charged with the task of both controlling the supply of money and protecting its ability to act as a medium of exchange.

The social institution of money provides the basis for a particular type of exchange: market exchange. Karl Polanyi noted in 1944 that market exchange has one defining feature—it is governed solely by demand, supply, and price. This suggests that the determinants of the price at which market exchange occurs are purely economic. They are shaped solely by the producer's costs in bringing the commodity to market and the consumer's assessment of the commodity's intrinsic economic worth. In other words, according to this standard, there are no social determinants of price, whereby a central political authority might make some goods (e.g., health care) available at a certain price in the interests of society as a whole.

The practice of actually existing capitalist economies suggests that Polanyi's standard may be too exacting, as we can point to numerous examples in which the government intervenes to influence the price at which market exchange takes place. For all public goods, such as health care, education, and the judicial system, the government typically intervenes in order to lower the price at which the transacting goods are exchanged. This ensures that access to such goods is not determined solely by ability to pay. Other goods, such as tobacco and alcohol, in which there are dangers in overconsumption to both the individual and society, also tend to be subjected to government intervention. Typically, they are highly taxed in order to raise the price at which market exchange takes place, which acts as a financial disincentive to consumption.

We are consequently drawn to a common misunderstanding. While it is usual to associate capitalism with the free workings of a system of market exchange, this association refers to a capitalist ideal-type only. In practice, actually existing capitalist economies tolerate sustained and systematic intervention in the process of market exchange.

Indeed, such intervention may be entirely necessary for the continued reproduction of the capitalist economy. The prospect of a pure market economy may be nothing more than an illusion, irrespective of the current dominance of both capitalist institutions and capitalist ideology. A functioning market economy is unlikely to be a pure market economy because a pure market economy is likely to undermine the social conditions of its own existence. At a bare minimum, a functioning market economy requires two social support structures, each of which is paid for by the tax receipts that result from government intervention in the system of market exchange.

First, the capitalist economy operates on a contractual basis: producers engage in contracts with component suppliers, employers engage in contracts with employees, consumers engage in contracts with vendors. The interworkings of the capitalist economy are, quite literally, the complex aggregation of myriad contractual relationships between one economic agent and another. Clearly, then, the reproduction of the capitalist economy relies on the continual enforcement of contracts.

But how does such enforcement take place? Over time, states have sponsored the creation of increasingly sophisticated deterrence mechanisms in order to disincentivize economic agents from reneging on their contractual obligations. These deterrence mechanisms take the form of a basic framework of law, through which sanctions can be levied against any economic agent who fails to fulfill the terms of their contract. A worker may take an employer to an industrial tribunal, for instance, if the employer fails to match the terms of a contractual wage agreement, or a consumer may take a vendor to a small claims court for failing to deliver a commodity as agreed. However, in order to provide the legal redress to which claimants are entitled in instances in which contracts are not respected, real resources have to be taken out of the economy. A framework of enforceable

law is far from costless and, as the costs of providing such a framework fall on the state, the state must in turn take resources out of the economy, usually in the form of taxation. A pure market economy can only ever be an ideal, then, as long as levying taxes is a precondition for sustaining the social basis of actual capitalist economies.

Capitalism also requires the development of relationships of trust if it is to flourish as a system. This stems from the fact that, within a capitalist economy, individuals do not produce for their own consumption. In this way, they are reliant on other people producing the goods that will help sustain even the most basic lifestyle. In order to consent to their continued incorporation into a complex division of labor, individuals must be willing to trust that other people will continue to produce the commodities that they consume in everyday life. In the absence of such trust, they are likely to release themselves from their incorporation into a division of labor so that they can concentrate, instead, on producing for their own consumption. However, a division of labor is one of the core institutional conditions of a functioning capitalist economy; the more that individuals opt out of a division of labor to produce for their own consumption, the less that capitalism is able to operate in any meaningful way.

Moreover, even if consent is secured for continued incorporation into a division of labor, further trust relationships must develop if the successful reproduction of capitalism is to be maintained. This is because individuals rarely work alone under capitalism; they are much more likely to work as part of a team. In turn, the success of the team depends upon each individual being able to trust every other individual to do what is expected of them. It only takes one individual not to pull their weight for the whole of the production process to be disrupted. A final product cannot be successfully assembled, for instance, if one of its component parts is missing or has been made to the wrong specification. Structures of managerial oversight may be introduced in order to act as a deterrent to free riding within the team, but this can never be an adequate substitute for the absence of trust relationships developing among the team members.

Trust relationships are socialized into the individual. The process of socialization begins at an early age, starting with the family and proceeding through formal state schooling. The education system teaches people the behavioral traits that they will need to exhibit if they are to be an integral part of a successful division of labor. It teaches them how to cooperate, how to be a member of a team, and how to trust others not to free ride. In other words, under capitalism, the education system enables people to learn how to act to the benefit of the capitalist economy as a whole. Without an education system of this nature, it would be a more arduous task to socialize individuals with the behavioral traits associated with a dynamic capitalist economy. As with the legal system, though, the education system costs money, and these costs are typically borne by the state. The state has no choice but to take money out of the economy, as tax receipts, in order to fund its own activities. So, once more, the image of a purely free market capitalism is shown to be an ideal only. The maintenance of the capitalist economy requires certain levels of government intervention in order to finance the socialization of individuals into the economic habits of capitalism.

State sponsorship of the means of existence of the capitalist economy also turns into state sponsorship of its dynamism. Karl Marx noted in 1867 that the truly revolutionary nature of capitalism lay in the competitive drive to accumulate capital assets. This also results from the fact that individuals do not produce for their own consumption under capitalism. Within such a system, the successful accumulation of capital assets leads to an ever-increasing range of consumption possibilities. To target enhanced accumulation is to be unsatisfied with what you have, but to have more is to increase your purchasing power within an economy in which money is a universal medium of exchange.

It is capitalism's underlying accumulation imperative that, for Marx, lies behind the individual capitalist's willingness to invest, and it is through increased levels of investment that the capitalist economy as a whole gains its dynamic features. Investment usually entails the application of higher levels of technology, which leads to increased rates of productivity. These

productivity advances, in turn, result in expanded accumulation.

Given Marx's assumption that the capitalist economy is an inherently competitive environment for the individual capitalist, the application of higher technology by one firm is likely to trigger a similar response by other firms in the same industry. Here, we see the origins of the capitalist growth dynamic. If the commitment to invest in new technology spreads throughout the economy, this will be the equivalent of upgrading the technological base of the economy as a whole, which is one of the ways in which economies grow. Therefore, the expanded reproduction of the capitalist economy arises from the desire of the individual capitalist for enhanced levels of accumulation.

This desire does not emerge simply out of economic instinct; it is encouraged by the social institutions of the capitalist system. Of prime importance in this respect is the social institution of private property. In the absence of an institutionalized structure of private property rights, there are few incentives to invest, because there is no guarantee that the returns to investment will necessarily accrue to the person undertaking that investment. The defense of private property rights provides a bulwark against the appropriation of assets, whether that is by another individual or by the state. An institutionalized structure of private property rights allows for the decision of what to produce and how to produce it to be a matter of personal initiative. The right to private property translates into the right to own and use wealth to earn income, as well as the right to purchase and use labor for productive purposes. The allocation of resources under capitalism results from private decision making.

This, perhaps more than anything, captures the essence of the capitalist mode of production. The capitalist system structures economic life in line with ideologies of individualism, and it accentuates the rights of individuals to dispose of their assets in whatever way they deem appropriate. The institutions of the capitalist economy reflect the dominance of ideologies of individualism, and they create a set of incentives that reward personally acquisitive behavior.

—Matthew Watson

See also Contract Enforcement; Convergence and Divergence; Corporate Codes of Conduct; Corporate Governance; Fordism and Post-Fordism; Globalization; Global Market; Individualism; Marxism; Private Military Companies; Property Rights; Social Democracy; Trust; Unemployment; Varieties of Capitalism

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CAPITAL MARKET INTEGRATION

The global integration of capital markets over the last three decades is at once a principal driver of globalization and a hallmark of the increasingly globalized economy. Capital markets are settings in which buyers and sellers of different kinds of capital—foreign currencies, corporate securities, government bonds, bank loans—meet to negotiate prices. Global capital markets are now open for business twenty-four hours a day and, thanks to information technologies, transactions can be carried out from anywhere in the world in a matter of seconds. International capital flows now routinely exceed international trade flows by a ratio of ten to one. Within global capital markets, portfolio and short-term investment now surpass foreign direct investment (FDI) and bank lending. The cross-border integration of increasingly volatile and dynamic capital markets creates obvious challenges for governance.

In contrast to international trade, there is no single international organization to provide governance for international capital markets. In part, this is because

there are many different kinds of capital (and capital markets), thus a central organization would make little sense. However, just as important is the fact that the boundary between domestic and international capital markets has become so blurred that centralized international governance would require substantial sovereignty transfers. Therefore, international capital markets feature a governance patchwork and have become a principal terrain for experimentation with new forms of global governance.

International organizations, such as the International Monetary Fund (IMF) and the Organisation of Economic Co-operation and Development (OECD) as well as intergovernmental forums such as the Group of Eight (G8), certainly play important coordination roles. But governance over integrating capital markets is primarily provided by networks of domestic regulatory agencies, such as the Basel Committee on Banking Supervision, the International Organization of Securities Commissions (IOSCO), and the International Association of Insurance Supervisors (IAIS), that develop international standards and diffuse best practices. On particular issues, regulatory networks and international organizations combine to form special task forces. The Financial Action Task Force (FATF) to combat money laundering and terrorist financing is one such instance. These networks emphasize the technical—and thus supposedly apolitical—character of international capital market governance in a world of sovereign states.

In addition to regulators and governments, the private sector actively contributes to capital market regulation. In many countries, stock exchanges play important supervisory roles. The integration of capital markets gives large exchanges a corresponding role in international market governance. The technical algorithms underpinning modern stock exchanges themselves provide market governance. Finally, private bond rating agencies exert powerful influence over capital market dynamics around the world.

Capital market integration has been a driver of the international diffusion of U.S. capital market governance practices over the past fifteen years. Many countries have created independent regulatory agencies

modeled on the U.S. Securities and Exchange Commission. Likewise, there has been a marked trend toward the adoption of U.S. standards ensuring market transparency and investor protection.

—David Bach

See also Globalization; Transgovernmentalism

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CARIBBEAN COMMUNITY

Caribbean Community (CARICOM) was established in 1973 to govern the relatively small states that make up the Caribbean region. Its mandate is to facilitate enhanced coordination of member states' policies in relation to issues of regional importance. The CARICOM Treaty has as its main goals the improvement of living standards, economic development, full employment, enhancement of international competitiveness, and effective foreign relations.

CARICOM is an intergovernmental, regional organization; its members are states. Its membership has increased over the years from four states in 1973 to fifteen in 2005. Members include Haiti, Jamaica, Trinidad and Tobago, Grenada, Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Guyanan, Montserrat, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, and Surinam. CARICOM also has five associate members: Bermuda, the Cayman Islands, Anguilla, British Virgin Islands, and the Turks and Caicos Islands.

CARICOM is a suprastate initiative in that it comprises regional bodies. Its principal administrative organ is the CARICOM Secretariat, which is headed

by a secretary general who is the chief executive officer of the Community. The Secretariat comprises offices such as the general counsel and directorates such as foreign and community relations. CARICOM also has fifteen institutions. A minister of government represents each member state at each institution. Institutions include the Caribbean Agriculture Research and Development Institute (CARDI), the Caribbean Community Climate Change Centre (CCCCC), and the Caribbean Court of Justice (CCJ). These bodies act in partnership with the Secretariat and civil society groups to formulate policies, promote the implementation of decisions, collect and store information, and provide technical assistance where needed. Thus, member states have transferred certain functions upward to the regional institutions and have also devolved certain decision-making input outward to national or international civil society groups, such as nongovernmental organizations (NGOs).

A notable regional initiative set up under the auspices of CARICOM in 1989 was the CARICOM Single Market and Economy (CSME). In response to the pressures of globalization, the CSME committed states to work toward a single market and economy where factors such as labor and capital move freely among participating member states as a basis for internationally competitive production of goods and provision of services. This shifts Caribbean states' traditional control over intraregional trade to market forces, although CARICOM has some way to go before the market is entirely liberalized.

CARICOM consistently addresses diverse matters ranging from the environment and health to economic performance and investment; however, development and foreign relations are thought of as its two most pressing, interrelated challenges. First, Caribbean states are classed as developing countries given the size of their economies and their poverty levels; in particular, since the 1990s, Caribbean economic growth rates have decreased and even shown negative real growth in some states. Therefore, CARICOM's main aim is to facilitate sustained economic development; it is argued that regional agreements, such as free trade zones or regional HIV/AIDS programs, will

further economic development. However, Caribbean states often disagree over whether development should be state-led or predominantly driven by market principles.

Second, CARICOM seeks to amplify the Caribbean's influence in global governance. Each Caribbean state has a small economy in comparison to the industrialized countries, such as the United States, Japan, and the United Kingdom; CARICOM was designed to overcome this imbalance by combining state forces and thus creating a more powerful regional bloc. For instance, Caribbean states are concerned about the erosion of developing-country trade preferences, such as the European Union's banana quotas. The states have taken such concerns to the World Trade Organization under the auspices of CARICOM. However, some critics point to the fact that CARICOM needs to maintain a higher level of political unity on all issues if it is to establish an effective negotiating position. CARICOM is thus faced with the challenge of attaining and maintaining regional consensus among states that often hold diverging opinions.

—*Simon Carl O'Meally*

See also Caribbean Governance; Development Theory; Economic Integration; Mesoregionalism; Regionalism

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CARIBBEAN GOVERNANCE

The term *Caribbean governance* relates to the formal and informal ways in which Caribbean states have sought to respond to the changing nature of the

regional and global order. The Caribbean region consists of twenty-three small, independent islands, dependent territories, and sovereign states. These countries have developed governance mechanisms in order to deal with regional problems that are beyond the scope of any single state and in order to create an enabling environment for effective cooperation on intraregional economic interactions.

Caribbean governance dates back some years. Regional integration was set in motion with the establishment of the British West Indies Federation in 1958. The Federation ended in 1962, but this was a precursor for further initiatives. For instance, by 1968, a Caribbean Free Trade Association (CARIFTA) had been established; it aimed to reduce trade barriers to facilitate the free flow of goods in the region. However, Caribbean governance has evolved since the 1970s.

The Caribbean Community (CARICOM) is the principal governance mechanism existing today. It was established in 1973 to facilitate enhanced coordination of member states' policies in relation to issues of regional importance. CARICOM is an intergovernmental organization; its membership has increased from four states in 1973 to fifteen in 2005. CARICOM's main administrative organ is the CARICOM Secretariat; there are also fifteen CARICOM institutions. These bodies act in partnership with the Secretariat and civil society groups to formulate and implement CARICOM policies. Thus, member states have transferred certain functions upward to regional bodies yet have also devolved certain decision-making input outward to civil society groups, such as nongovernmental organizations (NGOs). Under the auspices of CARICOM, CARIFTA was transformed into a common market and then, in 1989, the common market was replaced by plans to work toward a CARICOM Single Market and Economy (CSME). CSME envisages a single market and economy where factors such as labor and capital move freely among participating states. This freeing up of markets effectively relinquishes the state's previous function of controlling the goods and services crossing its borders.

At the subregional level, the other notable governance initiative is the Organization of Eastern Caribbean States (OECS). It came into being in 1981 and has nine member states; states can be members of both CARICOM and OECS. It coexists alongside CARICOM in that it has separate administrative bodies, such as a Secretariat; yet both organizations collaborate closely and deal with broadly analogous issues.

CARICOM and OECS are blocs that constrain the policy orientation of their member states; they look to achieve political unity and consensus among members so the organizations can act with one voice. It is argued that the formation of such blocs engenders a greater degree of homogenization of state policy in the region.

Caribbean countries, through CARICOM and OECS, have identified various critical governance issues. First, economic development is of particular importance; Caribbean states are thought of as underdeveloped in terms of the size of their economies and poverty levels. Collective regional action, such as the establishment of regional free trade or regional HIV/AIDS programs, can further economic development.

Second, Caribbean governance seeks to enhance Caribbean influence in international relations. Regional blocs enable countries to combine their economic and political power in order to become a more consequential, international actor; a coalition is arguably more influential in global governance than if the same set of states were to act alone.

Third, the region is vulnerable to environmental challenges, such as climate change. These challenges do not respect state boundaries. Regional collaboration enables states to elaborate collective action plans and to harmonize their policies in line with regional standards. However, problems can arise when regional requirements clash with national or global requirements. This final problem raises further questions about Caribbean governance. How can the regional bloc be responsive to both national and global exigencies while retaining a regional voice? What should happen when regional requirements clash with subregional or national requirements?

—Simon Carl O'Meally

See also Caribbean Community; Civil Society; Development Theory; Regionalism

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CENTER-LOCAL RELATIONS

The notion of center-local (or central-local) relations refers to various aspects of the political and administrative relationship between central and local levels of government. The term captures the division of responsibilities and power, as well as patterns of interaction and instruments of control across these levels. The concept is closely associated with the broader notion of intergovernmental relations (IGR). Center-local relations are particularly interested in assessing and comparing the degree of local autonomy or, alternatively, the degree of centralization of intergovernmental relations. At the same time, the concept has played an important role in the development of the wider governance literature. In particular, critical reflections on the concept of center-local relations itself provided key contributions to the body of literature that is associated with governance.

This understanding sets center-local relations apart from concepts like center-periphery relations. The latter refers to the comparative assessment of different regions or subregions in terms of economic strength and relevance, including dependency relationships. While these concepts are broadly related, center-local relations focus on intergovernmental interaction rather than on socioeconomic dimensions.

Central-Local Governance and Networks

The concept of central-local relations (rather than center-local) emerged in the literature on the United Kingdom, where it was used to refer to domestic intergovernmental relations. The term was seen as appropriately describing the constitutional setting of a unitary state that lacked the more complex ("veto-point" rich) intergovernmental relationships that characterize federal states, such as the United States, Switzerland, and Germany (the latter associated with the literature on joint decision making rather than central-(state)-local relations). The literature revealed a growing degree of centralization since at least the 1970s, as well as increasingly adversarial relationships. At the same time, the analytical value of central-local relations has encountered increasing criticism. This criticism was particularly directed at the supposed bilateral focus (on central government vis-à-vis local authorities) of the central-local literature. In particular, it was argued that the increased use of private or third parties, as well as the growth of quasi-governmental organizations, added substantial complexity to the domain.

At the same time, it was recognized that representative institutions of local government played a relevant role in central-local relations, in the United Kingdom and more so in other countries. This "national world of local government" has always been a prominent feature of central-local relations in countries like Denmark, where bargaining over local government budgets between local government associations and the central government is a key feature of central-local relations.

Other trends that are said to qualify the centrality of the central-local relations perspective include the perceived shift toward multilevel governance, with its stress on increasing complexity and flexibility of intergovernmental relations. Different levels of government, including supranational levels (e.g., the European Union), interact simultaneously without necessarily being hierarchically ordered. Given cross-national trends toward political decentralization and devolution, as well as the growing importance of the European Union, any perspective that solely relies on the bilateral central-local relationship is likely to be severely limited. At the same time, the significance of these developments should not be overemphasized, and the relationship between the center and the local still remains politically important.

While these empirical developments have somewhat questioned the focus of (and on) central-local relations, the work by Rod Rhodes also challenged the underlying theoretical assumption of the central-local literature. He argued that the literature has displayed a bias toward formal institutional (or governmental) structures while neglecting advances in policy research. This critique has been the basis of a key contribution to the emerging policy network literature. Rhodes suggested policy networks as an alternative unit of analysis of subcentral government and its relation to central government. Such a perspective acknowledges the functional differentiation, if not fragmentation, of governmental activities at the central and local level. Also the approach emphasized low "relational distance" between policy bureaucrats and professionals in a particular policy domain at the central and local government levels. At the same time, it was acknowledged that specialized professionals or bureaucrats at both levels of government would not dominate invariably throughout all policy domains. "Territorial networks" populated by "topocrats" (chief executives and local political leaders) could prevail in some areas.

The relationship between policy professionals (or "technocrats") and topocrats in a given policy area is regarded as among the key factors shaping central-local relations. The network perspective allowed analyzing different patterns of intergovernmental relations in different policy domains. Rhodes developed a typology of policy networks that captures the variety of actor constellations in domains where subcentral governments are involved. (The typology differentiated among policy community/territorial community, professional network, intergovernmental network, producer network, and issue network.) While frequently criticized, this typology has been pivotal for the development of the wider policy network approach in Europe. Therefore, analyzing governance through the network perspective can, in part, be traced back to debates on central-local relations.

Autonomy

While this development of research on subcentral government suggests that the concept of center-local

relations has outlived its analytical usefulness, the perspective continues to play a key role in research on the degree of local autonomy. Local autonomy is, in turn, regarded as a major factor facilitating local democracy and responsiveness of services, as well as encouraging citizens' engagement and participation. Reforms in developing and developed countries alike, which aim to strengthen the local government and democracy, also renewed the interest in center-local relations as one dimension defining local autonomy.

Edward Page noted that the notion of local autonomy, as control by the local community over its own affairs, contrasts with the fact that local government is, in essence, regarded as a subordinate institution. Hence, the degree of local autonomy depends on the leeway granted by higher levels of government. That also applies to the federalist countries with a deep-rooted tradition of local self-government or self-administration, like the United States and Germany. However, others would question whether these ideas apply to cases like Switzerland, with the distinct tradition of communal autonomy (*Gemeindeautonomie*).

As these examples suggest, central-local relations are at the heart of any assessment of the degree of local government autonomy in an international comparative perspective. Such comparative assessments usually start from broad classifications of different "families of nations" with similar state traditions that are associated with specific patterns concerning the constitutional/legal setting of local government. Other dimensions include the division of functions and the financial regime underpinning this division.

In different state traditions—for example, the Nordic, Continental European, Anglo-Saxon, and Napoleonic state traditions—central-local relations are defined in different ways. For example, in the German state tradition, local "self-administration" rather than local "self-government" is connected with a strong local level that is responsible for conducting genuine local tasks as well as a wide range of tasks delegated from higher levels of government (which, today, amount to about two-thirds of local spending). This comes with a rather tight regulation of local government action, despite the constitutional guarantee of the right of local self-administration. This "mixing" of

tasks and responsibilities between central and local levels is less developed in countries with a strong tradition of local self-government.

While state traditions are regarded as having a long-term effect and are supposed to be reflected in immediate policy choices, such reforms have, nevertheless, transformed central-local relations in a substantial way (e.g., in the United Kingdom toward centralization). However, in other countries, central-local relations have not witnessed major changes, but reform themes have been filtered through the general institutional framework and the modes of interaction associated with these. For example, the Nordic countries provide evidence for such filtering of general reform themes that have strengthened the tradition of cooperative center-local relations and the (already strong) position of local government.

Some have argued that financial autonomy, defined by the legal competence to raise revenue and set spending priorities independent of the central government, lies at the heart of local autonomy because legal and organizational autonomy could only have an impact if financial resources are available to make use of these powers. A related interest is concerned with the independent impact of local and urban policies. By asking if urban politics matter, Harold Wolman and Michael Goldsmith move away from a focus on local discretion defined by central regulation and toward exploring the local capacity to initiate policies that have an independent impact.

Control

While local autonomy defines the bottom-up view on central-local relations, the concern with control can be associated with a top-down perspective on the relationship. In that context, the literature that highlights the variety of modes of governance has brought new insights into research on central-local relations. Such a view draws on the distinction between "hierarchy," "market," and "networks/cooperation" as three ideal-type modalities of control (or coordination) and explores mixes and shifts within, as well as across, modes.

This perspective allows the empirical assessment of claims regarding paradigmatic shifts toward new

localism or various new modes of governance associated with multilevel governance or the so-called new public management. Much of the governance literature assumes that intergovernmental relations in contemporary societies increasingly rely on cooperative modes of interaction. Empirically, this is reflected in the Scandinavian experience, where various reforms since the 1990s (e.g., Free Commune Experiments) have tended to weaken central control over the operation of local government—without, however, introducing far-reaching changes of the overall control regime. Other European countries (e.g., Belgium and France) provide corresponding evidence of modest shifts toward less-hierarchical control and various approaches of sharing responsibilities in policy development.

Some claims have emerged regarding the emergence of "markets" instead of hierarchical modes of control, for example through benchmarking exercises that compare local performance against uniform standards. However, other scholars have noted an increased use of market and hierarchical instruments at the same time. They have pointed out, for example, that the wave of reforms associated with new public management resulted in an increasing amount of central regulation and control over local government in the United Kingdom. Local government is described as having experienced a "double whammy," being exposed to both "old" bureaucratic regulation and new, "modern" control techniques, such as league tables, benchmarking, and audits.

In other countries, like Germany, the debate on new public management has not affected modes of control of local governments. Some state governments pay lip service to the new public management debate, but local government control continues to rely on a hybrid of hierarchical regulation and cooperative interaction. While financial pressures have triggered far-reaching changes in the internal administrative set-up of local governments and their political organization (for example, the introduction of directly elected mayors), the introduction of new modes of auditing was not an issue on the reform agenda.

The theme of control in center-local government relations is also relevant in the context of a number of developing countries that have witnessed a (frequently

externally induced or supported) shift toward decentralization and the strengthening of local government. However, evidence suggests that such a shift (if materialized) will not result in more responsive local service or inclusiveness of the wider population because decentralization allows the local elite, rather than the wider population, to control public governance. Therefore, the lack of effective central control could be regarded as one explanation for the perceived failure of decentralization to deliver the expected policy outcomes (e.g., in terms of poverty reduction).

Analyzing Central-Local Relations in the Context of Governance

The concept of central-local relations has played a major role in the development of the governance perspective since the 1980s. This may seem to be a paradox because at the core of the governance literature is the perception of a growing diversity of the institutional landscape at central, local, and regional levels of government that challenges the analytical value of the bilateral concept of center-local relations.

Although some of the contemporary literature has focused primarily on "multilevel governance," an interest in central-local relations remains of key importance when it comes to the assessment of recent reforms of the institutional set-up of local government or the introduction of new modes of control. Moreover, regulatory and policy reforms, such as privatization, the introduction of market-type governance mechanisms, and the move toward an "audit society" have a profound impact on intergovernmental relations. Central-local relations are increasingly complex and characterized by various new modes of control and patterns of interactions. However, generalizations in the sense of paradigmatic shifts toward "new" models of center-local relations have to be treated with care. In particular, comparative analysis of modes of control in center-local relations reveals the contingent and varying nature of control patterns. These depend on a number of different factors that vary across countries but also across policy domains. Moreover, general reform themes, like new public management or the challenging of the welfare state, have

triggered different responses in different countries—also in the domain of center-local relations. In that sense, center-local relations do not only constitute a major approach to the study of local governance. It is also a topic worth exploring in the context of changing patterns of statehood and governance.

For doing so, the concept of center-local relations offers a variety of analytical tools. While the (comparative) mapping of the country-specific tradition and setting of the local vis-à-vis the central level provides a first approach that remains relevant, the literature has highlighted more empirical criteria, like the size of local government, the share of spending on public service employment at different levels of government, or the allocation of tasks between levels. In order to move beyond these various ways of mapping diverse settings of central-local relations, the network approach developed by Rhodes and others has provided an important inspiration that has triggered a variety of network-oriented perspectives in center-local relations and intergovernmental or interorganizational coordination more widely. Also, the perspective that explores mixes and shifts in control relationships provides a fruitful analysis.

What sets center-local relations apart from the general intergovernmental literature is the central role of normative perspectives and debates about the (desirable) role of local government within a country's institutional architecture of democracy. This normative dimension will always be an undercurrent of more analytical approaches exploring governance arrangements in central-local relations.

—*Kai Wegrich*

See also Decentralization; Devolution; Differentiated Polity; Intergovernmental Relations; Localization; Multilevel Governance; Regional Authority; Urban and Regional Planning

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Chiang Mai Agreement

The Chiang Mai Agreement, also known as the Chiang Mai Initiative, is a set of bilateral currency swap arrangements established at Chiang Mai, Thailand, in May 2000, by the members of the Association of Southeast Asian Nations (ASEAN) with the addition of Japan, China, and South Korea (collectively referred to as "ASEAN+3"). The Agreement is meant to complement the International Monetary Fund (IMF) by providing emergency infusions of foreign currency to member countries suffering from liquidity crises. It also establishes a mechanism to monitor capital flows and economic conditions through regular contacts among financial authorities in the region. Created in the wake of the 1997–1998 Asian financial crisis, the Agreement presents an important example of financial cooperation in the region.

The swap system comprises two main components: an expanded ASEAN Swap Arrangement and a network of bilateral swap and repurchase agreements. The former built upon a 1997 agreement involving five of the ASEAN countries and extended participation to the rest of ASEAN, increasing total reserves to $1 billion. As each participating member can only draw upon twice the amount it has contributed, the economic impact of a swap through this mechanism is likely to be insignificant. The network of bilateral swap and repurchase agreements provides significantly greater short-term liquidity. As of May 2004, a total of $36.5 billion had been pledged in these agreements. Under them, borrowing countries typically receive dollars in exchange for a local currency (an exception being the swap arrangement between China and Japan, which exchanges yen for renminbi) for a fixed period of time (usually three months), after which the borrower can renew the swap or pay it back to the lending country's central bank. Swap agreements can be reciprocal or unidirectional, depending on a country's reserves of foreign currency. For example, under Japan's agreements with the ASEAN states, only the ASEAN states can initiate a swap owing to Japan's large foreign reserves, while the agreement between Japan and China can be activated by either party. The Chiang Mai Agreement is explicitly designed to complement the IMF's lending practice. The activation of a currency swap is contingent upon the drawing state's acceptance of an IMF structural adjustment program, the exception being the agreement between Japan and China.

Critics have raised concerns that deepening regional integration could ultimately supplant international institutions in the region and isolate extra-regional states. Moreover, the 1997 Asian financial crisis showed that the region is susceptible to economic contagion, suggesting that liquidity should come from outside the region rather than from within it. Nevertheless, the Chiang Mai Agreement has fueled discussion about deeper cooperation in the future, such

as transforming the bilateral swap agreements into a true multilateral institution and creating a unified Asian currency.

—Jonathan Chow

See also Asian Financial Crisis; Association of Southeast Asian Nations; East Asian Economic Grouping; International Monetary Fund; Regionalism

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CITIZEN-CENTRIC GOVERNMENT

The term *citizen-centric government* rose to popularity during the emergence of e-government in the 1990s and 2000s. It is based on the idea that communication technologies allow public services to be efficiently provided to distinct citizen client groups through discrete channels. It is most often presented as a rejection of what are perceived as old-fashioned, agency-centric approaches, in which services are presented through a single channel and according to the predefined physical or functional role of an agency or department. The overriding aim is to extend citizens' choices in how they interact with public-sector bureaucracies while targeting specific societal groups and reducing waste, inefficiency, and corruption.

Citizen-centric government is based on the assumption, first, that most citizens have little awareness of the functional organization of government; second, that they wish to use a variety of ways of finding government information and applying for and receiving services and benefits; and third, that agencies and departments themselves are better able to serve their key client groups if they develop discrete channels for interacting with them.

When combined with new information and communication technologies, especially Web portals, the overall effect of these assumptions is that government can "segment" its client groups according to their characteristic behaviors and needs. The dominant approach has been based upon a "life cycle" model, in which information and services are divided into key categories based on typical life events: giving birth, starting school, applying to college, registering a car, claiming a pension, and so on. However, more refined approaches have been based upon market research that identifies distinct social groups, such as working mothers, young disabled, likely to commit welfare fraud, and so on.

Citizen-centric government does not always revolve around new technologies. Specific service channels are designed to be accessible for specific groups. For example, because Internet use is lowest among elderly people, a citizen-centric approach would devote greater resources to face-to-face contact, telephone call centers, and letter handling. Services aimed at younger age groups, among whom levels of Internet use are higher, are more likely to move online.

A prime mover in implementing citizen-centric government is Singapore, but the idea has been highly influential across a number of countries. In an interesting twist, the UK government has sought to broaden the idea of delivery channels, through its "intermediaries" policy. This involves using Web technologies to involve firms, charity organizations, and other nonprofits in the delivery of services. Government Web portals bring together nongovernment organizations (Citizens' Advice Bureaus, for example) and present them to individual citizens as best qualified to deal with a particular request for advice or information.

—Andrew Chadwick

See also E-Government; Virtual Agency

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CITIZEN PARTICIPATION

See EMPOWERMENT

CITIZENSHIP

Citizenship refers to the status of being a citizen, usually enshrined in law. Citizenship may entail rights and responsibilities or result as a consequence of being part of a polity or community. In modern democratic states, the basis of citizenship is in having the capacity to participate in the electoral process. Participation entails a legal membership of a polity premised upon universal suffrage. Citizenship is a relationship between the state and the individual that comprises a series of rights and responsibilities. It may be defined objectively, as a legal status, or subjectively, as comprising a sense of belonging and identity.

Legal citizenship defines the opportunity to vote, stand for public office, and the right to live and work in a given state. However, possessing legal rights does not necessarily encompass all that it means to be a citizen. The term *citizenship* also entails a subjective component; that is, the sense of identity and belonging that accompanies the legal definition. Hence, groups that feel alienated may well define themselves as "second-class" citizens. That is, while their entitlements are enshrined in legislation, and legally they are full citizens, the subjective component is not evident.

Rights

Citizenship is predominantly linked to the notion of rights. These can be both negative and positive. Positive rights are permissive and stress, for example, the opportunity for citizens to participate in their polity, vote, stand for office, and join organizations. Negative rights are restrictive and stress the protection of the individual from others, particularly from the state.

For early theorists of democracy, citizens were those who took part in public life. In Aristotle's *Politics,* he noted that citizens were those (men) who participated in deliberating upon and exercising power. In contemporary society, citizenship has been expanded to include all members of a political community, with the requisite legal standing. However, this understanding of the concept has been expanded. Thomas H. Marshall's influential 1950 study of citizenship in Britain, *Citizenship and Social Class and Other Essays*, identified three essential rights that comprised citizenship: civic, political, and social. Marshall wrote that all citizens should be considered equal in relation to their rights and duties, which accompany this notion of citizenship. This equality, though, was challenged by a citizen's position in the class system. Marshall highlighted that while rights might be enshrined in legislation, practically, the ability of citizens to exercise these rights may be compromised by their position in the polity. Those disadvantaged by their class status may be unable to participate in a community in which they have legal membership.

For Marshall, civil rights are considered a prerequisite for individual freedom. They provide for property rights; right of contract; the right to freedom of thought, speech, and religious practice; the right of assembly and association; and the right to equality before the law. These are positive rights—they permit action. Civil rights are premised upon the existence of civil society. Government and the state are necessary to maintain and protect these rights. Political rights include the right to vote and stand for public office. These are necessarily underpinned by a commitment to universal suffrage and democratic government. Social rights comprise a basic entitlement to a civilized existence commensurate with prevailing standards in society. This extends the responsibility of the state into areas of economic and social life. The

principle embodiment of these rights is in the institutions and policies of the welfare state.

Marshall described the historical development of these rights and included a normative aspect, and argued that in contemporary society, there should be something universally enjoyed by all citizens. Civil rights, he noted, were established between the Glorious Revolution, the first Reform Act, and the establishment of the rule of law in the eighteenth century. Individual freedom was embodied within this and became a universal feature as a result of the growth of the bourgeoisie. Political rights emerged in the nineteenth century as the franchise was extended. However, it was not until universal suffrage was achieved in Great Britain that these political rights became equally applicable to every individual and thus became entwined with the idea of citizenship. Finally, during the twentieth century, social rights were consolidated with state provision of welfare and a commitment to education and health. It should be noted that these categories are not confined to strict boundaries and are fluid. Freedom of expression is both a civil and political right, for example. Education is important for both social life and in order to be able to take part in political activities, such as voting. Many Western theorists have also emphasized the prerequisite of certain social and economic standards in order to fully realize the ideal of citizenship providing the capacity to participate in public life. Obligations were also entailed in the provision of these rights. As Marshall argued, a personal right to free expression also carries a public responsibility to exercise the right. These obligations provide a balance to the rights attached to citizenship. For example, the right to freedom of religion also entails respecting another person's freedom of religious choice. Political rights involve not only the right to vote, but the duty to do so as well. Social rights include the obligation to pay taxes, coupled with the right to expect a certain standard of welfare provision.

For Marshall, these rights tended to serve different class interest in different ways. There are tensions between these rights, and for Marshall, citizenship was ultimately a reflection of social status. Within his conception of social rights was the idea that in order

to be able to fully participate in public life, citizens must first be free from poverty and ignorance. For Marshall, citizenship is incompatible with the class inequalities of a capitalist system. Therefore, social citizenship was heavily directed toward the development of a welfare state to redress problems of poverty. Social citizenship has become part of the *lingua franca* of political debate, as civil rights movements articulate both political and social demands. For Marshall, all three types of rights were essential in comprising citizenship. Civil rights provided for the resolution of conflict or dispute within a society. This conflict was that of principles: especially with capitalism, a system of inequality and citizenship with a focus on equality, rather than social groups. Political rights, he argued, were necessary to ensure the functioning of democracy; that is, to keep elites accountable. Through the provision of social rights, the state was able to counter inequalities that may emerge as a result of the existence of market forces. Citizenship, then, is not only about a set of legal rights, but also relates to the provision of material conditions and the opportunities they provide for the individual.

However, in contemporary society, social citizenship in particular has come under heavy criticism from New Right thinking, specifically in relation to the welfare state. New Right theorists and practitioners are heavily critical of the economics of state intervention. They advocate free market thinking in all areas of public policy, in particular, in addressing the issue of societal welfare. This provision of state-sponsored welfare is thought to prevent the emergence of market incentives, rendering state provision uneconomical and inefficient, given that it is not subject to competition in a free marketplace. According to thinkers such as Milton Friedman (1962) and Friedrich Hayek (1944), collective provision limits the role of the free market. The free market, for them, is significant in providing political liberty. They regard the state as an infringement on individual rights, given that it is financed via taxation. This means the state interferes with private property and coerces contributions, thereby infringing individual liberty. This critique of the idea of welfare provision, though, raises a serious challenge to the way in which contemporary society has come to understand

what it means to be a citizen. Social rights have become as much a part of the notion of citizenship as political and civil rights. As such, this critique of the welfare state is not only an economic argument, but poses a fundamental challenge to the concept of citizenship. This implies that as the welfare state is "rolled back"; there should be a simultaneous rolling back of citizenship rights.

Active Citizenship

From this New Right thinking, the notion of active citizenship transpired in the latter half of the twentieth century. By combining the conservative emphasis upon duty with the liberal emphasis on individualism, the resulting neoliberal, New Right thinking has sought to remodel the notion of citizenship by downplaying rights and emphasizing obligations. This has involved a focus upon the manner in which too much intervention by the state undermines individual liberty. If the state does not intervene to provide welfare, then the economic argument is that this will encourage individuals to be self-sufficient, which, it is argued, is both beneficial to the state and the individual. From this emerges a moral aspect, New Right thinkers contend that this redefinition of citizenship in these individualistic terms promotes dignity and self-respect. However, there is a fundamental flaw in this notion of citizenship. Citizenship is premised upon membership in and participation within a community. As such, this removes any sense of "public" and so is unable to account for how an individual can be considered part of a community. Another distinctive feature of New Right thinking about citizenship is the focus on obligations. New Right thinking suggests that Marshall's emphasis upon rights has contributed toward a culture of entitlement, where citizens know their rights but not their responsibilities. Entitlements, they argue, are "earned." Lawrence Mead, in his 1982 article "Social Programs and Social Obligations," suggests that citizenship includes both a right and duty to work. This has been embodied in policy practice. Further criticism arises, though, in that if rights are granted only as a result of fulfilling obligations, then rights reside ultimately with the state. Rights and notions of citizenship, in Marshall's view, exist to protect the citizen from the excesses of the state. Further, this active notion of citizenship, with an emphasis upon individual rather than collective provision, reinforces the inequalities of class that Marshall's rights were concerned to address.

Gender and Citizenship

Feminists have also challenged the concept of citizenship, arguing that the mainstream is gender blind in its understanding of citizenship and class. In this sense, citizenship is a property of men. Civil rights movements have campaigned to establish the same rights for women that men possess, for example to remove barriers to entry into public life. For feminists, women's citizenship is particularly undermined through the notion of social rights. Feminists draw attention to the gendered characteristics of the welfare state and social politics and the manner in which welfare states reproduce male dominance and exploitation, thereby reinforcing patriarchy. They suggest that policies within modern welfare states disadvantage different groups, notably women. By gendering understandings of citizenship, they highlight the importance to full participation of the control over one's body and its functions (i.e., reproduction). Many institutions and processes of the state reinforce gender relations through policies, for example, those that highlight the sexual division of labor (including care of children and the elderly). Moreover, feminists claim, women are disadvantaged both as recipients of welfare provision and as workers within the welfare system. This occurs as a consequence of men being regarded as the norm. That is, social rights are linked to the male norm of continuous, full-time employment. Citizenship is viewed as premised upon the notion of the male as the breadwinner and the female as the caregiver in the home. The lower status of social rights has been linked to a low status in relation to political rights. Women, feminists argue, have less power and opportunities to gain power in society than men, particularly in relation to their representation in the decision-making processes in the welfare state and the institutions of government. Feminists have sought to advance and redefine understandings of citizenship to acknowledge

the imbalance and disproportionate balance of rights favored toward men.

Contemporary Development of Citizenship

Citizenship has generally been considered as within the remit of the nation-state. However, recent developments have witnessed the influence of actors external to the domestic borders of nation-states. The Maastricht Treaty, formerly the Treaty on the European Union (EU), establishes a common citizenship applicable to all citizens of member states. This includes the right of freedom of movement within the EU and the right to stand for election to the European Parliament. Minimal social rights have been defined, though, beyond the right to work in a labor market. While the rights conferred by the EU are still determined by the nation-state within which the individual lives, sovereignty has increasingly been ceded to the EU, which means that EU legislation overrides that of the nation-states. This poses a challenge to the existence of political rights, in that while politically accountable officials make legislation at the national level, unelected officials determine legislation at the EU level. The European Parliament plays only a consultative role in policy making.

Further, the United Nations (UN) Declaration of Human Rights, preserved in international law, has paved the way for the notion of a global citizenship. Treaties and covenants ratified by states require that legal migrants and residents who are not formal legal citizens are not distinguished against on the grounds of nationality in terms of civil political and social rights. As a result of these international agreements, the same rights are generally bestowed, except those political rights to vote or stand for public office. These rights suggest a move toward a universal understanding of citizenship, rather than as a direct result of membership to a particular nation. Individual rights are no longer directly linked to nationality, as individuals also have rights enshrined in international law. Environmentalists have also sought to develop the notion of global citizenship. Expanding upon Marshall's definition, they also argue that these rights should be extended further, in particular to recognize future generations. They suggest citizenship is a temporal, rather than spatially located, concept. Moreover, they emphasize the notion of responsibility, rather than rights, in that they highlight a responsibility toward protection of the environment. This perspective also emphasizes the political aspect, but suggests participation should be extended beyond the formal mechanisms of governments and states. Political participation also involves transnational social movements. These networks, then, may contribute toward a new global understanding of citizenship.

—Heather Savigny

See also Civic Republicanism; Civic Virtue; Civil Rights; Common Good; Community Organizing; Differentiated Polity; Immigration; Localization; Nationalism; Participation; Public Investment

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City-Region

City-regions represent the most advanced stage of urban development that exists today. Worldwide, the urban population is mainly concentrated in vast urban regions whose morphology and structure have moved further and further away from a model that can be

characterized as European and is based on city-centers wielding their domination and control (political, economic, and symbolic) over the suburbs that make up their hinterland. Although European cities are still strongly marked by their specific history, they are in fact increasingly moving toward a North American urban model. This model is characterized by extensive urban sprawl and the development of highly powerful economic poles located in the suburbs that are challenging the historical domination of city centers.

The new conditions of urban development pose problems of coordination and horizontal governance between municipalities in their development of public policies that are both effective and legitimate in the areas of urban planning, housing, transportation, and sustainable development. Indeed, in modern societies where hierarchical relations are being reconfigured in both the public and private spheres, these coordination problems can no longer be solved through the creation of major metropolitan institutions that merge municipalities, share resources, and generate economies of scale in the delivery of basic public services. The few examples of municipal mergers intended to solve this problem in a radical way (Montreal, Jacksonville, Nashville) rarely yielded conclusive results, either in terms of effectiveness or democratic control. From this perspective, the capacity of city-regions to face these challenges of governance at the metropolitan level largely depends on the specific local political contexts that may either favor or hamper cooperation between municipalities. It mainly depends on whether or not policies are carried out by the states (federated, federal, central, according to the nature of the national political system). Although in the United States, for example, the 1990s were marked by a mild revival of interest in new regionalism, the dynamic was stronger in countries like France, Great Britain, Germany, and even Mexico. However, in many cases (Italy, the Netherlands, Chile), these institutional dynamics are blocked either by resistance within states, which do not want to see the political and institutional weight of their country's principal city-regions strengthened, or by deep hostility displayed by the levels of subnational governments, which do not welcome the emergence of powerful and directly competitive metropolitan governments.

This issue of intergovernmental relations is essential for understanding the institutional dynamics that affect the governance of city-regions worldwide. Because city-regions are the ecosystems of advanced capitalism and generate wealth as well as social exclusion, they constitute spaces where the greatest challenges of modern societies (social justice, integration of immigrants, and economic competitiveness) are concentrated. Thus, their governance is a key issue and calls for renewed interest on the part of citizens and the political sphere in order to avoid the exacerbation of social and racial tensions.

—Bernard Jouve

See also Capitalism; Glocalization; New Regionalism; Regime; Substate Regionalism; Urban and Regional Planning

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Civic Capacity

Civic capacity may be understood as a property of individuals as well as communities, such as associations, neighborhoods, cities, or nations. Civic capacity understood as an individual characteristic refers to citizens' ability and aptitude for participation in the political decision-making process. It signifies skills of discerning facts and making judgments in the context of civic activism. It implies not only the ability to think and act, but to do so in the interest of public good. Civic capacity attributed to communities refers to their ability to mobilize their members (both individual and institutional) into collective action aimed at improving their circumstances. This collective civic capacity is also determined by available resources: Low-status communities have low civic capacity.

A certain degree of individually defined civic capacity is necessary for the existence of democracy, as citizens' presence in the public sphere and their influence on the decision-making processes are the key elements of a regime's democratic legitimacy. Therefore, levels of citizens' civic capacity are of interest to governments and nongovernmental institutions that promote programs and activities aimed at stimulating individual's civic capacity. Civic education projects run by schools and sponsored by governments as well as nongovernmental institutions, such as the American Center for Civic Education, are recognized ways of increasing individuals' civic capacity as they stimulate interest in the common good and positively influence levels of political competence. Also, participation in voluntary associations, while being a demonstration of civic capacity, enhances it further. An individual's resources, such as education and money, condition their political competence and awareness as well as their participation in the community. Therefore, individually defined civic capacity is strongly dependent on an individual's socioeconomic status.

The notion of civic capacity as a community feature has been recently popularized by the researchers from the Civic Capacity and Urban Education Project, who studied how local communities tackle the issue of educational reform. They focused on two major issues: how various agents with diverse interests and preferences develop the means for identifying common goals and what strategies they chose to pursue these goals. The formal and informal ways of reaching consensus and overcoming collective action problems, which constitute a community's civic capacity, may therefore become a key determinant of policy agenda. Levels of civic capacity are dependent on the degree of consensus reached by various agents. Communities with high levels of civic capacity more easily initiate reforms and maintain their consequences. Therefore, civic capacity is a key element of social sustainability.

—*Natalia Letki*

See also Common Good; Community Organizing; Neighborhood Association; Policy Development; Self-Government; Social Capital

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CIVIC ENGAGEMENT

Civic engagement refers to a broad set of practices and attitudes of involvement in social and political life that converge to increase the health of a democratic society. The concept has assumed increasing importance as a means to reverse the balkanization of individual interests and the rapid disintegration of communal life. Civic engagement has been applied in a variety of contexts from business to community development. Its foundational concept is that both discursive and action-oriented involvement creates social and political bonds in a community. Through the process of engagement, the individual sees him or herself as an integral part of a community where civic judgment is enhanced. It is a means to achieve democratic values of equality and responsiveness in policy making, as well as to increase social capital.

Proponents of civic engagement accept the legitimacy of governing institutions but seek to use political and associational activities, both formal and informal, as conduits for promoting democratic health. Political engagement focuses on encouraging activities in public decisions, such as voting, testifying at public meetings, or volunteering for campaigns. Associational participation typically takes place in the social arena and encourages volunteering in nonprofit organizations or visiting an elderly neighbor. Increased engagement is assumed to push extreme interests to the periphery. The underlying assumption is that when citizens participate in meaningful ways,

many problems can be preempted or solved before reaching an adversarial stage.

Increasing civic engagement is a daunting task with real constraints. For example, civic engagement requires time and resources, but modern society pulls individuals in conflicting directions. In addition, many communities lack the social and political institutions needed to structure engagement, such as dialogic forums or community meetings. An approach to engagement that relies disproportionately upon citizens possessing ample time and resources risks favoring certain members of society over others. This encourages the dominance of extreme interests, outcomes that civic engagement seeks to avoid.

Despite common agreement related to the importance of civic engagement, research on this concept remains ambiguous. This stems from the wide variance in definitions of civic engagement and its concomitant lack of indicators. For example, scholars and practitioners may not distinguish properly between the context of participation where the common good may or may not be served. This also stems from a general trend among scholars and practitioners to focus on individuals' social relationships at the expense of considering the wider impact of political institutions and processes.

Enhancing civic engagement to ensure democratic health involves reshaping the individuals, organizations, and institutions in ways more conducive to democratic participation.

—Margaret E. Banyan

See also Association; Dialogic Public Policy; E-Democracy; Neighborhood Association; Participation; Public Opinion; Social Capital

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CIVIC REPUBLICANISM

The concept of civic republicanism is most easily understood as the form of government that contrasts with that of a monarchy, where the monarch rules over the state in his or her own interest. However, such an understanding belies an oversimplification that masks civic republicanism's complexity and rich heritage. As an approach to governance, the development of the principle ideals of civic republicanism can be traced back to the ancient works of Plato, Aristotle, Plutarch, and Cicero, among others, and in its more modern adherents such as Niccolo Machiavelli, Baron de la Brède et de Montesquieu, James Harrington, and James Madison.

The phrase *res publica* is most readily understood as "that which belongs to the people," where the people represent not just the masses but an organized society founded on justice and a concern for the common good. It follows, then, that a state founded on civic republican ideals is one whose political constitution is aimed at securing the common good of all its citizens. This task is chiefly fulfilled by the successful promotion of key ideals, such as mixed constitutions, civic virtue, and patriotism, and by institutions restrained by certain principles, such as the separation of powers and the principle of checks and balances.

Within civic republicanism there are two related, yet distinct, approaches. The first, often referred to as neo-Athenian republicanism, is inspired by the civic humanism of the ancient Greeks. This version of civic republicanism holds that individuals can best realize their essential social nature in a democratic society characterized by active participation in political life. From an institutional perspective, democratic participation, fostered by a rich sense of civic virtue and strong versions of citizenship and patriotism, is thought to be the primary means of maintaining the freedom of the state. In contemporary terms, this strand of civic republicanism is often associated with communitarianism.

While the second civic republican approach, often referred to as neo-Roman republicanism, stresses

many of the same principles as its neo-Athenian counterpart, it represents a decisive shift away from direct forms of democracy. Within this approach, the freedom of the individual is closely linked to the freedom of the state. Importantly, unlike its neo-Athenian counterpart, this version stresses the need to protect and promote individual freedom. Among neo-Roman republican writers such as Machiavelli and Madison, the ancient republics were viewed as unstable and susceptible to mob rule, factions, and tyrants. To counter this threat to freedom, its constitutional focus is on creating the institutional arrangements that preserve individual freedom by stressing, in additional to traditional republican ideals, more modern principles, such as certain antimajoritarian devices like judicial review, representative government, and a strong sense of the rule of law. The thought behind these principles is to ensure that the government does not exercise any arbitrary power over the citizenry.

—*John Maynor*

See also Citizenship; Civic Virtue; Communitarianism; Liberalism; Participation; Rule of Law

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CIVIC VIRTUE

Civic virtue refers to the dispositions of community members, which are deemed important for the effective functioning of the civil and political order. Attempts to define civic virtue vary as different political systems organize public life around alternative visions of the public good and the demands of citizens commensurate with this good. Understanding civic virtue has become increasingly urgent in recent years as scholars have sought to identify the causes for declining levels of civic engagement and the virtues that will reverse this trend.

Most discussions of civic virtue center on the obligation of citizens to participate in society by performing the minimally necessary activities in support of the state, such as paying taxes. However, political theorists agree that the sum total of a person's well-being is not solely attributable to his or her own talents, but is a product of social cooperation, or civic virtue. Even those who take a less-demanding view recognize that in a radically individualistic society, all people benefit from publicly supported goods, such as a transportation infrastructure or schools. To promote cooperation, Aristotle argued that civic virtue involved citizens taking part in ruling and being ruled. Others have highlighted the essential virtues of justice, courage, or honesty. However, specifically what counts for civic virtue depends on the kind of political order one aspires to create.

To illustrate the centrality of the state's purpose in civic virtue, it is useful to compare two dominant political traditions: the liberal and civic republican traditions. The liberal tradition makes minimal demands of citizens on the assumption that pursuing one's interests in the private sphere is more important than living a public life. It is sufficient under the liberal tradition for citizens to vote. The republican tradition demands that citizens be active on the assumption that high levels of civic engagement are necessary to protect against government abuses and to provide citizens with an outlet to satisfy their human yearning of creating a shared public good. Both the liberal and republican traditions share the view that civic virtue is not an inherent human quality, but needs to be developed.

The mechanisms to cultivate civic virtue depend on its place in the internal psyche. Scholars vary on whether it is a practice or a disposition. The development of civic virtue can be located in the internal world of the individual, where practice to achieve excellence produces internal goods of civic virtue. Otherwise its development can be located outside of the individual, where it is assumed that the state can foster allegiance through such activities as funding civic education. Interventions to cultivate civic virtue should consider the citizen's assumed role in society

and the means by which individuals acquire civic dispositions.

—*Margaret E. Banyan*

See also Association; Citizenship; Civic Republicanism; Liberalism

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CIVIL RIGHTS

Civil rights are guarantees of equal social opportunities and equal protection under the law regardless of race, religion, or other personal characteristics. Examples of civil rights include the right to vote, the right to a fair trial, the right to government services, the right to a public education, and the right to access public facilities. Civil rights are an essential component of good governance; when someone is denied access to the opportunities of participation in political society, that person is being denied his or her civil rights. In contrast to civil liberties, which are freedoms that are secured by placing restraints on government, civil rights are secured by positive government action, often in the form of legislation. Civil rights laws attempt to guarantee full and equal citizenship for people who have traditionally been discriminated against based on some group characteristic. When the enforcement of civil rights is found by many to be inadequate, a civil rights movement may emerge in order to call for equal application of the laws without discrimination.

Unlike other rights concepts, such as human rights or natural rights, in which people acquire rights inherently, perhaps from God or nature, civil rights must be given and guaranteed by the power of the state. Therefore, they vary greatly over time, culture, and form of government, and tend to follow societal trends that condone or abhor particular types of discrimination. For example, the civil rights of homosexuals have only recently come to the forefront of political debate in some Western democracies.

The Black Civil Rights Movement

Civil rights politics in the United States has its roots in the movements to end discrimination against Blacks. Though slavery was abolished and former slaves were officially granted political rights after the Civil War, in most southern states, Blacks continued to be systematically disenfranchised and excluded from public life, leading them to become perpetual second-class citizens. By the 1950s, the marginalization of Blacks, often taking an extremely violent form, had spurred a social movement of epic proportions. The Black civil rights movement, based mainly out of the Black churches and colleges of the south, involved extensive efforts of civil disobedience, such as marches, boycotts, and sit-ins, as well as voter education and voting drives. Most of these efforts were local in scope, but the impact was felt at the national level—a model of civil rights organizing that has since spread all over the globe.

Other Movements Across the Globe

In the 1960s, the Catholic-led civil rights movement in Northern Ireland was inspired by events in the United States. Its initial focus was fighting discriminatory gerrymandering that had been securing elections for Protestant Unionists. Later, internment of Catholic activists by the British government sparked both a civil disobedience campaign and the more radical strategies of the Irish Republican Army (IRA).

A high-profile civil rights movement led to the end of the South African system of racial segregation known as Apartheid. The resistance movement began in the 1950s and 1960s when civil rights as a concept was sweeping the globe, but it was forced underground as most of its leaders were imprisoned and did not regain strength until the 1980s. International pressure combined with internal upheaval led to the eventual lifting of the ban on the African National

Congress, the major Black party in South Africa and the release from prison of beloved leader Nelson Mandela in 1990. Mandela later went on to become the first Black President of South Africa in 1994.

A current movement that has striking parallels to both the American civil rights movement and the South African struggle against Apartheid is the civil disobedience and political activism of the Dalits in India. Formerly known as the Untouchables, Dalits (though they make up about twenty-five percent of the Indian population) were forced to live as second-class citizens, and are not even considered to be a part of India's caste system of social hierarchy. Today, Dalit activism has led to great victories, including electing the first Dalit to political office.

In addition to these international movements, many groups in the United States have been inspired by the successes of the Black civil rights movement to fight for government protections, with varying degrees of success. Most notably, women gained the right to vote in 1920 via constitutional amendment and also have made many gains in the area of employment rights. The women's movement has thus far been stopped short of passage of the Equal Rights Amendment, which would have codified equal rights for women into the U.S. constitution. Since its failure to be ratified in 1982, women have seen many gains in court decisions that ruled against sex discrimination and the passing of legislation such as the Civil Rights Act of 1991, which established a commission designed to investigate the persistence of the "glass ceiling" that has prevented women from advancing to top management positions in the workplace.

A number of other groups have been the focus of civil rights movements since the 1960s. In 1968, Congress passed the Indian Civil Rights Act, designed to compensate for the forcible removal of many Native Americans from their land. Latinos and Asian Americans have fought for increased civil rights based on a history of discrimination over race, religion, language, and immigrant status. There have been some successes, in the form of provisions for bilingual education and affirmative action programs.

Most recently, Arab Americans and homosexuals have taken center stage in the struggle to achieve equal protection and equal opportunity in American society. After the terrorist attacks of September 11, 2001, Arab Americans suffered from heightened levels of discrimination and hate crimes and had to conform to government policies that restricted their liberties, as outlined in the controversial USA PATRIOT Act of 2001. Activism around this issue is in early stages of development.

The homosexual rights movement has made some major gains in the late 1990s and early 2000s, including a major Supreme Court decision that struck down legislation outlawing consensual sex between consenting adults. Some states currently allow gay and lesbian couples to apply for domestic partnership benefits, but there is mixed national opinion about whether or not homosexuals should be allowed to marry. Some local efforts, such as the San Francisco marriages of 2004, have spurred a backlash that may lead to a constitutional amendment banning gay marriage.

Almost all nations actively deny civil rights to some minority groups. Because civil rights are enforced by nations, it is difficult to establish an international standard for civil rights protection, despite the efforts of international governance bodies such as the United Nations. The Universal Declaration of Human Rights, which was adopted by the General Assembly of the United Nations in 1948, includes civil rights language, but is not binding on member states. Civil rights tend to increase as governments feel pressure, either from national movements or other nations, to enact change.

—*Rebecca Hamlin*

See also Citizenship; Civil Society; Human Rights; Segregation; Social Justice; Social Movement Theory

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Civil Service

Civil service refers to the civilian, that is, nonmilitary employees of the public service, whether employed by the central, state, provincial, or local governments. Usually these employees are hired into merit systems through competitive processes, such as by testing or based on demonstration of relevant experience or by other competitive processes. However, noncompetitive influences continue to be rampant, especially in many developing nations, even where the trappings of formal merit systems exist. This is especially true of many nations of Africa, Latin America, and, to a lesser extent, Asia. For most countries of Western Europe and North America, job security follows a period of probation. Still other merit procedures, such as performance ratings, partially govern compensation increases and promotions, although all systems are subject to the tendency to increment pay based on seniority.

Three models of the merit system are common in Europe: general career systems, specialized career systems, and decentralized function-oriented systems. The first two emphasize rather restricted qualifications for entry and progression and remuneration over time and with assignments. Technically trained personnel are found in the specialized career systems or corps, such as those connected with science, engineering, fiscal services, and police. The general system is mostly the senior civil service, who are administrative generalists, such as those found in Great Britain, France, and the Netherlands, and are often deeply involved in policy formulation. Admission to the general career system is dominated by graduates of Oxford and Cambridge Universities in England. Technical educational preparation is requisite to specialized career system employment in Great Britain. The French versions of these two models are even more controlled at the entry level. The general career system is usually staffed by graduates of the National School of Administration and the specialized corps by the National Polytechnic School.

What Europeans refer to as the decentralized function-oriented system is basically the U.S. system applied with variations throughout North America, many countries in Latin America, as well as Norway and the Netherlands.

Most civilian employees of American governments are part of a classified service, which is a comprehensive system of occupational specialties related to a common set of pay ranges. However, many employees are appointed to other career and noncareer systems. For example, the Federal Bureau of Investigation (FBI), the Central Intelligence Agency (CIA), and the Foreign Service are three career systems separate from the federal classified service. Additionally, appointments are made of a noncareer nature by elected officials, policy-making officers, and, in general, by the legislative and judicial branches of government.

The Northcote and Trevelyan reforms in 1854 in Great Britain on the organization of the permanent civil service sought to create a largely self-sufficient career civil service that would train its own administrators so that they could, on merit, hold the highest positions in the service, instead of, as at the time, having to fill them from outside ranks and independent of ministerial politics. Though the reforms were not fully implemented in Great Britain until about 1920, the ideas involved greatly influenced American reformers of the federal civil service, where most government personnel appointments were political patronage, the so-called spoils system in which government jobs were rewards for political party membership, campaign support, and financial contributions to electoral candidates. Public support was growing for the idea that civil servants were actually supposed to perform the work of government based on their qualifications rather than hold office as political rewards. Urged on by the muckrakers in the press, such as Lincoln

Steffens and Ida Tarbell, the New York Civil Service Reform League, and public outrage following the assassination of President Garfield by a disappointed office seeker, Congress passed the Civil Service Act of 1883, also known as the Pendleton Act, named for the senator who proposed it. The law established the principle of merit in federal government employment and a civil service commission to administer the act and a body of rules governing the concepts of merit and political neutrality of federal employees.

For close to one hundred years, this civil service system established for the federal government also served as the model for states and local governments to reform their personnel systems. It was not until Congress passed the Civil Service Reform Act of 1978 that fundamental change was initiated for the federal government. The results again became the model for state and local governments. Without neglecting merit and political neutrality issues, the new emphasis of management and manageability of a complex organization was introduced. The functions of the United States Civil Service Commission were reallocated to two new agencies, the Merit Systems Protection Board and the Office of Personnel Management. The appeal system on dismissals was reorganized and simplified and the Office of Special Counsel was created with responsibility for investigations and prosecutions in the civil service.

During the intervening years between the two acts, much change and need for change occurred: Government employees became unionized, employee appeals systems needed to be simplified, overregulation and centralization reduced the incentive of managers to manage, for the first time the idea of monetary rewards to increase productivity was instituted, and the practice of contracting out government activities to the private sector has been extensive. All of this, known as new public management, became part of a global approach to civil service reform, the impact of which has been as significant in Europe as it has in the United States.

While these developments were taking place in Canada, the United States, and Western Europe, most developing nations languished. Among the salient reasons for lack of progress in modernization one finds: public employment patronage financing competition between political parties (e.g., Bolivia and Honduras), resistance to merit reform by the continued practice of employing friends and family (e.g., Jordan), growth of oversized welfare state bureaucracies, something learned from post–World War II advanced countries, which has made downsizing public sectors difficult (African and Middle Eastern countries).

—*Gilbert B. Siegel*

See also Bureaucracy; Bureau Shaping; Government Department; Politics-Administration Dichotomy; Public Administration; Public Sector; Street-Level Bureaucrat

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CIVIL SOCIETY

The term *civil society* has carried a number of different associations in the history of political thought. Today, it tends to be used to signal the dense network of groups, communities, networks, and ties that stand between the individual and the modern state. Used in this way, it has become a familiar component of the main strands of contemporary liberal and democratic theorizing. In addition to its descriptive properties, the terminology of civil society carries a litany of ethical and political aspirations and implications. For some of its advocates, the achievement of an independent civil society is a necessary precondition for a healthy democracy, and its relative absence or decline is often cited as both a sign and cause of various contemporary sociopolitical maladies.

These two ways of thinking about civil society have been widely debated. As an analytical framework for interpreting the social world, the idea that civil society should be understood as, by definition,

separated from and opposed to the operations of the state and official public institutions has various downsides; not least because it inhibits appreciation of the complex interrelationships between state and society that characterize contemporary governance relationships. Equally, the notion that the hugely diverse group life of Western capitalist societies promotes social values that are separable from, and possibly opposed to, the market is hard to defend. The forms of combination and association that typify civil societies in the West are typically affected and shaped by the ideas, traditions, and values that also pertain in the economic sphere.

Traditions

Historians of the idea of civil society suggest that these contemporary reservations have their roots in the complex and multifaceted intellectual genealogy of this term and the different modes of thinking that underpin its usage in modern Western thought. Both of the conceptions outlined at the start of this entry stem from a way of thinking about Western modernity that emerged in European thought in the eighteenth and nineteenth centuries: Specifically, the idea that modern societies can be analyzed in terms of the development of three separate and rival orders—the political, the economic, and the social. Civil society is still invoked by many of its advocates as a synonym for the values of authenticity and belonging, neither of which, it is assumed, can be achieved in politics or economic life.

More generally, the entry of civil society into the language of modern European thought was bound up with the development and spread of liberal doctrines about society and politics. Since the eighteenth century, it appeared in the context of the broadly individualistic, autonomous, and rationalistic understanding of the human personality that liberal thinkers tended to promote. In this family of arguments, civil society is a vital underpinning of, and goal for, the "modular man," whom Ernest Gellner sees as the signature figure of Western modernity. For many liberals, it followed that social order and political obligation can be understood through the analogy of a social contract

between ruler and ruled, the rule of law is a precondition for the liberty of the citizen, and the achievement of a commercial order requires and bolsters an improvement in the overall character of the interrelationships of citizens. This broad understanding of civil society as both a precondition for and marker of the distinctive trajectory of Western liberal democracy remains the predominant interpretation of it. That is not to suggest that this view is shared or admired by all. Critics observe the differentials of power and resource that characterize relationships within civil society, the apparent inability of liberal thinking to address the fundamental character of some of these inequities, and the skill and willingness of some states to orchestrate and occasionally manipulate civil society organizations for their own ends.

Origins and Development

This skepticism about liberal ideas of civil society reflects, and has sustained, diverse conceptions of its meaning and potential: A host of more conservative, as well as more radical, ambitions have also been attached to this term. Its original meaning in Western thinking was rather different from its current protean status. For the Roman author Cicero, *societas civilis* (itself a translation of Aristotle's *koinonia politike*) signaled a political community of a certain scale (usually including more than one city in its compass) that was governed by the rule of law and typified by a degree of urbanity. This kind of community was understood in contrast to noncivilized or barbarian peoples. This conceptual usage was transformed by different European thinkers throughout the seventeenth and eighteenth centuries, with the result that civil society came to acquire a rather different set of connotations. Here, three of the prevalent modes of thinking are identified concerning this term that became established during this period, though this list is far from exhaustive.

A strand of thinking developed in the Enlightenment era in the writings of English figures like Thomas Hobbes and John Locke, which presented the social and moral sources of the legitimacy of the state in relation to the idea of civil society. Though internally

diverse, this tradition shared an aversion to the idea, widely held in Ancient Greek thought, that societies could be characterized according to the character of their political constitution and institutions. Society, however conceived, was prior to and formative of the establishment of political authority. A different mode of thinking about civil society, which found its most coherent expression in nineteenth-century German thought, separated civil society from state in both ethical and analytical terms and regarded the two as separable and perhaps as opposites.

Standing between and partially overlapping with these perspectives, there developed a different, long-lasting conception in the thinking of some of the major theorists of the Scottish political economy tradition of the eighteenth century—including Adam Smith and Frances Hutcheson. In their view, civil society should be conceived as emerging from the intertwined development of an independent commercial order, within which complex chains of inter-dependence between predominantly self-seeking individuals proliferated, and the development of an independent public sphere, where the common interests of society as a whole could be pursued. The development of the notion of a public that is in posses-sion of its own "opinion" in relation to matters of common concern became an increasingly prevalent way of thinking about civil society, particularly in connection with the emergence of forums and spaces where the free exchange of opinions—newspapers, coffee houses, political assemblies—was observable.

Contemporary Political Discourse

The second and third of these strands have been most influential in shaping the thinking of Western theorists in the last thirty years on this topic. After a period of relative philosophical disinterest in the term in the middle decades of the twentieth century, the terminol-ogy of civil society became ubiquitous in political thinking during the 1980s. Many of the ideas of this phase of its intellectual history can be connected to the three traditions previously identified.

The English strand has been powerfully reappro-priated in the contemporary period by various neoliberal theorists and ideologues. For them, civil society stands as a synonym for the ideal of the free market accompanied by a constitutionally limited, but powerful, state. This last idea figured powerfully in the idealization of civil society that prevailed in Eastern European intellectual circles following the fall of the Berlin Wall in 1989. In these settings, civil society signified either the survival (in countries like Czechoslovakia and Poland) of a web of autonomous associations that were independent of the state and that bound citizens together in matters of common concern or a necessary means of achieving the economic prosperity and civil freedoms of Western democracy.

The German strand's concern with the sources and importance of the ethical ends learned through partic-ipation in the corporations of civil society has reemerged in the work of a body of American politi-cal scientists and theorists who have come to view civil society organizations as sources of the stocks of social capital and mutual reciprocity that a successful democracy is supposed to require. And, third, the Scottish conception has been powerfully revived by Left-inclined thinkers who hoped to provide a more pluralist, and less statist, reformulation of a socialist ideology that was experiencing a profound political recession among Western publics.

As the Canadian philosopher Charles Taylor has observed, these and other influential ways of thinking about civil society have rested upon the twin assump-tions that, in empirical terms, independent civil soci-eties did come into existence at some point between the eighteenth and twentieth centuries, and that their existence depends, in part, upon the separation of the concepts of state and society in the Western political imagination. Neither of these assumptions is uncon-tentious. For while there clearly does exist a plethora of groups, communities, and associations that exist in relative separation from the state, the boundary between state and civil society in many countries is rarely as clear or firm as the first assumption suggests. In various democracies, the state and other public authorities have succeeded in incorporating institu-tions and organizations from civil society—for instance, trade unions, environmental groups, and

business associations—into key networks of influence and decision making. Equally, individual groups and even oppositional social movements often expend considerable resources and energy attempting to interact with government officials, elected politicians, and state bureaucracies. The notion that the state-civil society distinction exists in all Western societies therefore requires considerable clarification and qualification in empirical terms. In historical terms, this way of thinking about the development of even the most antistatist social cultures (for instance, the United States) has also been successfully challenged.

Likewise, the idea that a fundamental intellectual distinction between state and society underpins the model of liberal democracy begs some rather large questions. Quite different accounts of the distinction and interrelationship between society and the state have guided some of the major ideologies of the nineteenth and twentieth centuries and have sustained clashing theories about politics, sovereignty, and social order. Above all, the idea that a portion of any societal complex should be portioned off, endowed with ethical, even emancipatory significance, and understood as the fundamental opponent of political authority and institutional life looks increasingly problematic at the dawn of the twenty-first century.

One of the most interesting and contentious manifestations of the terminology of civil society arises from its increasingly common application to non-Western societies. Are supporters of civil society in the West and in newly democratizing states throughout the world talking about the same things when they invoke this term? Can a Western-derived term be usefully employed as a framework for analyzing societies with forms of sociability and state-society relationships that differ markedly from those of the West? Equally, the assumption of some Anglo-American theory that a network of independent associations, cultural practices, and organizations is a necessary feature of a stable democracy is open to considerable doubt when viewed from elsewhere in the world (think, for instance, of East Asian countries that have many of the features of civil societies but are not democratic in their political structures).

During the 1990s, in particular, many authors, politicians, and public authorities keen to find solutions to some of the different kinds of problems facing developing countries seized upon civil society as a kind of panacea. Relatedly, this term became a conceptual mainstay of academic thinking about democratic transitions and a familiar part of the discourse of global institutions, leading nongovernmental organizations and Western governments. The ideological character and political implications of such ideas have become increasingly clear over time. Such thinking has helped sustain various attempts to kick-start civil societies from "above" in different African countries, for example, and simultaneously serves to legitimize Western ideas about the kinds of political structure and economic order appropriate for developing states. In philosophical terms, applying civil society in this kind of way raises the profound question of whether it can be removed from its status within the Western political imagination and applied in ways that are appropriate for the indigenous developmental trajectories and political cultures of some of the poorest countries in the world.

It is impossible to divest the notion of civil society of normative connotations. The concept remains powerful, in part, because of its (often unstated) contrastive character. A civil society is typically seen as a superior alternative to a barbarian, natural, despotic, traditional, or premodern societal "other." This kind of idea constitutes an inexorable part of the term's appeal within the Western political imagination. The achievement of a dense forest of groups, networks, and organizations that appears to stand beyond the boundaries of the state and outside the reach of the family and clan remains, for many political thinkers, a major part of what makes Western modernity unique and desirable. When examined closely, this generic idea gives way to a host of different kinds of projects, fantasies, and anxieties about politics, society, and the economy.

In the last two decades, civil society has moved to the center stage of Western political debate, assuming the character of both the diagnosis for, and solution to, the various malaises of western society—rampant individualism, rising crime, consumerism, and the decline of community, among other maladies. In more philosophical terms, the term has held out two

different kinds of promise to intellectuals, political actors, and occasionally social movements. On one hand, it offers the dream of reconciling some of the major discursive tensions in Western thought: between, for instance, self-interest and the public good; the individual and community; freedom and social solidarity; and the private and public domains of life. And the second promise, the idea of civil society as a distinct third sector of Western societies, has come to fire parts of the radical imagination in contemporary ideological debate. In this context, it offers the thinly veiled promise of the achievement of a collective emancipation from the constraints, compromises, and disappointments of politics. With a growing awareness of the limitations and dangers of both of these ideas has come a desire to rethink the boundaries of civil society and reconsider which political and moral values it promotes. Some of the main accounts and theories of the new kinds of governance relationships that prevail in many of today's democracies have an important role to play in promoting more empirically and normatively sophisticated ideas about this term. In particular, the more fluid relationships associated with the kinds of network relationships orchestrated by contemporary states and the proliferation of examples of mutual influence and reconfigured relationships between public institutions and socially based actors that governance theory describes point to a more empirically sensitized and morally contingent account of the nature and future of civil society.

—*Michael Kenny*

See also Association; Citizenship; Civil Rights; Economic Sociology; Global Civil Society; Government; Industrialization; Interest Group; Neighborhood Association; Nongovernmental Organization; Participatory Democracy; Pluralism; Public Sphere; Social Capital; Third Sector

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CLIENTELISM

Clientelism is a relationship between individuals with unequal economic and social status ("the boss" and his or her "clients") that entails the reciprocal exchange of goods and services based on a personal link that is generally perceived in terms of moral obligation. Defined in this way, clientelism is a phenomenon that has occurred in many different social contexts, be it between patricians and their henchmen in ancient Rome, between lords and their serfs in feudal times, or between large landowners and peasants in numerous rural communities. Clientelistic relations did not disappear with the advent of modern states or their democratization since the end of the nineteenth century. However, during this process, these relationships have been transformed in two ways. On the one hand, they have acquired a specifically political dimension through their insertion within the institutions of each regime. On the other hand, clientelistic relations have become increasingly denounced as obstacles to the efficiency of these institutions and to the respect of democratic values.

The Clientelism of Notables

At least initially, the introduction of elections reinforced the power of notables. In the French Third Republic, aristocrats, bourgeois landowners, or industrialists won political office by using their wealth and social standing as means of enhancing their electoral chances. Until the mid-twentieth century, the same phenomenon was commonplace in the peasant communities of southern Europe and for agrarian elites in numerous developing countries. Voting simply

reinforced social hierarchies. Votes were also "exchanged" for services that could be offered to loyal followers (land, employment, charitable donations, etc.). Democratization thus led to the formation of clientelistic networks that then became the notables' first political parties.

When mass parties came into being, these notables had to compete with new political entrepreneurs from the middle classes, the professions, or the trades unions. These professional politicians had no patrimony that could be converted into clientelistic resources. Instead, they sought electoral support through spreading the idea that voting and political affiliation should stem from the sharing of convictions, ideology, and the defense of collective interests. To these politicians, the self-interest-driven exchanges that characterized notable clientelism contravened democratic principles and were thus acts of corruption that one had to eradicate in order to moralize public life.

The Clientelism of Parties and Political Modernization

However, the increasing specialization of political activity did not bring an end to clientelistic practices. Of course, these were progressively depreciated as the norms of civic citizenship spread and legal sanctions for electoral corruption were put in place. Nevertheless, the expansion of interventions by states and local authorities generated new possibilities for politicians to control public resources and, in so doing, mobilize electoral support. Social policies, urban renewal, or subsidies for economic development could all be used to fuel these "political machines." Be they in the American cities during the first half of the twentieth century or southern regions of Italy after World War II, these machines coordinated clientelistic distribution of collective goods (housing, jobs, subsidies) on a large scale in order to support local "bosses."

Some political scientists have gone so far as to use the term *clientelistic state* to qualify political systems within which a dominant party takes over the bureaucracy, collective goods, and their distribution in order to preserve its hegemony. This analysis highlighted

cases such as the Mexican Institutional Revolutionary party, the Japanese Liberal Democratic party, and the Italian Christian Democrats, who all remained constantly in power between the 1950s and 1980s. In these cases, clientelistic relations developed within entire sectors (ministries, business organizations, lobbies, trade unions, etc.).

Contrary to what most specialists had predicted until the 1970s, clientelism thus survived the advent of democratic modernization. Until this time, however, clientelistic practices were generally considered part of a "traditional" stage of political and social evolution of which peasant societies in the periphery of Europe were considered prime examples. It was thought that urbanization would liberate individuals from community-type dependencies, that education would encourage civic citizenship, and that economic progress would generate social mobility and the uniformization of life chances.

Given the evidence that shows the perennial nature of clientelism even in modernized social contexts, many sociologists and political scientists have since modified their point of view. Clientelism is no longer seen as a relic from tradition but as a sign of malfunctioning democracy and as an anomaly of political systems caused either by a lack of "civic culture" or by the "capture" of institutions by politicians only interested in conserving power. Clientelism has thus come to be seen as a political "pathology," blocking the emergence of genuine democracy as well as its lasting legitimation.

The Unofficial Mechanisms of Governance

It is incontestable that clientelism goes against the values contemporary democracies claim to uphold. It involves a discretionary usage of public resources, which contradicts the rule of law and the principle of bureaucratic impartiality. It is also based upon personalized exchanges and instruments that are antithetical to the ethics of political conviction and disinterested engagement that lie at the heart of the civic ideal. However, the opposition between clientelism and democratic politics is not as clear cut as it seems. In

1848, it was through a form of "democratic patronage" that local republican elites spread a national political culture throughout the French countryside. Subsequently, mass parties frequently linked the provision of material goods with pedagogical and ideological efforts to ensure the loyalty of their electors and activists. In this case, clientelism was a vector for the formation of partisan identities and the social learning of democratic citizenship. Meanwhile, some state-driven infrastructure projects were carried out through the implication of local politicians, who thereby became mediators between the state and its citizens. The political and administrative networks set up during these projects were used by politicians in order to satisfy the demands of their electors but also to deeply modify public action and the socioeconomic conditions of their respective regions. In such cases, clientelism was an instrument used to foster political and administrative modernization, a process during which the state's activities were "translated" and adapted to the needs of local societies.

These examples suggest that clientelistic relations are not in complete contradiction with democratic governance or the bureaucratic logics of institutions. Although official representations of legitimate forms of politics lead clientelism to be discredited, and thus consigned to the realms of the unofficial "corridors of power," it nevertheless remains a structuring part of representative democracies.

—Jean-Louis Briquet

See also Brokerage; Governance; Political Exchange; State-Society Relations

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CLIMATE CHANGE

The term *climate change* refers to increases in global mean surface temperatures brought about by human activity. It is considered an issue of global importance because the rise in temperature and the environmental consequences this might engender are transboundary—they do not respect the boundaries demarcated by the nation-state. It is a complex governance issue, especially because the nature and extent of the problem are contested.

Global warming is a natural phenomenon. Atmospheric gases—carbon dioxide, methane, and nitrous oxide, primarily—absorb infrared radiation, which is reflected from the Earth's surface as heat. This process is often labeled the greenhouse effect. The sources of greenhouse gases (GHGs) are varied. Carbon dioxide emissions arise primarily from the burning of fossil fuels. Methane is produced by agricultural processes, particularly rice cultivation and livestock. Nitrous oxides come from biomass burning, fertilizer use, and fossil fuel combustion. Without the greenhouse effect, average global temperatures would be considerably cooler than they are now. Concern arises when the effect is enhanced by increased concentrations of GHGs.

The atmospheric concentrations of carbon dioxide have increased by thirty-one percent since preindustrial times (the mid-1700s). About three-quarters of the increase is from fossil fuel burning, the rest from changes in land use, especially deforestation. These changes are linked to abnormal increases in global temperatures. Average surface temperatures could increase by as much as 1 degree Celsius (1.8 degrees Fahrenheit) by 2030 and by anything between 1.4 degrees Celsius (2.5 degrees Fahrenheit) and 5.8 degrees Celsius (10.4 degrees Fahrenheit) by 2100 (against a 1990 baseline). However, some scientists question whether the current temperature peaks merely represent the Earth's natural cycle of temperature peaks and troughs. Others rejoin that it is the rate and degree of contemporary change that is cause for concern.

The foreseen impact of climate change is disputed. Predicted impacts include rises in sea levels, due to

the melting of glaciers, and an increase in the frequency and intensity of extreme weather conditions. Coastal areas could be inundated, possibly displacing up to one billion people and affecting up to one-third of the world's croplands. However, predictions vary and scientists remain uncertain about how to precisely model the relative contribution of gases, how to identify the threshold level for concentrations, and whether, when that threshold level is reached, the inherent resilience of the climate system will be overwhelmed. Nonetheless, there is a high degree of consensus in the climatological community that climate change is happening and will have environmental implications, even if the extent of such implications remains contested.

The Global Governance of the Climate

In spite of the uncertainties surrounding climate change, it has been on the international political agenda for many years. The 1970s and 1980s witnessed increased attention to global atmospheric pollutants and their global consequences—namely climate change. This was reflected in a number of intergovernmental conferences. In 1972, the United Nations Conference on the Human Environment raised the issue of climate change. Similarly, in 1974 and 1976, the United Nations World Food Conferences discussed climate change as a pressing matter. However, it was not until the discovery of the hole in the ozone layer in 1985 that scientific concern on climate change seemed to be translated into calls for concrete political action.

In 1988, the Intergovernmental Panel on Climate Change (IPCC) was established under the auspices of the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP). In 1990, the IPCC released its first assessment report, which confirmed the scientific evidence for climate change. In 1992, at the Rio Earth Summit, the United Nations Framework Convention on Climate Change (UNFCCC) was signed by 154 states. The UNFCCC aimed to stabilize GHGs at a level that would prevent further interference to the climate system. From 1995 on, an annual Conference of the Parties (COP) to the UNFCCC took place.

The principal global initiative to result from the COP is the Kyoto Protocol—named after the Japanese city where it was first inaugurated in 1997. It entails a commitment by industrial countries to reduce, on average, GHG emissions to five percent below 1990 levels by the period 2008–2012, even though individual country targets varied. To come into effect, the Kyoto Protocol needed the ratification of fifty-five countries.

Since the Kyoto Protocol, climate conferences have faltered, even collapsed, in the Hague in 2000 and Bonn and Marrakech in 2001. However, with Russia's ratification, the Kyoto Protocol came into force in 2005. To date, the United States has still not ratified the protocol, claiming it is flawed, not least because it does not include commitments for developing countries.

The Kyoto Protocol has been criticized on two notable grounds. First, certain critics question whether its targets are adequate. For instance, the IPCC has estimated that to stabilize concentrations to 1990 levels, emissions would need to be reduced by an average of sixty percent. Even then, stabilizing at 1990 levels would only reduce the estimated 0.3 degree Celsius (0.54 degree Fahrenheit) increase in global temperature per decade to 0.23 degree Celsius (0.41 degree Fahrenheit) because of the long-term impact of concentrations. Second, without the United States—responsible for more than one-quarter of all GHG emissions—some observers question whether the protocol could ever be truly effective, although 141 countries have signed the treaty.

The Challenges of Climate Governance

States face three interrelated challenges in their attempt to develop an effective system for governing the global climate regime. First, given that countries differ in terms of their political and economic structures and their emission levels, there is significant discord over how this can be reflected in a set of rules for governing GHG emissions. In particular, the responsibility of the developed world in relation to the developing world is a point of contention. Developed countries are responsible for the bulk of GHG

emissions. For example, per capita carbon dioxide emissions in industrialized countries average 12.4 tons per annum. In developing countries, the figure is around 1.0 ton. Hence, developing countries argue that the onus should be on the bigger contributors and that climate commitments should not interfere with their development. Yet, certain observers—including the United States, Japan, and the European Union—argue that developing country emissions are increasing and that it is unfair that they should be absolved of commitments, particularly those with rapidly expanding economies, such as India and China. These difficulties require state managers to devise measures for effectively and equitably reducing GHG emissions while taking into account the marked differences between countries in terms of their contribution to global emissions and their capacity to make GHG cuts.

Second, climate change brings into sharp focus the issue of state sovereignty. In international relations, states are considered to be sovereign; this means that states are the ultimate political authority, subject to no higher power with regard to political decisions within their territory. However, the effects of climate change transcend state boundaries, raising problematic questions about the principle of sovereignty. Should sovereign states be held accountable for their impact on the global environment? If so, should a climate regime be able to dictate how a state manages its political and economic development? How will compliance with climate change targets be enforced? Those involved in governing the climate regime are faced with the task of balancing respect for the freedoms of sovereign states with the need to develop global criteria for GHG reductions.

Third, even where states agree that climate change is happening, they often disagree on the precise measures needed to stabilize and reduce emissions. For example, certain countries, like the United States and the United Kingdom, argue that a reduction in emissions should not compromise economic interests, such as economic growth and national competitiveness. They argue that this can be achieved through the use of green technology and renewable energy sources, such as solar power. Various critics agree that technology and renewable resources are important, but argue

that a more radical solution is required. Economic growth must be decelerated and some living standards, notably in the industrialized world, will have to be sacrificed. They contend that striving to maximize national economic competitiveness is not always compatible with the preservation of the fragile global ecosystem. This highlights the difficulty of balancing economic goals with the need to ensure that the absorptive capacity of the global environment is not exceeded.

These challenges make climate change a highly politicized issue in contemporary governance. Given that recent reports from the UNFCCC reveal that, while emissions from industrialized countries declined overall during the 1990s, they have since risen and could increase to about seventeen percent over the 1990 level by 2010, it is necessary that concerted, collective action is needed sooner rather than later.

—*Simon Carl O'Meally*

See also Environmental Governance; Global Warming; Kyoto Protocol; Sustainability; Sustainable Development; Tragedy of Commons

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CLINICAL GOVERNANCE

Clinical governance is a term first used within the National Health Service (NHS)—the United Kingdom's state-funded health system—to describe a

process for maintenance, improvement, monitoring, and accountability for clinical standards. The responsibility for clinical governance rests with the chief executive of all NHS bodies. The development of clinical governance is important because it made chief executives responsible and accountable for clinical quality in their organization alongside business goals and budgetary control. Clinical governance also challenged the "clinical freedom" of doctors. Up to its inception, a doctor only needed to justify their actions in terms that would be seen reasonable by a group of peers. The onus has now changed to one where a clinician is expected to deliver best practice, usually as defined in evidence-based guidelines; and persistent deviation from guidelines or being an outlier in audit might be cause for review.

Although the implementation of clinical governance is formalized within UK legislation, this conceptual approach is also found internationally. It is similar to the mechanism for quality assurance discussed over two decades ago by the World Health Organization (WHO). There is an established clinical governance process in place in Australia, and the Institute for Healthcare Improvement (IHI) in the United States provides an example of an organization that promotes a similar agenda for quality improvement. The use of information systems to reduce errors and implement clinical governance has been recognized in France. Although they did not use the term *clinical governance*, the importance of best practice protocols and the use of information systems to reduce medical errors and improve patient safety were important components of the Institute of Medicine (IOM) reports of 2000 and 2001. However, these international approaches tend to focus on clinical and managerial commitment to quality through implementation of best evidence and clinical audit of outcomes. Although they recognize the need for a national informatics infrastructure, these reports do not propose statutory bodies to promote developing national evidence-based guidelines for clinical practice and the inspectorate to ensure that clinical governance is implemented in all health organizations. The legislative framework for clinical governance in the United Kingdom, including its standard setting and

regulatory bodies, are described in the following paragraphs.

This new role of implementing clinical governance in NHS organizations was outlined in the white paper, *The New NHS: Modern, Dependable,* and then passed into statute in 1998. Clinical governance was defined in terms of actions required to ensure that risks are avoided; it required that adverse events are rapidly detected, openly investigated, and lessons learned and that good practice is rapidly disseminated and systems are in place to ensure continuous improvements in clinical care. Clinical governance is intended to be systemic and embedded into all NHS organizations. The responsibility for it sits with the chief executive, who should appoint a lead clinician for clinical governance in that organization.

New structures were established at a national level to provide guidance as to what priorities and standards for care might be. These included National Service Frameworks (NSF), which are evidence-based guidance for the management of common conditions. A National Institute for Clinical Excellence (NICE) was created to produce more detailed guidance across a wide range of conditions and treatments. Finally, an independent body was established to carry out clinical governance reviews and to monitor that national standards set by government, largely through NSF and NICE, were being implemented. The initial body set up was called the Commission for Health Improvement (CHI)—possibly best known for its star rating of individual NHS healthcare organizations, also known as Trusts. The latter body has been superseded by the Commission for Healthcare Audit and Improvement (CHAI); it incorporates various other health standards organizations and includes value for money in its remit.

What constitutes the key components of a system of clinical governance has changed over time. The original white paper listed ten areas that can be summarized as follows: infrastructure to support best practice with monitoring of clinical data to see it is implemented; clinical leadership with adoption of good ideas and innovations with their dissemination as best practice; risk-reduction processes,

including that where adverse events occur they are captured and lessons are learned; and professional development reflecting the principles of clinical governance and the early detection of poor clinical performance.

The scope of clinical governance has broadened over time to include a wider range of organizations and more rigor. The private and voluntary sectors are expected to have clinical governance processes equivalent to those in NHS Trusts. There has also been a formalization of the mechanism of assessment into a process of registration (for the private sector), annual reporting, and inspection. There is much more emphasis on input from patients, their careers, and lay assessors and the increased use of information systems to inform patient-centered development of organizations.

The Health and Social Care (Community Health and Standards) Act of 2003 extended the remit of clinical governance to the private sector. It established CHAI (subsequently renamed the Healthcare Commission) by amalgamating a number of regulatory and health standards organizations. The Healthcare Commission has a process of registration, annual inspection, monitoring, and enforcement, where necessary. External assessment by a government-funded, independent body had always been part of the quality assurance mechanisms to ensure that clinical governance was implemented in NHS organizations, though the power of the Healthcare Commission has grown both in terms of the range of organizations they inspect and the scope of those inspections.

The importance of patients' and their caregivers' views has also increased. The Health and Social Care Act of 2001 made it a statutory responsibility of NHS bodies to consult with patients about their services and strategy. From consultation, this has grown to an expectation that the quality of the "patient experience," including involvement in strategy as well as decision making, is central to health care organizations. Health care organizations also need to understand the role of caregivers, how to communicate effectively with them, and take into account the impact of any changes they might make. Lay assessors should also be included in any assessment process, as they should help provide a patient-centered focus. Most importantly, the involvement of patients should not just be in reacting to problems or complaints, instead, patients' wishes should be incorporated into health care organizations' strategies.

Information systems have become much more important in clinical governance. Health care organizations need to know how they are performing and ideally should be able to do this from the use of routinely collected clinical data. These data should be used for clinical audit, providing feedback to clinicians and managers about performance against agreed criteria. They should also inform about the patient experience and enable organizations to develop patient-centered strategies.

Finally, the expression *clinical governance* has entered the vocabulary of the NHS. It is generally used to indicate that there are concerns about an individual or organization's clinical standards.

—Simon de Lusignan

See also Health Care; HIV/AIDS; New Public Management; Science; World Health Organization

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CLOSED REGIONALISM

See OPEN AND CLOSED REGIONALISM

COALITION

A coalition is a group of actors that coordinate their behavior in a limited and temporary fashion to achieve a common goal. As a form of goal-oriented political cooperation, a coalition can be contrasted with an alliance and a network. An alliance suggests a robust partnership of at least medium-term duration, as compared with the more fleeting coalition. Alternatively, a network is a more informal but potentially broader grouping, suggesting more ad-hoc cooperation than in a coalition but over a wider array of concerns. In coalitions, alliances, and networks, the actors involved—whether states in wartime, political parties in government, nongovernmental organizations (NGOs) in political movements—each retain its distinctive identity and interests, but the coalition remains the most ephemeral of the three. For each, however, the purpose of collaboration is ultimately the same: to aggregate actors' strengths to achieve some shared goal that none could achieve individually.

Coalitions generally form from the voluntary accession of their constituent members. However, because actors rarely have the same intensity of interests with regard to the given goal or goals, some actors may provide rewards or threats to induce others to participate. As such, differences in power among potential and actual coalition members matter, both in determining who becomes a member of the coalition and, after the coalition forms, who has the most influence in determining agendas, strategies, and the like. For instance, in prosecuting the war to oust Saddam Hussein in Iraq, the international coalition may have been a "coalition of the willing" or a "coalition of the coerced and the bribed," but either way, it was not a coalition of the equal—the United States was clearly leading the effort. As this example suggests, coalitions' internal structures often reproduce the structure of relationships among the actors more generally, though the cooperative nature of the endeavor may constrain the overt exercise of power within the coalition.

Although all coalitions tend to be temporary, disbanding after a goal has been achieved (or proven unachievable given the circumstances), some may persist longer than others. Duration may be a function of power relationships: a dominant coalition member or set of members may be able to either dissolve the coalition or maintain ongoing adherence. However, the degree of correspondence of interests among coalition members also affects duration. Participation over time in a coalition may cause individual members to perceive a broader set of shared interests and beliefs among them, leading them to transform the coalition into a more integrated political community (in which case it is no longer merely a coalition). For instance, repeated coordination in the great conflicts of the twentieth century transformed what was initially a loose *entente* among the Western democracies into a broader and deeper "Atlantic Community." Thus, while any one of a number of factors might determine whether coalitions actually achieve their goals, as much as anything it is the relative breadth and depth of shared interests that determine their capacity to persist and perhaps pursue other common goals.

—Edward A. Fogarty

See also Collaborative Governance; Interdependence; Network; Nongovernmental Organization; Transnational Governance

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COERCION

Coercion is the threat or use of punitive measures against states, groups, or individuals in order to force them to modify their behavior by undertaking or desisting from specified actions. In addition to the

threat of or limited use of force or both, coercion may entail economic sanctions, psychological pressures, and social ostracism. The concept of coercion should be distinguished from persuasion, which entails getting another party to follow a particular course of action or behavior by appealing to their reason and interests as opposed to threatening or implying punitive measures.

The use of coercion has, of course, been one of the key tools for acquiring dominion and sustaining governance by states, political groupings, and individuals. Vivid historical examples include the failed Athenian attempt at coercing Melos into giving up her neutrality during the Peloponnesian War by threatening the death and enslavement of the Melian population. While Thucydides recounted how the Athenians infamously carried out this threat, the attempt at coercion failed because it did not get the Melians to modify their behavior, short of their total defeat and destruction. A more successful use of such coercive threats was dramatized by William Shakespeare in *Henry V.* Henry V threatened to subject the French port of Harfleur to pillage, rape, and massacre if it did not surrender in short order to his army. In this case, the use of coercion was successful in getting the city to surrender without a last-ditch fight.

Significance of the Term

The use or threat of coercion has been central to international relations and domestic governance. This was again highlighted in the premodern political theories of Niccolo Machiavelli and Thomas Hobbes. Hobbes, in his *Leviathan,* famously portrayed the state as the "mortal god" whose coercive capacities instilled awe and obedience, leading in turn to peace and security. Max Weber drew directly upon Hobbes in providing his famous definition of the state as a political entity that enjoyed a monopoly of legitimate violence or coercion over a given territory. Following Weber, the contemporary sociologist and historian Charles Tilly has compared the process of state formation to organized crime. According to Tilly, at the core of state formation is the concentration of coercive power over a given territory and the subjugation of rival centers of

coercive capacity. In terms of establishing governance, it is important to note that the Weberian political notion of legitimacy or the Gramscian social cultural one of hegemony follows, rather than precedes, the successful establishment of coercive capabilities over a finite territory or group. The use of blunt coercion often faces the law of diminishing returns and, thus, successful and prolonged rule also must rely upon a degree of persuasion, including socioeconomic and spiritual-ideological inducements.

Contemporary Usage in the Study of Governance

In addition to the literature on state formation and rule, the concept of coercion has been central to the postwar studies on deterrence, crisis management, and statecraft in the political science subfield of international relations. However, international relations theorists have not used the concept of coercion in a consistent and well-defined manner, leading to unfortunate confusion and contradiction in the literature. Pioneering work was done on the use of coercion in strategies of conflict by Thomas Schelling. Schelling coined the term *compellance* to define the coercive threat or use of power in order to get an adversary to change its behavior. Here, the attempt to coerce or compel an adversary involves a bargaining and signaling process whereby it is hoped the adversary can be convinced that the cost of compliance is less onerous than that of defiance. Coercion is different from the use of brute force to completely defeat an adversary because it aims to modify the behavior of an opponent, ideally, through threats and, at most, the limited and demonstrative use of force. Schelling further drew a clear distinction between the coercive use of compellance and that of deterrence. The strategy of deterrence seeks to maintain a particular status quo and mode of behavior on the part of a potential adversary, rather than seeking its modification.

Alexander George built upon Schelling's work in developing his concept of coercive diplomacy. However, his work evinces some of the prevailing contradictory and confusing uses of the terms *coercion, persuasion, compellance,* and *deterrence.* George

insisted that coercive diplomacy is a defensive and deterrent strategy distinct from Schelling's notion of compellance. This is because in his use of the term, it does not entail offensive "blackmail strategies" designed to get an adversary to give up something of value. Rather, the use of coercive diplomacy is a defensive strategy to deter encroachments on the status quo. However, this definition begs the question of perception and how what one party may view as a defensive preservation of the status quo may be viewed by another as aggressive and aggrandizing behavior.

The success of coercive strategies has had a mixed record in the modern era. The United States sought to use gradually escalating strategic bombing in order to coerce North Vietnam into giving up its attempt to forcibly reintegrate South Vietnam. However, the government of Ho Chi Minh, with wide popular support throughout Vietnam, was willing to bear the terrible costs of American bombing in order to reunify the country under its leadership. In the recent cases of Apartheid South Africa and Libya, the use of economic sanctions as a tool of coercive diplomacy did manage to bring about the desired change in behavior after a prolonged period. However, it should be noted that the resort to coercive force may prove counterproductive and invite countercoercive actions. Operation Desert Storm and other American-led military interventions in the Middle East radicalized nationalist forces in the Muslim world and, in turn, led some of these radical national forces to attempt a massive punitive and coercive aerial attack against the United States on September 11, 2001.

—*Mujeeb R. Khan*

See also Authority; Contract Enforcement; Deterrence; Hegemony; Power; State Building

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Collaborative Governance

Collaborative governance is a way of conducting policies whereby a government involves its citizens, social organizations, enterprises, and other stakeholders in the early stages of the policy-making process. The contrast with more traditional public policy procedures is that parties are truly involved in the development of policy proposals, while in classic opportunities of public comment, citizen and interest group involvement only occurred once the policy proposal had been developed. Interactive decision making is a policy practice in which the involved actors try to reach a cooperative solution with broad consensus about the treatment of the issue at stake. Collaborative governance can be seen as a means of achieving more acceptable, rich, and resilient decisions and encourages a flexible decision-making process more open to divergent viewpoints and stakeholder involvement. Moreover, it is seen as a new style of governing, in which politicians, public managers, and public administrators have to adopt new ways of doing things, which can involve new roles, new procedures, and new institutions.

Background

Collaborative governance fits in the shift from "government" to "governance," from hierarchical and well-institutionalized forms of government toward less-formalized, bottom-up forms of governance in which state-authority makes way for an appreciation of mutual interdependence with different stakeholders. Public authorities recognize this interdependence

more and more as a basic governing principle in a continuous process of negotiating. Stakeholders are approached as knowledgeable actors in the policy-making process.

Collaborative governance takes place in different forms. An important type is the so-called collaborative dialogue. Collaborative governance practices are a reaction on traditional planning and policy-making approaches that are primarily top-down oriented, focusing on the government instead of the governed, mainly technocratically oriented and adversarially organized. Collaborative governance is used to realize collective decision making that builds on a solid basis of trust and consensus, enhances governmental legitimacy, and makes efficient use of the dispersed resources of the different stakeholders. By doing so, reaching effective policy solutions can be realized far more easily than in traditional governmental ways.

Potential Benefits

Collaborative decision making tries to provide a solution for a number of existing problems in complex decision-making processes, which are as follows:

- *Acceleration of the policy process:* By involving all kinds of actors at an early stage, it is hoped that the use of veto power will decrease and support for decisions will increase.

- *More flexible policies better suited to changed circumstances:* By involving more actors in the decision-making process, more and various aspects of the problem can be included in the search for solutions, and problem formulation becomes more flexible.

- *Enrichment of solutions:* Because not only different perspectives on and ideas about problems and solutions are let loose in the process, but also multiple types of knowledge, information, skill, and experience are employed, a better analysis of the problem area is possible, and better solutions can be created. Collaborative governance offers the potential to utilize the creativity and experience expertise of those involved in order to address issues on a broader, and possibly more innovative, way.

- *Enhancing democratic legitimacy:* Collaborative governance is often referred to as the solution to restore the bad relationship between citizens and decision makers. When the citizen can identify with the policy products of government, the expectation is that they will be more satisfied with government and politics, restoring and developing trust in government. Moreover, by involving more stakeholders, decision making acquires a less-closed character and more democratic legitimacy.

Criticism

Collaborative governance is not without problems. Its critics mention diverse shortcomings of the practice of collaborative governance, of which the following are mentioned the most. First, processes of collaborative governance have high transaction costs and take time and energy because processes get complex (many different actors) and difficult to manage. Second, there is the problem of biases in the representation of interests. Well-informed and organized interest groups are better equipped to participate in these processes than "weak actors," like unorganized citizens. Sometimes in collaborative governance, policy development leads to the concentration of power in the hands of those who oppose development, shout the loudest, and have the time to campaign. Third, traditional administrative procedures and practices are not suitable to facilitate collaborative governance practices. Collaborative processes are driven out by the traditional ways of doing things. Fourth, there is the problem of venue shopping. In practice, actors don't want to commit themselves exclusively to one collaborative process. When they think they can realize their ambitions via another way (the court or the representative democracy), collaborative processes often fail to enforce commitment. Fifth, the democratic anchorage of collaborative governance practices is often missing. Collaborative governance can be seen as a form of participatory democracy, which oftentimes runs parallel to existing representative forms of democracy. This missing link has the danger that outcomes from the collaborative governance

process vanish in the changeover to formal decision-making procedures.

—*Arwin van Buuren and Jurian Edelenbos*

See also Coalition; Collaborative Planning; Collaborative Problem Solving; Collective Action; Cooperation; Coordination; Dependency; Heterarchy; Interdependence; Interorganizational Coordination; Local Governance; Network; Network Society; Policy Network; Political Exchange; Representative Democracy; Social Network Theory

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COLLABORATIVE PLANNING

Collaborative planning is a process of engaging stakeholders in face-to-face dialogue to develop a plan that meets the interests of all affected parties. Collaborative planning involves negotiation among affected parties to achieve a consensus decision and often relies on an independent mediator or facilitator to assist in negotiations.

Collaborative planning is a relatively recent approach to planning that emerged in response to growing dissatisfaction with more traditional, expert-based planning models. The theory underlying collaborative planning is that planning is a value-based process that attempts to achieve diverse goals and tradeoffs that cannot be properly assessed by experts or scientific analysis. Diverse goals and tradeoffs can only be incorporated into plans by delegating responsibility for plan development and approval directly to stakeholders. Stakeholders include any groups or individuals affected by the plan.

Collaborative planning is a logical extension of recent trends in planning theory and practice. Beginning in the 1960s, the dominant model of technocratic planning, which relied on expert-based, scientific decision making, was increasingly under attack for its failure to adequately consider the interests of different stakeholders. The need for increased public involvement in setting goals and objectives for planning became well accepted. Public involvement in planning was extended beyond goal formulation by new models, such as advocacy planning and mediation planning, which stressed the need for public participation in the actual development and approval of plans, as well as in development of planning goals. Collaborative planning further extends these more participatory models by positing the need for a proactive initiative to delegate control of all aspects of the planning process to stakeholders who are formally organized around a "planning table" to prepare plans.

Advocates suggest that collaborative planning has several advantages over other planning models. First, collaborative planning will produce a plan that is more likely to be in the public interest because it attempts to meet the diverse goals and objectives of all stakeholders by relying on consensus agreement and consideration of more creative options developed through interactive dialogue. The inclusion of scientific experts as stakeholders can ensure that decisions are based on sound information. Collaborative planning is also more likely to lead to effective implementation because stakeholders actively support implementation

of a plan that they developed and that has benefits for all interests. Collaborative planning also creates additional benefits, including improved knowledge and skills of participants and improved stakeholder relationships. These additional benefits, sometimes referred to as social capital, can generate important gains to society, such as reduction in conflict and improved public decision making.

Collaborative planning is emerging as the preferred model of planning in both theory and practice. Collaborative planning is increasingly used in jurisdictions in North America, Europe, and Australia by agencies such as the U.S. Forest Service, the U.S. Environmental Protection Agency, and many other state and local planning agencies. The most comprehensive application of collaborative planning to date has been in British Columbia, Canada, where collaborative planning was used commencing in 1992 to develop land and resource management plans for the entire provincial land base. Despite intense differences among stakeholders, over three-fourths of the plans in British Columbia were approved by consensus agreement among all stakeholders.

Collaborative planning also faces challenges. To be effective, collaborative planning requires the presence of well-organized stakeholders representing the spectrum of society's interests who are able and willing to participate. When a broad spectrum of well-organized stakeholders exist, it is challenging to decide how many will be formally represented in the process. Too many representatives can make the process unwieldy, while too few will make the process unrepresentative. The consensus rule for decision making is difficult to achieve and may result in vague or second-best solutions in order to reach agreement. The ability to achieve consensus is reduced by the more challenging the planning problem and the larger the differences in values of stakeholders. Implementation of collaborative planning may also be resisted by dominant interests who do not want to give up power.

Effective design and management of collaborative planning is required to achieve benefits and overcome challenges. Recent research recommends several keys. All interests need to be represented in the planning process. To ensure that the number of participants is manageable, organizations with similar interests can be presented by only one party and the main planning table. A second subsidiary planning table can be used by the common interest organizations to ensure that their delegate fairly represents their interests. Collaborative planning processes also need clear objectives, clear structure of accountability and management, adequate support staff, adequate information, and training and financial support for stakeholders. Collaborative planning processes require sufficient time to reach decisions. Many processes can take over four years. Collaborative planning requires good facilitation and involvement of the public, who may not be represented at the planning table. Governments also need to retain their final statutory decision-making authority over planning proposals recommended by collaborative processes.

Collaborative planning is a relatively recent planning model. Although evaluation of performance of collaborative planning is still in its embryonic stages, evaluations to date confirm many of the significant benefits of the collaborative approach. Given the increasing popularity of collaborative planning, more evaluative research and development of best practice guidelines will be important to ascertain strengths and weaknesses of this new planning model.

—Thomas Gunton

See also Collaborative Governance; Collaborative Problem Solving; Interdependence; Interorganizational Coordination; Participatory Democracy; Planning

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Collaborative Problem Solving

Collaborative problem solving can be seen as a subset of governance practices focused on cooperative efforts of government, business, stakeholders, and citizens for solving concrete and urgent collective problems.

The concept comes from theories about education and pedagogical studies. In education, the concept is used to refer to a specific learning strategy in which the pupils jointly solve a specific theoretical or practical problem. In the public sector, the concept is frequently used in accounts of public participation in policy-making processes, especially in the new governance.

Compared to the concept of collaborative governance (see Collaborative Governance entry), emphasis is laid on the concrete character of the issue that is at stake. There is an urgent problem that has to be solved. By pooling together their resources, the different stakeholders (knowledge and expertise, power, money, to name a few) increase their collective problem-solving capacity, and thereby improve the chance of their developing a feasible policy option. Collaborative problem solving is more task specific than general purpose.

The way in which collaborative problem solving is conducted does not differ much from the practice of collaborative governance. There can be temporal arrangements for collaborative problem solving (organized around concrete and urgent policy problems), but also structural ones (as, for example, collaborative management regimes, comanagement, coproduction). Collaborative problem solving is used at all governmental levels, but mostly at the local level. It is used in all policy fields, especially the fields of spatial, environment, and infrastructure planning.

By stimulating practices of collaborative problem solving, governmental agencies can improve several aspects of their activities:

- the activation of actors and the mobilization of their resources,
- the development of a broadly supported and innovative policy solution that integrates different values and stakes, and
- the creation of support for government in general and conflict resolution in specific cases.

Along with the benefits of collaborative problem solving, there are also several shortcomings. The shortcomings include, for instance, the question of representation and democracy: Are all relevant stakeholders included and are the included stakeholders organized in a democratic way? Do they represent the interests of their grass roots in a correct manner? And what is the relation between this sort of participatory practices and the representative democracy? There are also shortcomings with regard to the content of the problem-solving practices. First of all, the solution can be a vague and ambivalent compromise between different conflicting ambitions. Second, the process can be time and energy consuming.

—*Arwin van Buuren*

See also Collaborative Governance; Collaborative Planning; Interdependence

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Collective Action

Collective action occurs when a number of people work together to achieve some common objective. However, it has long been recognized that individuals will often fail to work together to achieve some group goal or common good. Why? While each individual in any given group may share common interests with every other member, each also has conflicting interests. If taking part in a collective action is costly, then each person would sooner not have to take part. If each believes that the collective act will occur without their individual contribution, then they may try to free ride. David Hume pointed out the problem in 1772,

when he said that although two neighbors may agree to drain a common meadow, to have a thousand neighbors agree on such a project becomes too complex a matter to execute.

The problems of collective action were popularized by Mancur Olson, who wrote more pithily in 1965 that coercion or some other device must be present in order for a group of individuals to act in common interest. Olson suggested that collective action problems were solved in large groups by the use of selective incentives. These selective incentives might be extra rewards contingent upon taking part in the action or penalties imposed on those who do not. However, in order for positive selective incentives to work, individuals who take part in collective action must be identified; and for negative selective incentives, those who do not take part must be identified. Either way, a good deal of organization is required.

One aspect of the collective action problem is that posed by collective or public goods. A collective good is one from which it is economically infeasible to exclude people from using. Hence, if a collective good—such as collective wage bargaining for an industry—is provided by an organization such as a trade union, then the fruits of that bargaining will be enjoyed by all workers, not only the trade unionists. Other workers in the industry who gain the wage increases and better working conditions provided by that bargaining will not have to pay the union dues and will free ride upon the activities of the union. In order to encourage workers to join unions, most also provide a whole host of private excludable services, such as legal advice and help during individual disputes with employers, pension schemes, holiday deals, and other such activities. Of course, setting up a union in the first place is also a collective act, and Olson suggests that setting up such organizations requires the activities of entrepreneurs who also see private benefits (such as paid employment or a political career) from forming the union in the first place. Though, of course, altruistic individuals may also play a part in collective action.

Collective action problems have often been represented by simple game theory. The simple, one-shot prisoner's dilemma game represents a series of more complex situations, where individual rational action leads to a suboptimal outcome. It would be in the interests of both players to cooperate, but they end up not cooperating because they can see the advantages of free riding and fear the dangers of being taken for a ride. It is well known among game theorists that once the two-person game is repeated over and again, there is a multiplicity of stable equilibriums, some of which involve cooperation and some that do not. If the game is played by more than two people and network affects are allowed (that is players can see how others are playing with third parties), then we should expect both cooperation and free riding. Thus, game theory tells us that collective action is indeed a problem. People do not automatically work together to promote their collective interests, but neither is it impossible. Indeed, depending on the conditions, we should expect varying levels of collective action. In other words, there is not a single collective action problem, but a host of collective action problems that share common features. Therefore, as one would expect, there are numerous ways in which people learn to overcome the particular collective action problems they face in order to work together. The tedium of organizing a school fete is not the same as the dangers inherent in taking part in collective protest or revolution, but both are collective acts subject to free riding. We shall briefly describe the types of demand-side problems that arise in collective action and the sorts of supply-side solutions that are adopted to overcome them. It will be seen that both the problems and solutions are interlinked and interrelated.

We might define the free-rider problem as occurring wherever there is a collective good giving nonexcludabilty. Nonexcludability entails the free-rider problem because a person can enjoy the benefits of the good without having to pay for it (as long, of course, as the good is provided). A supply-side response is to attempt to convince would-be free riders that if they do not contribute, they will not receive the good, not through exclusion, but because the good will not be provided at all.

However, prior to free riding is the recognition of one's interests. In economic theory, it is usually assumed that people have well-defined preference

orderings and, hence, know their own interests. But a great deal of expenditure is spent on the supply side convincing people that something is in their own interest. In that sense, the first collective action problem is the recognition that we do share interests.

The more homogenous the group, the easier it is to discover any shared preferences, the fewer the cross-cutting cleavages, and, thus, sources of conflict within the group. Homogeneity in another sense may work in the opposite direction. If the group is heterogeneous in terms of wealth, then it may be easier to secure collective action because the rich members may provide the goods and allow poorer members to free ride.

The relative costs of taking part in collective action are important. In Olson's 1971 algebraic argument, individuals will not contribute toward a collective good if the extra benefits they accrue through receiving that good are worth less than the costs of their contribution. This argument depends crucially upon the nature of the production function. Under some production functions, Olson's algebra is irrelevant. Furthermore, it depends upon actors relating the extra increment of the good supplied with the contribution they make toward its provision. The richer each member of the group, the lower the relative costs. It is also worth noting that typically consumers assign parts of their expenditure to different types of good; some for needs, such as food and clothing, some for transport, for luxury items, and so on. They may be thought to assign some part for gifts, some for charitable donations, and some toward group aims. We should expect the assignations to be dependent, in part, upon the needs items being provided first. Thus, we should expect large asymmetries in amounts set aside for group aims across social classes.

Most agree that smaller groups are easier to organize than larger ones. However, the impact of group size has perhaps been exaggerated as other factors about groups may override this component. Group size is important in two senses. First, the degree of perceptibility of individual contributions increases the free-rider problem and may be considered a problem of coordination; and second, the actual importance of any given contribution. The larger the group, the less important an individual contribution may appear to group success. The degree of perceptibility is more dependent upon interactiveness than size as such.

The degree of interaction between group members is more important than group size per se. Face-to-face interaction among a small group of people may lead to subgroup mobilization, no matter how large the wider group, thus overcoming the perceptibility problem.

The opposition to a particular group forming is also important in the beginning of mobilization. The fact of a rival group organizing itself successfully can act as a spur to collective action. But opposing groups can also act to stultify the mobilization in the early stages. They can exploit cross-cutting cleavages within the group to try to break up the coalition of interests and can try to preference shape the group away from the common interest coagulation. They may also make the costs of mobilizing higher by numerous strategies, depending upon the relationship between the rival forces.

The number of other demands is also important to any specific group mobilization. Individuals have a large number of interests and causes they support. There might be a large number of charities that one might support in theory, but one only assigns a small proportion of one's budget to charitable contributions. Organizations try to encourage members to pay by direct debit or standing orders to lock in that contribution.

A finding in experimental psychology suggests that individuals have an S-shaped utility curve. This means that losses of a given amount matter more than gains of a similar amount. This seems to lead to the finding that it is easier to mobilize people when interests currently being satisfied are threatened, than to promote interests not yet satisfied.

One important aspect of the production function is created by the nature of the collective good. "One-off" goods are typified by a "step" function. Mobilization requires an action to provide the good, and once supplied, the action is over. Goods in continual supply require continuous collective action, which may be harder to sustain in the long run.

Coordinating activities is a key issue. The degree to which coordination is required is in part dependent upon many of the previously mentioned factors. A small group, where there are few cross-cutting cleavages and costs are small, may only require coordination

of activities. Larger groups, with a greater hetero-geneity and relatively high costs, may require much greater coordination. The coordination is a demand-side problem that provokes various supply-side answers.

Therefore, the characteristics of the group affect its ability to mobilize its members to secure common aims. Different groups in society have different pow-ers simply by virtue of group characteristics. Some of these characteristics are properties of the individuals that comprise the group, but others are properties of the group itself, rather than its individual members. Groups that are more sociable and have greater net-working and interlinked subgroup organizations find overcoming collective action problems much easier than ones without those qualities. Conversely, groups that are too hierarchical may find grass-roots organiz-ing more difficult. Even controlling for other features, Catholics in the United States seem to participate and collectively organize for non-Catholic interests to a lesser extent than non-Catholic groups. One possibil-ity is that the Catholic Church is more hierarchical, and so the civic skills needed to organize are less-developed as churchgoers rely more on the church to work on their behalf. An individual's own power (her human capital) to collectively organize may thus be affected by the characteristics of the group of which she is a member, as well as her own abilities.

In order to overcome coordination difficulties, some actor or set of actors may need to step in. Such political entrepreneurs may show a profit potential in coordinating collective action. This may be related to their other activities. David Chong argued in 1991 that Black church leaders found themselves drawn into the civil rights movement in the 1960s in order to secure the continued support of their parishioners. Church leaders who were vocal in organizing for civil rights drew greater congregations than those who were silent. The competition for congregations thus led church leaders into becoming civil rights leaders too. Generally speaking, charismatic leadership is impor-tant for revolutionary activity.

Selective incentives are Olson's solution to the col-lective action problem. Many organizations provide selective incentives on top of the collective good, but selective incentives cannot be the main motivation of members of an organization primarily devoted to lobbying.

One important source of mobilization occurs through joint action, where one group supports another. An organization may see benefits in creating another organization with convergent interests. Sears Roebuck, a major supplier of agricultural equipment, has long provided material support to various U.S. farmers' organizations. Joint action taken to its fur-thest extreme leads to mock organizations created by one group to further the aims of another. For example, major food manufacturers in Great Britain have set up several "consumers groups" concerned with quality of produce. Greater regulation of the quality of food is to the advantage of the larger food manufacturers. Here, consumer rights may be promoted as a by-product of the interests of large food manufacturers, though some would argue that such regulatory capture is, overall, against consumer interests.

The incentives vary for activists on the supply side. Some may be entrepreneurial, setting up organiza-tions largely for personal gain, much as entrepreneurs engage in economic activity in the private sector. Some may be less entrepreneurial and may set up an organization for group ends, still self-interested, in the sense that the "political mover" is a member of the group, but not purely for personal profit. Such politi-cal movers may prefer that some other actor formed the coordination role but take it on when they see that the role is not going to be performed and, therefore, the good not produced. The coordinator may be moti-vated by truly altruistic reasons.

Economic theory using rational-actor assumptions has shown that collective action is problematic. Game theory demonstrates that collective action is possible even without institutions supporting it. Empirical analyses of how people mobilize demonstrate the myriad ways in which collective action problems are overcome every day.

—*Keith Dowding*

See also Collaborative Governance; Community Organizing; Coordination; Ethnic Groups; Generalized Exchange; Groupthink; Industrialization; Interdependence; Interest Group; Positive Political Theory; Prisoner's Dilemma

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COLLECTIVE WAGE BARGAINING

Collective wage bargaining exists where wage rates, hours, and other general working conditions are set out in an agreement between the employers and a representative organization of the workforce. Organized representatives of workers in trades unions negotiate with employers or representative organizations of employers to reach agreements.

In standard economic theory, a firm in a perfectly competitive market will expand employment until the marginal value product of another worker exceeds the wage cost. But what sets the going wage rate for a firm? Many factors set the wage, including the skills demanded and the demand for workers in the firm's industry and other industries. In perfectly competitive markets, the demand for labor should be clear so there would be no involuntary unemployment. However, with ups and downs in the demand schedule for any industries' products, firms desire labor flexibility, that is, to reduce wages or employment during a recession and employing more workers when demand rises again. However, there is asymmetric information.

Individual workers do not know how well the firm is doing at any one time beyond what they may learn from annual balance sheets and stock market prices. Managers have an incentive to pretend that times are always hard to drive down wages. Thus, unless an individual worker is thought to be irreplaceable or very hard to replace, individual workers are poorly placed to negotiate for better working conditions or higher wages. Because all workers are similarly placed, they have a collective interest in forming an organization to represent them.

An organization that represents all workers is much better placed to negotiate with the employer. It can employ people to gain a better insight into the real state of the industry and the profit potential of the firm. It can use the bargaining strength of all workers together in order to negotiate for better working conditions and wages. Such a union of workers can coordinate a strike or other activity as part of the bargaining process. By using such threats, it can force firms to pay higher wages than they would desire and force them to provide better working conditions. Such activity often goes under the name of collective wage bargaining.

However, collective wage bargaining has become recognized in many countries, for example Germany and Canada, as a specific legal entitlement of both workers and employers, with rules governing the process of negotiation. The state has become involved in the wage negotiations between private firms and workers. The theory of collective wage bargaining in such countries is that the routinized and legalized process will reduce the likelihood of strikes and other industrial activity to give more efficient procedures for wage bargaining. Why is such state-regularized collective wage bargaining thought to be better than a more anarchic system?

When a union can force wages higher than the free market equilibrium for the industry, firms will shed workers. They may do so in ways agreed by the unions. Here, there will be involuntary unemployment. Unions may accept higher wages for lower employment because they are concerned only with the collective interests of their members. However, in a world of uncertainty, and with asymmetric information,

firms may go bust through the demands of collectivized workers that do not believe the dire warnings of managers. Firms and trade unions may find themselves in a prisoner's dilemma–type game and may find themselves locked into a noncooperative equilibrium. In other words, just as workers faced a collective action problem in forming a trade union, the union itself is in a collective action dilemma with the firms in the industry. If noncooperation increases conflict, such as strike activity, the difficulties of firms or an industry may be compounded. The theory of state-sponsored collective wage bargaining is designed to overcome that strife and solve the collective action problem.

Collective wage bargaining was part of the corporatist approach adopted in many European countries. Through negotiations between industry-level representatives at both employer and employee overseen by state actors, legally binding agreements could be reached over working conditions, employment levels, and training as well as wage levels. It allowed more information to workers about the state of their industry, ensured firms did not try to undercut, and allowed for greater training as firms could not free ride on the training facilities of their competitors. With greater stability and less uncertainty about expectations, collective wage bargaining may also have provided a more certain world for capital investment into industry to ensure firms can keep up with competitors abroad. With simplified coordinated price increases, advocates claimed it was even better for consumers.

While collective wage bargaining was a successful policy for many years, reducing industrial strife and maintaining higher levels of employment and greater price stability in countries adopting it, collective wage bargaining has come under increasing pressures with globalization. Collective wage bargaining, precisely because it is designed to bring greater stability, makes it harder for firms to be flexible in fast changing times and also makes it harder for new entrants into industries. Countries with collective wage bargaining agreements found their firms being undercut in terms of quality and price. Where firms abroad had switched to new, capital-intensive technologies, contracted-out aspects of the production process to low-labor-cost

firms in the developing world, those in countries with less-flexible labor forces have come under increasing strain.

—Keith Dowding

See also Capitalism; Corporatism; Prisoner's Dilemma; Trade Union

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COLLUSION

Collusion is a pejorative word. Collusion occurs when there is a secret agreement and cooperation that benefits those who collude. The agreement is kept secret because the activity may be fraudulent, deceitful, or illegal. It has been recognized for centuries. Adam Smith wrote in 1776 that any get-together of tradesmen in the same industry most likely ended in a conspiracy, resulting in either higher prices or another such conspiracy against the public.

Such collusion between firms that fixes prices may be illegal. Collusion may be reached without any formal agreement. Indeed, enforcing competitive practices may not even require evidence that the firms have any sort of contact at all. They may merely refrain from undercutting each other's prices or from selling in each other's market areas. Such collusion occurs when antimonopoly laws exist that prohibit formal agreements over such activities. Collusion is hard to prove and may involve enforcers arguing that the activity of firms colluding in setting prices and output targets only makes sense in terms of the benefits of collusion. In such cases, firms may be forced to reduce prices or to sell to suppliers in areas outside of their normal markets. In that manner, competitive

practices are forced on firms without actually demonstrating that they were engaging in illegal activity prior to those orders.

How can firms collude without ever meeting? In a competitive setting, each firm will market its goods until the marginal costs of producing the last good is equal to the selling price. However, if each restricts output, the price will be forced up and firms may enjoy their share of oligopoly profits. A firm can announce its price and output, which rivals might see is higher than is sustainable in a competitive situation. They can choose to follow suit. Such choices are difficult to sustain in large markets with many sellers because it is in the interests of each to sell at a slightly lower price, produce more, and take more of the market. Once one firm starts to behave competitively, all firms must follow suit or face losing their entire market. Sustaining prices and output at oligopolistic levels is thus a collective action problem that may be modeled similarly to a prisoner's dilemma game. In the prisoner's dilemma game, there is a strictly dominant strategy to defect from cooperation, hence collusion should fail.

However, collusion may be sustained just as collective action may be sustained in prisoner's dilemma–type situations. If the game is repeated, the folk theorem tells us that cooperative solutions are possible. If each firm sees that all other firms are keeping prices high and restricting output, then each may also do the same. Collusion is, thus, easiest in markets with fewer firms and where the price of the commodity is readily gauged by all firms. Therefore, collusion is much easier in markets for new cars, especially where firms control the outlets for their cars, than it is in markets for fresh fruit.

—Keith Dowding

See also Capitalism; Corporate Governance; Market; Political Economy; Political Exchange

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Commission on Global Governance

The Commission of Global Governance was established in 1992. Made up of twenty-six members all acting in their own individual capacity, the Commission sought to suggest new ways the international community could cooperate to further an agenda of global security. Their understanding of security took a broader definition that included human and planet well-being. Among the Commission's self-declared aims were securing peace, sustainable development, and universal democracy. Consulting past reports and international experts, the Commission analyzed global change and new challenges to global governance with the intention of mobilizing political collaboration on an international level. They hoped that their evaluation of the strengths and weaknesses of global governance would provide a framework for future effective governance and inspire nations to adopt a more global perspective.

The Commission of Global Governance came about at the end of the Cold War. As later explained by the Commission itself, they believed that the easing of East-West tension created a better environment for global cooperation. Therefore, they sought to reexamine the best means of achieving a new global order. The Commission was founded in the aftermath of two preceding meetings organized by West German Chancellor Willy Brandt. The first meeting held in January 1990 in Köningswinter, Germany, reunited members of the Independent Commission of Disarmament and Security Issues, the World Commission of Environment and Development, and the South Commission. The attendees believed that although there seemed to be overall improvement in world affairs, there was still a need for further commitment to multilateral action and global cooperation. *The Stockholm Initiative on Global Security and Governance,* issued in April 1991, articulated the desire for a more-proficient system of global governance. The Commission of Global Governance was thus set up in April 1992 to further explore the new challenges of global interdependence. Willy Brandt

invited former Swedish Prime Minister, Ingvar Carlsson, and former Secretary-General of the Commonwealth of Guyana, Shridath Ramphal, to cochair the Commission. Together, they presented the proposal for the Commission to the United Nation's Secretary-General Boutros Boutros-Ghali, who assured them of his support for their project of reassessing multilateral action.

The Commission of Global Governance's greatest contribution to international affairs was their report titled *Our Global Neighborhood.* First published in 1995, it presented the Commission's conclusions and recommendations for discussion at the General Assembly of the United Nation's fiftieth anniversary session. Divided into seven chapters, the report served as "a call to action," encouraging world leaders and nongovernmental actors to work together toward achieving the goals expressed by the Commission. The beginning of the report explored the changes to the global outlook that allowed for this reassessment of future governance. Once the idea of a new world was established, the Commission proposed a common world ethic and the adoption of international values, including the respect for life, liberty, justice, and equality. The Commission also presented new policies for improving global security, which incorporated military and nonmilitary factors, managing economic interdependence, reforming the United Nations, and strengthening the rule of international law. With its many innovative recommendations, *Our Global Neighborhood* has served as a blueprint for global governance and has become a key reference for discussions and debates on multilateral cooperation.

—Jessica Erin Unterhalter

See also Global Governance; Human Security; International Law and Treaties; Sustainable Development; United Nations

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COMMON BUT DIFFERENTIATED RESPONSIBILITIES

Common but differentiated responsibilities (CBDR) is a principle of international environmental law establishing that all states are responsible in the face of global environmental destruction, yet not equally responsible. It balances out, on the one hand, the need for all states to take responsibility in the face of global environmental problems, with, on the other hand, the necessity to recognize the wide differences in the levels of economic development; for these, in turn, are linked to the states' contribution to, as well as their ability to address, these problems. It was formalized into international law at the 1992 United Nations (UN) Environment and Development Conference in Rio de Janeiro.

CBDR resolves a tension between two older notions of environmental governance. On the one hand, the idea of a "common responsibility" spoke directly to the notion of "common heritage of mankind," acknowledged by a 1967 UN resolution that had first emerged as an expression of concern for the loss of natural resources belonging to all (especially maritime, such as whales and tuna). The 1992 UN negotiations were organized around the four key themes of climate change, deforestation, desertification, and biodiversity degradation. All were environmental problems whose global repercussions brought home the need for a collective response, which needed, in turn, to be grounded in a common responsibility. In legal terms, CBDR describes the shared obligation of two or more states toward the protection of a particular environmental resource. On the other hand, the need to establish variegated levels at which different states can effectively enter into a collective response, according to both their capacities and their levels of contribution to the problem, was recognized since the first UN conference on the environment in 1972 (it was featured explicitly in the Stockholm Declaration).

At the practical level, CBDR emerged at the 1992 conference as a compromise between the positions of developed and developing countries with regard to

environmental protection. It aimed at bringing about the conditions of environmental governance that, to be effective, needed to be as inclusive as possible. At the ethical level, it is an expression of general principles of equity in international law. It recognizes the historic correlation between higher levels of development and a greater contribution to the degradation of global environmental resources, such as water and air, and enables the sharing of responsibility accordingly. It establishes that developed countries that have been able to develop for longer, unimpeded by environmental restrictions, now need to take a greater share of responsibility.

The various occurrences of the CBDR in international legal texts include the Rio Declaration, where it is enunciated as "Principle 7," and the Climate Change Convention, together with its 1997 Kyoto Protocol. It was retroactively incorporated into the Vienna Convention and Montreal Protocols on substances that destroy the ozone layer. Practically, it entails the deferral of developing countries' compliance with the objectives of these environmental conventions.

CBDR is not unanimously accepted among developed countries. At the Rio negotiations it was rejected by the United States, who have since conditioned its participation in any restrictive scheme on a specific commitment from developing countries to participate as well (the 1997 Byrd-Hagel Resolution). As a result of this lack of consensus, CBDR has been relatively sidelined in environmental governance debates.

—*Charlotte Epstein*

See also Environmental Governance; Sustainable Development

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Common Good

From the era of the ancient Greek city-states through contemporary political philosophy, the idea of the common good has pointed toward the possibility that certain goods, such as security and justice, can be achieved only through citizenship, collective action, and active participation in the public realm of politics and public service. In effect, the notion of the common good is a denial that society is and should be composed of atomized individuals living in isolation from one another. Instead, its proponents have asserted that people can and should live their lives as citizens deeply embedded in social relationships.

The notion of the common good has been a consistent theme in Western political philosophy, most notably in the work of Aristotle, Niccolo Machiavelli, and Jean-Jacques Rousseau. It has been most clearly developed in the political theory of republicanism, which has contended that the common good is something that can only be achieved through political means and the collective action of citizens participating in their own self-government. At the same time, the notion of the common good has been closely bound up with the idea of citizenship, a mutual commitment to common goods and the value of political action as public service. Therefore, it has played a prominent role in the defense of republican constitutional arrangements, notably the defense of the Constitution of the United States in *The Federalist Papers*.

In Book I of *The Politics,* Aristotle asserted that man is political by nature. It is only through their participation as citizens in the political community, or *polis,* provided by the state that men may achieve the common good of community safety. It is only as a citizen and through active engagement with politics, whether as a pubic servant, a participant in the deliberation of laws and justice, or as a soldier defending the *polis,* that the common good can be achieved. Indeed, Aristotle argued that only matters of the common good are right, matters for the rulers' good are wrong.

The notion of the common good was next taken up in the late fifteenth and early sixteenth centuries in the work of Machiavelli, and, most famously, in *The*

Prince. Machiavelli contended that securing the common good would depend upon the existence of virtuous citizens. Indeed, Machiavelli developed the notion of *virtù* to denote the quality of promoting the common good through the act of citizenship, be it through military or political action.

For Rousseau, writing in the mid-eighteenth century, the notion of the common good, achieved through the active and voluntary commitment of citizens, was to be distinguished from the pursuit of an individual's private will. Thus, the "general will" of the citizens of a republic, acting as a corporate body, should be distinguished from the particular will of the individual. Political authority would only be regarded as legitimate if it was according to the general will and toward the common good. The pursuit of the common good would enable the state to act as a moral community.

The importance of the common good to the republican ideal was notably illustrated with the publication of *The Federalist Papers,* in which Alexander Hamilton, James Madison, and John Jay provided a passionate defense of the new Constitution of the United States. Madison, for example, argued that political constitutions should seek out wise, discerning rulers in search of the common good.

In the modern era, instead of a single common good, an emphasis has been placed upon the possibility of realizing a number of politically defined common goods, including certain goods arising from the act of citizenship. The common good has been defined as either the corporate good of a social group, the aggregate of individual goods, or the ensemble of conditions for individual goods.

Because the common good has been associated with the existence of an active, public-spirited citizenry, which has acknowledged the duty of performing public service (whether political or, in the case of the ancient Greek city-states, militarily), its relevance to contemporary governance has been called into question. In the modern era, the dominant neoliberal tradition has placed overwhelming importance upon the maximization of the freedom of the individual as consumer and property owner, discovering that freedom in the private domain of liberalized markets,

rather than the individual as citizen achieving the common good in the public domain.

Nevertheless, for contemporary governance, the importance of the idea of the common good remains in that it identifies the possibility that politics can be about more than building an institutional framework for the narrow pursuit of individual self-interest in the essentially private domain of liberalized markets. The common good points toward the way in which freedom, autonomy, and self-government can be realized through the collective action and active participation of individuals, not as atomized consumers but as active citizens in the public domain of politics. It also affords the possibility that political participation can have an intrinsic value in its own right, in addition to its instrumental value of securing the common good.

—Simon Lee

See also Citizenship; Civic Capacity; Cooperation; Democratic Theory; Neighborhood Association

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COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA

The Common Market for Eastern and Southern Africa (COMESA) is a regional economic grouping of twenty-one sovereign states in the Eastern and Southern Africa region. Its members include Angola, Ethiopia, Kenya, Madagascar, Namibia, Sudan, and Zimbabwe. COMESA countries are considered to be developing states. Thus, COMESA's central objective is the attainment of sustainable economic growth and development throughout the region.

COMESA was launched in 1993. Up until the late 1980s and early 1990s, most African countries

pursued an economic system that involved the state in nearly all aspects of production, distribution, and marketing, leaving the private sector to play a minor economic role. This system promoted state-led development, such as subsidized food production. However, in response to changes in the global order that witnessed globalization and an emerging consensus that market principles should drive development, COMESA envisaged a restructuring of state functions.

COMESA houses three principal policy directives with regards to regional governance. First, it calls for a gradual reduction of trade barriers among members; trade barriers include tariffs or duties on goods entering a country. Based on the liberal economic law of comparative advantage, it is thought that all participating states will benefit from free trade in the region and that the region will be more internationally competitive as overall production becomes more efficient. By 2005, eleven COMESA member states were trading at zero tariffs. Freer trade transfers the state's traditional control over imports and exports to markets and private national and international enterprises; the extent to which the state can steer development is arguably reduced.

Second, COMESA aims to promote joint development in all fields of economic activity and to foster closer relations among its member states. It is thought that this commitment to a regional bloc constrains individual member states; it encourages regional consensus and, thus, a certain harmonization of state policy. Certain development-related issues, such as the environment, can be transboundary and, thus, states often need to forfeit national policy autonomy for the regional good.

Third, COMESA looks to enhance relations between the Common Market and the rest of the world. Regional blocs enable countries to combine their economies in order to attract more investment. Equally, blocs enable countries to combine their political power in order to become a more consequential, international actor; most COMESA countries are too small to individually compete in a world market that is becoming increasingly dominated by large trading blocs.

COMESA is an intergovernmental institution; its formal members are states. However, reflecting ideas of contemporary governance, it is committed to dialogue with nonstate actors, such as companies, nongovernmental organizations (NGOs), and employment unions. It is a suprastate initiative insofar as participating states have transferred certain functions upward to regional bodies. Its principal body is the Secretariat, which works to fulfill COMESA's aims through policy formulation and administration. COMESA has also helped establish regional institutions that work toward further regional integration.

COMESA has received mixed reviews. It has given rise to an increase in intra-COMESA trade and an inflow of investment into the region. Nonetheless, certain critics highlight continued development problems in the region; it has experienced slow or negative growth rates and millions of people are still deprived of basic consumption needs. They argue that merely freeing up regional markets is not sufficient to facilitate development; each state should be more active in enacting regulations that ensure that private enterprises translate their gains into development-related benefits. As for the wider sphere of global governance, COMESA is the only regional African arrangement that has been notified to the World Trade Organization, so it is considered a good example of outward-oriented regionalism—outward oriented insofar as it seeks to continue economic relations with foreign states and companies. Yet, it often struggles to reconcile the political and economic differences among its member states with the need to harmonize regional policy.

—*Simon Carl O'Meally*

See also African Governance; Development Theory; Economic Integration; Regionalism

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COMMON-POOL RESOURCE

A common-pool resource is defined by two fundamental characteristics. On the one hand, one person's use of a unit of common-pool resource makes that same unit unavailable to anybody else. On the other, it is costly to exclude potential users of a common-pool resource. Some classic examples of common-pool resources include, but are not restricted to, fisheries, forests, underwater basins, and irrigation systems.

Common-pool resources pose important challenges to governance because they are susceptible to overuse. Thus, common-pool resources are prone to tragedies of the commons. A tragedy of the commons is present when individual and group interests are in conflict. In the case of fishing, fishermen face the temptation to harvest as many fish as possible because if they do not, someone else will. Collectively, this leads to tragedy, even though no one intended it and all realize that they would be better off if they avoided it.

However, the prediction that the tragedy of the commons model makes is that individuals' interests will always come ahead of those of the group, and because of that, they will not cooperate to devise solutions to the tragedies. In the 1980s, scholars challenged this assertion. As a result, a theory on common-pool resources emerged.

The first generation of research on common-pool resources centered its efforts on identifying resource systems where tragedies had been successfully avoided. They found a variety of institutional arrangements common to all successful cases and absent on those that failed. Cases varied across cultures and time, and the numbers of institutional arrangements found were many. Most of them, however, aimed at regulating individual action through rules that users agreed to abide by so that all users could take into account the social benefits and costs of using the common-pool resource. Although the specific rules adopted to govern a common-pool resource are extremely numerous, scholars have identified seven broad categories of rule types according to their function: boundary rules, authority rules, position rules, scope rules, aggregation rules, information rules, and payoff rules. The rule

taxonomy has helped scholars to understand that rules have a configurational nature. While some rule configurations tend to result in tragedies, others can achieve different policy outcomes.

While the initial wave of research allowed identifying institutional arrangements that are related to the emergence and sustainability of collective action for the governance of common-pool resources, today scholars are focusing their research efforts in finding the causal relationships among those institutional arrangements previously identified.

Since the emergence of the common-pool resources project in the mid-1980s, the study of common-pool resources has become a field in itself. After fifteen years of research, some of the most substantive lessons include (a) the recognition that the model of the tragedy of the commons is limited; (b) that autonomy to design and change rules, the ability of resource users to engage in direct communication, and their salience over the resource are necessary but not sufficient conditions for the emergence of self-organized institutions; (c) one policy form cannot ensure successful governance of all common-pool resources; and (d) the meaning of success will vary and be related to the group's interests.

Finally, some of the major key under-studied issues on common-pool resources that scholars are trying to draw attention to include the need to better understand the dynamics of resource management institutions, to extend insights to more kinds of common-pool resources, to understand the effects of context on resource management institutions, and to understand the role of linkages across institutions.

—Xavier Basurto

See also Tragedy of the Commons

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COMMONWEALTH OF INDEPENDENT STATES

The Commonwealth of Independent States (CIS) was established in 1991 as an agreement of regional economic and political cooperation after the dissolution of the Soviet Union. The organization was originally conceived of as an association to facilitate the disintegration of the Soviet Union and integration of the post-Soviet states economically and militarily. Participation by member states has varied based on the economies and military situation of each state. Lack of cohesion has characterized the union, as member states have been reluctant to yield sovereignty to the organization.

The CIS has no supranational powers. The members are independent and equal subjects. The original treaty established a common economic space and a joint defense force. However, each country still uses its own national currency and maintains its own national military. There have been gains in coordinating policies on health care, social security, migration, railways, and air traffic control.

The CIS was created in December 1991 by leaders of Russia, the Ukraine, and Belarus. Armenia, Moldova, Turkmenistan, Uzbekistan, Tajikistan, Kyrgyzstan, and Kazakhstan joined later that month, and Azerbaijan and Georgia were members by 1993. Of the former Soviet republics, only the Baltic countries have not joined the organization.

Headquartered in Minsk, Belarus, the structure of governance in the CIS is composed of several councils. The Councils of Heads of State and Heads of Government have decision-making power. Interministerial committees exist, such as the Councils of Foreign Ministers and Defense Ministers. Other parts of the organization include departmental councils, an Executive Secretariat, economic organs, and the Inter-Parliamentary Assembly. Problems encountered by the various organizational branches of the CIS include weakness, nonparticipation by certain countries, and lack of implementation of decisions.

Decisions are made by consensus, although members are allowed to abstain in any particular case without preventing adoption of the decision. This has resulted in few of the CIS agreements having been signed by all member states. The CIS also lacks monitoring or enforcement mechanisms.

Suspicion of Russia has fueled many of the difficulties the CIS has faced in developing a coherent system of regional governance. There is a rift among integrationists and those who are less interested in integration. Armenia, Belarus, Kyrgyzstan, and Tajikistan are known as the more enthusiastic supporters, partly due to reliance on Russia. Ukraine and Georgia are among the skeptical members, due to the distrust of Russian influence and desire for removal of Russian troops. Members have complained of Russia's disproportionate role in the union.

There have been several attempts at integration among members outside of the CIS framework, including the Central Asian Economic Community (CAEC) involving Kazakhstan, Uzbekistan, Kyrgyzstan, and Tajikistan, and GUUAM (the economic union comprised of Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova).

—*Ani Sarkissian*

See also Confederalism; Regional Governance; Sovereignty

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COMMUNICATION

Communication, as the transmission, interpretation, and management of information, is one of the key concepts in the field of governance. Communication implies not only the meaning contained within ideas and language, but how these ideas are shaped, shared, organized, and altered throughout society. Communication is not limited to language, but also includes the actions and movements that communicate ideas. The French sociologist Emile Durkheim argued

that the most important feature of all social and political interaction is communication. For Durkheim, communication is both the transmission of information, as well as the forms of coordination, conflict, and cooperation between individuals. Most importantly, communication is about creating a consensus for how society is to be understood and organized.

The German political theorist Jürgen Habermas deepened and specified this definition of communication. He argues that communicative action is a type of political action that is oriented toward reaching common understanding. In an ideal, democratic political environment, communication is the means to achieve consensus. It operates through dialogic discussions that aim for resolution of a particular problem or conflict. This form of communication, one that is free from political coercion, will allow the best, or most rational, argument to triumph and produce agreement in the public sphere.

Scholars of governance, while agreeing that communication is a key foundation of political life, do not assume that communication will produce consensus about how society should be organized or agree on how conflict should be resolved. In governance, communication is not only about information and persuasion, but also about processing, managing, producing, and organizing information. Theories of communication in governance examine how changes in social and political life alter more traditional forms of political communication. These theories argue that power in contemporary society is shifting from institutional structures to fluctuating codes of information, and now includes the ability to manage and organize information. Communication becomes less of a medium for transmitting information than a mode of operation in which communication itself transforms and produces information. Therefore, communication is constitutive of the contemporary network society, in which information is the main resource of governance. Communication has itself become management and regulation and is now the form, as well as the medium, of contemporary governance.

Governance scholars disagree on whether communication networks operate through human agency or system structure. Scholars using structural theories of

governance argue that governance operates through organizational structures of communication, which include bureaucratic networks of information sharing, lines of hierarchical authority (or lack thereof), decision-making procedures, and functional roles of individuals within governance. Communication operates through these various networks that define and shape the nature of governance.

Scholars examining the human, as opposed to structural, side of governance, argue that people, not formal structures, are central to the process of communication. Personal influence and informal processes of information sharing are more crucial to the workings of governance than formal structures or bureaucratic procedures. These scholars find that shared interests, conflict, negotiation, personal relationships, power, and influence are the main forms through which communication networks operate in the area of governance.

Governance scholar Henrik Bang argued that communicative governance is neither hierarchical nor bureaucratic, but is comprised of the interactive modes of political communication between political authorities and lay people in a political community. The increased complexity of bureaucratic procedures and information sharing networks induces political leaders to engage in communication with civil society and community members in order to gather information on societal concerns. Contemporary governance operates through communication with the social communities it helps to govern, instead of through gathering and sharing information in formal procedures or informal power relationships within bureaucracy. While Bang argued that communication must be more dialogical and cooperative if it is to succeed in a complex governing system, he does not claim that this move is necessarily democratic. Although communication has become multilateral across public, private, and voluntary sectors of society, it often serves to standardize, rather than democratize, communication throughout society.

—Elisabeth Anker

See also Communicative Action; Communicative Rationality; Dialogic Public Policy; Discourse; Participatory Democracy; Political Communication; Translation

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COMMUNICATIVE ACTION

Communicative action refers to a type of interaction between individual or collective actors (e.g., governments and nongovernmental organizations), characterized by a deliberative or argumentative exchange. Communicative action has entered governance debates as a means to explain dynamics and outcomes that contradict expectations of actors, who are commonly assumed to be predominantly oriented toward maximizing their egocentric interests. A core hypothesis is that communicative action can foster collective learning processes that can ultimately transform conflicting interpretations of an issue into areas of mutual understanding. Thus, research on this subject may determine whether the problem-solving capacity and legitimacy of governance systems may be increased.

Communication action refers to communication oriented toward establishing a consensual understanding, which does not imply that actors must be altruistically motivated to achieve consensus. Instead, communicative acts are seen as inherently consensus oriented because they entail validity claims that essentially call on others to confirm or challenge them. Such validity claims are generally of three kinds: objective truth (e.g., evidence proves global warming threat), the appropriateness of normative criteria (e.g., something should be done to address global warming), and a communicator's truthfulness (e.g., I am not disguising my real motives). Moreover, actors are thought to intuitively know what would invalidate their (often implicit) claims. This feature of communicative action is critical because it allows claims to be challenged on a speaker's own implicit terms. Not all communication falls into this category. For example, a state ceasing diplomatic relations with another does not call for deliberation. However, publicly communicating that a country risks invasion because it has secret weapons banned by international law raises the three kinds of validity claims previously mentioned (i.e., weapons exist, legal norm applies, speaker's statement is truthful).

The communicative action concept is generally linked, or even merged, with the concept of communicative rationality. While communicative acts may be ignored, increasing communicative action among actors is thought to evince a collective learning dynamic that follows the logic of communicative rationality, which acts to filter out flawed reasoning and expand the pool of shared beliefs.

The inherently noncoercive nature of this communicative logic does not require strategic goals and tactics to be entirely absent. For example, certain firms or governments may enter a discussion only in response to outside legal pressure. Even if they merely begin by denying the existence of a problem (e.g., corruption), either out of a genuine conviction or because they want to conceal something, their denial includes an implicit suggestion that certain evidence could potentially invalidate their denial. If strong evidence is produced, then they may or may not be persuaded. But pressure likely exists for them to appear at least concerned that their previous denial has been seriously challenged.

This example highlights some lingering questions about the relationship between governance and this hypothesized communicative logic. Which factors encourage communicative action or pressure actors to care if their claims are discredited? How can governance systems tap into this deliberative potential without becoming flooded by input or dominated by the best-funded perspectives?

—*Christopher M. Tucker*

See also Communication; Logic of Appropriateness; Organizational Learning; Participatory Democracy; Political Communication; Public Sphere; Rational Choice Theory; Rationality; Reflexivity; Sensemaking; Social Constructivism

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COMMUNICATIVE RATIONALITY

Communicative rationality characterizes a particular logic of interaction among individual (or collective) actors that is determined by argumentative processes. This differs from cases in which payoff structures constrain the strategic calculations of actors (e.g., trade negotiations) or situations where actors unquestioningly adhere to social norms. Communicative rationality occurs via an argumentative process, in which actors come to a mutual consensus on the most persuasive arguments. The implication that institutional factors can facilitate collective learning and noncoercive coordination links this concept to debates about current challenges (e.g., globalization) and to the problem-solving capacity and democratic legitimacy of contemporary governance systems. Thus, communicative rationality provides a framework for understanding—and evaluating the moral status of—the governance of political and social institutions, which may range from narrow (e.g., committee procedures) to broad in scope (e.g., political systems).

Communicative rationality evokes a procedural logic that is rooted in argumentative exchange between actors in a social setting. This logic is expressed in a collective learning process, in which certain arguments become mutually recognized as the most persuasive. Because persuasion trumps all other forms of influence, this procedural rationality is thought to be consensus oriented. Thus, even the use of dubious arguments for strategic goals does not inhibit the procedural logic from filtering out the better arguments.

The roots of this logic are captured by the concept of communicative action. Unlike other forms of social action (e.g., threats), communicative—or speech—acts entail (often implicitly) validity claims about the following: factual truths, a norm's applicability, and the communicator's truthfulness. Actors are assumed to have an intuitive grasp of the conditions that would objectively determine their claims' validity, and this opens them to being criticized on their own terms.

These features of communicative action represent latent communicative potential. Just as improving legal structures can unleash entrepreneurial innovation and competition, the following three ideal conditions are thought to encourage communicative action and rationality: (1) open access to the discussion, (2) willingness of actors to accept the most persuasive arguments, and (3) willingness of actors to back their claims with reasons and an openness to having them challenged. These conditions serve as conceptual benchmarks and, like perfect markets, are not necessary to evince the hypothesized logic.

Various implications can be anticipated from interactions that come comparatively close to these ideal conditions. First, situations characterized by communicative rationality are decidedly egalitarian because all sources of influence (i.e., force, majority rule, bargaining power, status) are subordinated to the persuasive power of the "best argument." Second, unlike individualistic conceptualizations of cognitive learning, communicative rationality implies a form of social learning that can transform collective beliefs about how the world works (e.g., certain pollutants are lethal) or how norms should be applied to situations (e.g., civil rights should apply to all citizens). This hypothesized form of learning is a precursor to behavioral change and challenges the assumption that self-interest perceptions are unchanging. If empirically supported, it follows that institutional reforms to facilitate communicative rationality could reduce governance problems stemming from the appearance of irreconcilable interests.

—Christopher M. Tucker

See also Communication; Deliberative Democracy; Groupthink; Logic of Appropriateness; Organizational Learning; Participatory Democracy; Pragmatism; Rational Choice Theory; Rationality; Reflexivity; Sensemaking; Social Constructivism; Strategic Planning

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COMMUNISM

The meaning of the term *communism* is more elastic than has often been supposed by commentators or by its detractors or defenders. It gained purchase as a concept largely because Karl Marx and Frederick Engels (bent on distinguishing their doctrine from the Socialism of the 1840s, which was overwhelmingly middle class, reformist, and French) insisted on calling their celebrated document of 1848 *The Manifesto of the Communist Party.* Marx and Engels also decisively redefined and set their seal on communism by divesting the term of its heretofore clandestine and conspiratorial connotations. (Marx and Engels consented to the use of the term *socialism* to refer to their doctrine only when socialism itself had undergone shifts in its meaning.)

Upon the success of the 1917 Bolshevik Revolution in Russia, Vladimir Lenin began calling Bolshevism (a term that had minoritarian connotations) communism, largely out of a felt need to distinguish it from the orthodox "evolutionary socialism" of the German Social Democratic Party and the Second International (1885–1914). The success of what was now called communism—which by contrast with evolutionary socialism owed nothing to parliamentarism or the ballot box—was foreseen by few and planned by fewer. (Much the same could be said of the ultimate demise of Soviet communism.) Lenin drew inspiration both from the Paris Commune of 1871, the most celebrated working-class uprising of the nineteenth century, and from Marx's *The Civil War in France* (1871), a spirited defense of the commune. In calling the commune the ideal political form in which to emancipate labor, Marx effectively set his seal on the nineteenth- and twentieth-century understandings of communism.

The revolutionary success of communism in its Leninist incarnation did little to rob the term of its elasticity or to reintroduce a pre-Marxian conspiratorialism. The meaning of communism was now stretched to cover not just insurrection and expropriation, but also the more positive tasks of political, social, and economic reconstruction in the absence of private property relations. It is along these lines that communism may be understood as the major political innovation or experiment of the twentieth century, especially during its expansionist phase after World War II. Communism may also be understood, internationally, as the main twentieth-century counterweight to the ideology of the U.S. national security state. Communism, again, may also be understood as Serge Halimi understands it (with reference to its Marxian roots)—as a thoroughgoing critique in advance of capitalist globalization. Recent developments in China, where the shift to capitalism was effected under otherwise rigidly communist rule, may be regarded as an illustration of this last understanding.

—Paul Thomas

See also Authoritarianism; Marxism; Social Democracy

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COMMUNITARIANISM

Communitarianism refers to various social and political theories that broadly share an emphasis on, first, the social nature of human existence, and, second, the advantages of a society based on strong, shared moral values. Many communitarians also emphasize the role of religion, work, and family in sustaining such a society. Communitarian ideas arose to prominence in the 1980s, in part as responses to neoliberal governments, which were seen as promoting individualism and,

according to some of their critics, thus condoning materialism and selfishness.

There are two main varieties of communitarianism—philosophical and sociological. Philosophical communitarians oppose abstract ideas that are prominent in contemporary liberalism (notably, the thin concept of self and the priority of the right over the good). They argue that we are embedded in communities, traditions, and ways of life, which give us our values, identities, and loyalties. They also argue that we can justify moral principles, at least initially, only from within communities and traditions. However, it is the sociological communitarians that have had an impact on contemporary governance, mainly by inspiring some policies of welfare reform. Sociological communitarians insist on the importance of strong, shared values as a prerequisite of a well-functioning society. The leading exponent of such communitarianism is Amitai Etzioni, who spent a year in the White House as a senior adviser on domestic affairs, and who later founded the Communitarian Network.

Sociological communitarians deploy a temporal narrative to explicate their main ideas. Etzioni argues that the 1950s were, at least in the United States, a time of stable values and so a viable community. A widely shared set of values, based to some degree on the dominance of Christianity, gave people a strong sense of duty to family, community, and society. Although the society based on these values involved coercive breaks on autonomy, especially for groups such as women and ethnic minorities, it had an admirable moral vitality. For Etzioni, moral vitality is the foundation of social order and so of primary importance, even though it involves a loss of autonomy. He argues that we need a balance between community and autonomy, between individual rights and social responsibilities. Whereas the 1950s exhibited an admirable community, the 1960s and 1970s brought an excess of autonomy, which was apparent in the growing sense of entitlement, the neglect of responsibilities, the decline in respect for authority, and consequent social problems, including a welfare dependency widely associated with the underclass. Communitarians often identify the source of this excess of autonomy in the countercultural movements

of the 1960s. They believe these movements undermined values such as hard work and thrift, while also encouraging new socioeconomic patterns, such as the entry of women into the labor market, which limited the time people could give to family and voluntary action in the community. The consequent excess of autonomy appeared in both welfare liberalism and neoliberalism.

Communitarians typically argue for a reassertion of strong values to stop the moral drift that they believe has occurred since the early 1960s. They associate strong values with religion, work, and family. In this view, work and family teach people responsibility and self-reliance, while also involving them in society. Work and family bolster self-esteem, purpose, and the sense of contributing to a community. And work and family encourage people to relate their individual choices to their collective responsibilities. Hence, many communitarians advocate welfare-to-work programs and measures to support families. William Galston has argued, for example, that the state should promote marriage actively, while making divorce more difficult for couples with children. Many communitarians suggest that just such an emphasis on work and family is the best way to attack poverty. They think that stable intact families offer the best solution to poverty for children. They also think that paid employment offers the best solution to the adult poverty of the underclass. More generally still, communitarians advocate policies to promote family and work as ways of ensuring a general shift from a culture of autonomy toward one of community. They want to reestablish a link between rights and responsibilities; they want to tie the rights we enjoy to our fulfillment of corresponding duties. In their view, much of the value of work and family derives from the fact that they are where we learn best to be responsible: The state is, in contrast, the paradigmatic institution from which we demand rights.

Critics point to a tension between the communitarians' invocation of strong values and their idea of an inclusive community. At times, communitarians elide inclusion with the activities through which we fulfill our duties: The unemployed are socially

excluded, so to bring them into the workforce is to enable them to participate in the economy. At other times, they suggest that the community consists of umbrella institutions that bind people together within civil society.

In the United Kingdom and United States, governments have drawn on communitarian ideas in their programs of welfare reform. The communitarian emphasis on work as a tutor of responsibility has inspired welfare-to-work schemes. With these schemes, the state attempts to tackle social exclusion by bouncing people into work where, it is hoped, they will learn responsibility and gain self-esteem, as well as becoming self-supporting financially. Governments have established "New Deals" under which they accept a responsibility to create opportunities for work and training, while in return, the unemployed accept the reciprocal responsibility to seek and accept such opportunities. Such "New Deals" sometimes require the unemployed to undertake full-time education or voluntary work, or else they have their benefits cut.

—Mark Bevir

See also Civic Republicanism; Neoliberalism; Sociology of Governance; Welfare Reform

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COMMUNITY ASSOCIATION

See NEIGHBORHOOD ASSOCIATION

COMMUNITY ORGANIZING

Community organizing is a method of engaging and empowering people. Its main purpose is to increase the influence of groups historically underrepresented in policies and decision making that affects their lives.

Community organizing is both a tactic to address specific problems and issues and a longer-term engagement and empowerment strategy. Longer-term objectives of community organizing are to develop the internal capabilities and to increase the decision-making power and influence of underrepresented groups.

Community organizing is often a place-based activity, used in low-income and minority neighborhoods. It is also used among common interest-based "communities" of people, such as new immigrant groups, who have limited participation and influence in decision making that affect their lives.

In community organizing, members of communities are organized to collectively act on their shared interests. Saul Alinsky is commonly recognized as the godfather of community organizing. Alinsky emerged as a community organizer in the second half of the 1930s. His thinking about organizing was strongly influenced by the militant labor movement in the United States emerging at the time. Alinsky's approach emphasized: democratic decision making, the development of indigenous leadership, the support of traditional community leaders, addressing people's self-interest, use of conflict strategies, and fighting for specific and concrete results. In the late 1960s and 1970s, many liberals and liberal-leaning foundations embraced his method of community organizing as an alternative to the radical activism and rebellion at the time in U.S. cities.

The focus of Alinsky-type organizing is on strengthening the internal ties among people sharing similar values and interests. Working mainly through established organizational networks, such as churches, these efforts mobilize residents for actions that confront powerful people and institutions in an effort to get them to act differently. In conflict organizing, strong internal community ties are thought to be sufficient to empower people and effect change. In

practice, some conflict organizers explicitly reject developing associations with those in power for fear of having group members coopted when sharing responsibilities with people in an advantaged positions.

An alternative approach to conflict-based community organizing is the consensus approach. Consensus organizing emerged in the last decade of the twentieth century. In contrast to conflict organizing, consensus organizing pays attention to the development of strong and weak ties; namely, both the nurturing of internal cooperation among communities of interest and creating working relationships to those in power and with influence. The goal is to create new organizations and leaders that are more broadly rooted, with an emphasis on establishing new positive linkages to government and other decision-influencing institutions.

—Ross Gittell

See also Anarchy; Capacity Building; Citizenship; Civic Capacity; Collective Action; Empowerment; Neighborhood Association

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COMPETITION POLICY

Competition policy aims to ensure that competition is not restricted or undermined in ways that are detrimental to the economy and society. It is predicated upon the idea that competitive markets are central to investment, efficiency, innovation, and growth. Competition policy emerged in the United States in the late nineteenth century, when it became apparent that competition was prompting larger firms to try to lessen the competitive pressures through the formation of cartels, with detrimental effects on smaller firms and consumers. Consequently, in the United States, it is more usually referred to as "antitrust." Since the 1990s, competition policy's importance has increased, both in its spread to ever more economies and in its prominence as a policy tool, as the popularity of policies to promote national champions has, in theory at least, decreased.

There are three main areas traditionally covered by competition policy: restrictive practices, monopolies, and mergers. Restrictive practices—for instance, collusion by competitor firms to fix prices—are generally prohibited under competition policy, though this is not the case with all collaboration; it is increasingly common for even the largest multinational firms to collaborate with competitors in areas such as research and development. With monopolies, it is the abuse of a monopoly position, rather than its existence per se, that is addressed through policy. The regulation of privatized utilities illustrates this point clearly: The transfer of large numbers of state-owned utilities into the private sector has necessitated regulatory strategies to maintain the benefits of economies of scale associated with a monopoly network provider, while combining this with the introduction of competition where possible. Mergers have traditionally been the most controversial, and consequently, the most politicized, of the areas of competition policy, not least because the judgment required as to whether a particular merger will result in a damaging reduction in competition that outweighs any potential benefits is, frequently, debatable.

From a governance perspective, the most notable development in competition policy is the trend toward devolving responsibility for its implementation to independent agencies, at arms length from government (though the degree of independence varies considerably). This is perhaps best explained as an attempt to "depoliticize" competition policy; to make it, or at least to make it appear, neutral, predictable, and rules based, and not subject to the short-term concerns of elected politicians. However, it has also increased the influence that these agencies have on the development of policy and its implementation as their expertise has grown.

Where once competition policy was contrasted with regulation—the idea of the promotion of competition was diametrically opposed to regulation in the eyes of many—the distinction is now less clear-cut. As the example of the privatized utilities shows, there is no strict boundary between the two. However, competition agencies can be distinguished from industry-specific regulators: The former are responsible for policy throughout the entire economy, setting overall policy, and normally have a reactive role in responding to suspected breaches; industry regulators will have a far-narrower scope but greater *ex ante* powers of rule setting. This has prompted the distinction between regulation of competition and regulation for competition.

—*Phil Larkin*

See also Economic Governance; Investment Incentive; Market; Market Failure; Regulation; Regulatory Enforcement

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COMPETITION STATE

Globalization is not just about economics—more open trade, financial globalization, or the internationalization of production. States and political actors are among the greatest promoters of globalization, leading to a transformation of the state itself—from the postwar national industrial welfare state (IWS) to a competition state. The essence of the IWS lay in the state's capacity to insulate key elements of economic life from international market forces—not merely protecting the poor and helpless from poverty and pursuing welfare goals such as full employment or public health, but also

- regulating business in the public interest,
- "fine tuning" business cycles,
- nurturing "strategic industries" and "national champions,"
- integrating labor movements into neocorporatist and collective bargaining processes, and
- managing international trade and capital movements so as to reinforce the previously mentioned—the "embedded liberal compromise."

But this compromise was eroded in the 1960s and 1970s by increasing domestic structural costs (the "fiscal crisis of the state"), as well as by growing external trade and international capital mobility. Today, the main aim of state actors is to make domestically based economic activities as competitive as possible in global markets. This mainly involves

- a move from macroeconomic to microeconomic interventionism in both regulatory and industrial policy,
- a shift from supporting "strategic" or "basic" economic firms and sectors to a strategy of flexible response to competitive conditions in a diversified and rapidly evolving international marketplace,
- a core focus on the control of inflation and monetarism as the touchstone of state economic management, and
- the transformation of party and governmental politics away from full employment, redistributive transfer payments, and social service provision to the promotion of enterprise, innovation, and profitability in both private and public sectors.

Potentially the most explosive issue area is regulation. Deregulation is not just the lifting of old regulations, but also the formulation of new, promarket regulatory structures based on general rules of economic behavior rather than specific outcomes. These are designed to cope with and anticipate shifts in competitive advantage, as well as to enforce global market-rational economic and political behavior on rigid and inflexible private-sector actors (as well as on state actors and agencies). The state itself is increasingly

marketized too, remodeled around practices copied from business—that is, the new public management or "reinventing government."

The dominant model of the competition state today is the neoliberal state, associated with the United States and the United Kingdom—instead of the developmental or strategic state model of Japan or France, on the one hand, or the neocorporatist or coordinated state model of Germany or Sweden. Competition states also play a crucial external role as enforcers of the rules and practices of the global political economy abroad as well as at home. Domestically, they negotiate distributive outcomes among the various winners and losers from globalization. Thus, paradoxically, the actual total amount of government economic interventionism and imbrication in social life can increase significantly. Promarket regulation can be even more intrusive than old-fashioned, liberal social redistribution. At the same time, the power of the state to control specific social and economic activities and market outcomes continues to diminish.

—Philip G. Cerny

See also Antiglobalization; Globalization; Investment Incentive; Neoliberalism

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COMPETITIVENESS

The competitiveness of business is a function of a number of variables that are affected by public policies. Some determinants of competitiveness, such as the ability of management to allocate resources strategically, are primarily a function of private decisions, rather than public policy. The level and quality of education of the workforce, the level and efficacy of investments in research and development (R&D), the cost of capital, and economy-wide developments in communications and data processing technologies that companies can take advantage of are examples of the kinds of factors that help shape competitiveness. Some companies may prefer to make these investments themselves to ensure they recoup the benefits, but employee mobility may mean that those benefits are transferred to other employers, and publicly funded education is likely to play a role in preparing employees for productive work. Public goods, such as communications and transportation networks, are typically more efficiently built by governments using tax revenues than constructed by each company, and the transaction costs of companies negotiating partnerships may be greater than governments simply taking responsibility for these public goods. The benefits of research and development investments may be easier for individual companies to capture, but it is often more cost effective to pool resources for R&D and centralize efforts so that experience informs development, rather than having each company "reinvent the wheel."

The ability of companies to minimize costs plays a critical role in shaping their competitiveness. They can reduce costs by becoming more productive, as well as by reducing labor costs and externalizing as many of the costs of production and marketing as possible. Government regulations that seek to force companies to internalize these costs are particularly inviting targets for businesses. Businesses can blame government regulators for job losses if regulatory burdens are too high and demand reduces regulatory compliance costs in the name of competitiveness. A long-standing issue in public policy is how to balance the competitiveness of business with public pressure to protect other values, such as jobs and the environment. Regulatory rules, barriers to entry, difficulties in gaining credit, and other policies may stifle business activity in developing countries as well.

The globalization of markets and trade has made competitiveness a primary business and political goal.

Virtually every political and management decision is subject to the competitiveness test: How will it impact the relative position of the industries affected in global markets? Globalization has been widely heralded for producing a host of benefits, including dramatic economic growth, the spread of new technologies, the expansion of individual freedom and recognition of human rights, increased flow of information, and advances in democratic politics and government. Global competitiveness confirms Adam Smith's premise that an economy, if freed from political constraints so it can compete in global markets, will produce the greatest wealth of nations.

The globalization of the early twenty-first century poses a similar challenge: As economic power grows globally, what kinds of political ideas and institutions are required to deal with the consequences of that growth? Among all the trends associated with the increased emphasis on competitiveness, two are particularly important. First, while the globalization of markets and trade has produced significant benefits, including economic growth, the spread of new technologies, individual freedom, and the dissemination of information, globalization is quite selective and asymmetrical, and the benefits have largely been concentrated in the wealthy countries. In general, regions blessed with an educated workforce, an effective transportation and communications infrastructure, and high levels of income already established do much better than other areas. During the 1990s, the number of people earning one dollar a day or less has remained static at 1.2 billion, while the number earning less than two dollars a day increased from 2.55 billion to 2.8 billion people. The gap in incomes between the twenty percent of the richest and the poorest countries grew from 30 to 1 in 1960 to 82 to 1 in 1995; the average income of the wealthiest twenty countries is 37 times that in the poorest twenty countries—twice the ratio in 1970. Economic conditions worsened considerably in some twenty-five countries during the 1990s. Inequality is, proponents of markets argue, an inevitable outcome of globalization and a desirable one insofar as it creates competitive pressures that drive costs down. But inequality may become so problematic that it undermines support for policies aimed at promoting competitiveness.

Second, global competitive pressures are intertwined with growing global environmental threats. Some environmental indicators show dramatic improvement over the past decades. Air and water pollution in many areas, particularly in the wealthy world, are improving. The wealthier a region is, the more resources it has to invest in cleaner technologies and improved efficiency. Conversely, among the most pressing environmental problems are securing clean water and sanitation for the world's poorest residents. But other indicators suggest that globalization is not ecologically sustainable. Growth in greenhouse gas emissions and toxic wastes, the decline of biodiversity and habitat, the loss of topsoil, and the mining of aquifers are examples of environmental threats that inexorably expand with global economic growth.

Such results are not unexpected, given global competitiveness' emphasis on unfettered markets and blindness to the threats posed by market-based prices that fail to reflect the true costs of production and fail to provide the kind of signals essential for making efficient decisions about the use of resources. Proponents of competitiveness champion the idea of the end of ideology to promote an uncritical embrace of markets, free trade, powerful multinational corporations largely unregulated by public authority, and unrestrained technological innovation. But competitiveness requires strong, effective government to ensure that prices reflect true costs, companies compete rather than collude, and burdens and benefits are fairly distributed.

—Gary Bryner

See also Corporate Codes of Conduct; Globalization; Global Market; Investment Incentive; Market; Research and Development

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COMPLEXITY

Complexity theory or the science of complexity is the label for a collection of theories that are building blocks for a system-oriented approach to (social) reality. This body of theories challenges the ideas of linearity and order and focuses on nonlinearity, interconnectivity, unpredictability, and the major impact that may be caused by seemingly insignificant factors. Order is a characteristic of the practice of governance, with its rules and regulations, fixed schemes and schedules, assigned roles, and expectations concerning the behavior of actors. Chaos, on the other hand, can also be observed: projects that run out of control and do not finish, budgets that are exceeded despite strict bookkeeping, minor issues that—once raised—result in politicians resigning. The notion of complexity theory can help understand how and why the practice of governance is capricious, as it often is, despite attempts to control it. Complexity indicates situations where order and chaos in governance keep each other in balance. This is also called the edge of chaos.

Before turning to the application of complexity theory in social science in general, and governance in particular, the background of these theories is introduced.

Background and Development of Complexity Theory

Complexity theory originates in physics, mathematics, chemistry, biology, and branches of economics that focus on the dynamics of systems. A number of important observations in all these fields of science lead to the development of theoretical notions that later came to characterize complexity theory. For example, it was observed that the whole is more than the parts, and that, therefore, the properties of the whole cannot be predicted out of the properties of the constituent parts. Other observations include that elements can act without guidance of an authority and that processes are not time reversible. In other words, the mechanistic, Newtonian worldview that has dominated science for a long time was challenged by ideas about nonlinearity and became known as complexity theory.

Founding fathers of complexity theory include William Brian Arthur, Richard Dawkins, Murray Gell-Mann, John Holland, Stuart Kauffman, Chris Langton, Ilya Prigogine, and others. Their work encompasses ideas and concepts about how and why systems develop (e.g., Gell-Mann, Kauffman, Prigogine), as well as concepts about the behavior of elements in such systems (e.g., Langton, Holland). The concept of systems lies at the heart of complexity theory. It can be everything, from populations to chemical compositions or from stock market movements to a set of genes. These systems have been called complex adaptive systems (CAS) and consist of active elements that are different in form, capabilities, and behavior. According to the theory, these active elements are interconnected, which means that if one element develops, it will affect other elements. This brings about a chain of reactions, wherein the magnitude of the effects may be diminished by the resilience of the environment. This resilience comes from the capacity of other elements to absorb or because these elements were also triggered by other contravening events.

Elements are called agents or actors when complexity theory is applied to social reality. They act according to a limited set of rules that evoke self-organizing behavior. These rules are often referred to as simple rules of behavior or schemata. Self-organizing behavior emerges out of interaction with other agents by application of these rules. Using these schemata (in interaction) results in complex patterns of interaction called emergences and the subsequent complex development of the system of which the actors are part. This is why such systems are deemed complex. They are deemed adaptive because these

systems are able to adapt themselves to new situations through the flexibility or adaptiveness of their constituent parts, that is, the elements or agents, hence, complex adaptive systems.

The aforementioned mechanisms stem from observations of the development of populations, chemical responses, and economic and computed systems. In turn, they lead to the idea that the ability to adapt is crucial for systems, as lack of adaptiveness results in deadlocks. Adaptation to the environment happens through the mechanisms of negative and positive feedback loops. Negative feedback loops diminish the gap between the actual situation and the desired situation, whereas positive feedback loops increase this gap, sometimes unintentionally. Both forms of feedback can produce a positive or negative outcome. Feedback loops do not occur sequentially, but simultaneously, thereby adding to the complexity.

As time progresses, agents attempt to adapt themselves to the changing environment. This can be regarded as a "walk" of an agent through a space-of-possibilities, where the agent can select a certain possibility or be forced to do so. The number of possibilities to choose from is not unlimited. There are possibilities that are only theoretical possibilities: far from feasible or harmful for the agent in question. There are possibilities that disappear when time progresses or when a choice from an agent rules out other possibilities. Over time, possibilities that are more likely to be chosen will appear, and possibilities that are not that attractive will disappear. Certain possibilities that are chosen more frequently than others—for whatever reason—are called attractors in complexity theory. Attractors are states within the space-of-possibilities that appear to—literally—attract agents.

As time progresses and agents follow their rules, they may face the mechanism of path dependency, whereby history determines the actual position of agents. Lock-in effects refer to situations that are difficult to depart from because the effort needed to abandon the situation is exceedingly high. The circumstances of actors will make such situations appear rational, even though they are inferior to other solutions. Lock-in effects can be avoided by being adaptive.

Complexity theory recognizes that although systems develop toward an equilibrium, there is actually no single best equilibrium for a system. Rather, there are multiple equilibriums that provide temporally best situations—and this can change over time. If systems cannot keep themselves in a state of dynamic equilibrium, they tend toward a state of chaos (too much interconnected to its environment and too little stability) or inertia (too isolated from its environment, too much stability). Both situations are not optimal and provide less potential for prosperity. So far, the concepts of systems and agents have been used interchangeably. This is because of another characteristic of complexity theory, which recognizes that systems can be regarded as nested, that is, systems are elements or agents within bigger systems that are, then, also elements or agents in even bigger systems. The division into systems and agents is therefore fuzzy. The mutual interaction of systems and agents is called coevolution.

The mechanisms and developments previously described can be considered the basic features of complexity. So-called fitness landscapes can help to comprehend the development of complexity. A fitness landscape is a three-dimensional rendering where every agent (of a system) has a unique position on the x-, y-, and z-axis. In this landscape, each system (or agent) seeks a local optimum. It is a dynamic landscape because of the aforementioned mechanisms that ensure ongoing developments. The initial position of an agent, but also the subsequent actions from other agents in response to the move of that agent, determine new positions. A good position is depicted as peak, whereas an inferior position is depicted as a valley. As all agents move all the time, the fitness landscape moves accordingly, making it harder to reach a peak (i.e., an optimal situation) and to avoid a valley (i.e., a suboptimal situation).

Complexity Theory and Social Science

The main ideas and concepts of complexity theory began to be absorbed by the social sciences in the late 1990s. Prominent advocates of complexity theory in

the social sciences in general, and governance in particular, include David Byrne, Philip Haynes, Steve Maguire, Bill McKelvey, Eve Mittleton-Kelly, David Parker, and Ralph Stacey.

Benefits of Complexity Theory in Social Sciences

There are benefits of complexity theory for the social sciences, even though it has never been dominated by a Newtonian worldview in the same way as the disciplines from which complexity, theory has originated. Complexity theory challenges the ideas of linearity, predictability, certainty, and dichotomy between order and chaos. It focuses on the (co)evolutionary nature of systems and agents—often called actors in social science—and the mechanisms previously discussed. Complexity theory can be applied in all disciplines of the social sciences, providing opportunities for crossing the boundaries between disciplines. The limits to the application of complexity theory in social sciences are yet to be explored, but this way of thinking can require a thorough change of perspective on social processes. For governance, it may help to understand why and how matters appear to shirk away from order, no matter which instruments for control—such as laws—are applied.

Criticism on Complexity Theory in Social Sciences

Complexity theory has received considerable criticism from social scientists. There are two main lines of criticism. First, critics challenge the claim that complexity theory is something new. Second, they question whether concepts from scientific disciplines, such as physics and chemistry, apply to social phenomena. As far as the matter of new ideas is concerned: Complexity theory bears resemblance with systems theory. It also comes to certain conclusions concerning governance and public management that other authors have reached, although from different theoretical angles. This aside, complexity theory is still a new way of thinking with distinct concepts, even though the differences may sometimes lie in the details.

The second line of criticism concerns the appropriateness of applying scientific concepts to the problems of the social sciences. Concepts and methodologies from complexity theory that have value in natural science may not be valid in social science. It is argued, for example, that cells behave in fundamentally different ways than humans. This does not discount the possibility of using the principles of how cells behave in order to understand how humans behave. In the early applications of complexity theory to social science research, for example, concepts were used as an analogy rather than as an empirical description of behavior.

Complexity Theory and Governance

So far, we have discussed the fundamental principles of complexity and their role within the theory. It is also useful to illustrate applications of the theory in the analysis and practices of governance and public management. These practices include strategies, structures, and operational management approaches.

Governmental organizations can be seen as complex, adaptive systems, interacting with and within a dynamic environment of other organizations. By themselves, they are nested systems: agencies are part of ministries, which are part of the larger central government, which is part of a political system, which as such is part of international systems.

Public organizations try to influence each other and actors within society in order to realize their policy ambitions. The difficulty of realizing collective action and implementing policy can be explained through the logic of complex systems. Agents, or actors, within a policy system act according to their own schemata with which they interpret external messages. They can choose to respond to the messages in a number of ways. Sometimes, their response reinforces steering attempts of governmental organizations (positive feedback), sometimes they extinguish them (negative feedback).

Governance, then, is dealing with the complexity of coevolving agents and systems. The governing organization is not steering other actors but engages in an adaptive walk through different landscapes, such as

the landscape of international negotiation or the regional landscape of urban planning. Each landscape is populated by highly diverse actors: governmental organizations, societal organizations, interest groups, private businesses, and citizens. These actors all have their own schemata and ambitions. Strategic operations of one actor influence the position and possibilities of the other actors within this particular landscape. Agents need to effectively handle difficult dilemmas of cooperation versus competition, exploration versus exploitation, and openness versus closedness, if they are to reach their goals and collective action.

Managing Complexity in Public Organizations

Complexity demands a dedicated managerial approach in public organizations. The argument is that (public) managers find themselves in a qualitatively different world than in the past, where traditional managerial approaches are not suitable anymore. The traditional approach includes hierarchical structures, bureaucratic routines, centralization of power and decision making, and the desire to plan and to reduce uncertainty. This different world is characterized by uncertainty, nonlinearity, unpredictability, and high dynamics. Recognizing the complexity of the environment of public organization, and indeed the complexity of the organization itself, has important implications for public management. Complexity theory then turns from a descriptive theory into a prescriptive theory.

There are three motives to adopt managerial tools from complexity theory: to assert one's situation at the edge of chaos (because that is the condition in which organizations flourish), to stimulate self-organizing behavior (because one can't organize and control everything by oneself), and to deal with the inherent uncertainty of the dynamic environment (because denying or attempting to control these dynamics reduces one's capacity to move along with the dynamics).

These goals are demanding for public managers. Maintaining one's organization at "the edge of chaos" requires the ability to maintain enough order to avoid loss in chaos and, at the same time, to be open to chaos in order to progress and avoid getting stuck.

Governance is about influencing the behavior of citizens, societal and private actors, through the interactive development and implementation of policies. When public organizations, unilaterally, stick to their own ambitions, it is not likely that they get the support of their environment for realizing these ambitions. The same applies for other actors. Collective action is only possible through a process of mutual adaptation. Governance can be regarded as an attempt to organize a process of coevolution between the different ambitions and visions that are present in a dynamic society.

It is a traditional reflex from governmental organizations to attempt to control processes within and outside the organization. The dynamics of the environment as previously discussed teaches us that such attempts will be in vain. In such cases, self-organization can help to create a degree of order in the chaos without needing to control everything. In practice, this means that operating rules and regulations should not be too extensive or cover all eventualities, but rather act to give general directions and allow room for improvising in ever-changing conditions. Interactive processes are necessary because they will result in a joint vision on a specific policy problem that will be accepted by all actors, rather than imposed upon by the governmental organization. Managers should establish the boundaries of such a process in cooperation with other actors but should refrain from detailed regulations.

Managers also need to deal with uncertainty. Traditionally, this is done through planning and control and other techniques that are used in attempts to reduce uncertainty. However, complexity theory states that this uncertainty will never disappear and preferably should be taken advantage of when it opens up new, unforeseen possibilities.

By abandoning a linear and mechanistic worldview, complexity theory provides a different way of looking at (social) reality. It is also a way that is currently under development in social sciences and practices of governance.

—*Arwin van Buuren and Lasse Gerrits*

See also Autopoesis; Dilemma; Multilevel Governance; Path Dependence; Political Exchange; Self-Organizing System; Steering

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Compliance Cost

Compliance cost is the money that businesses and individuals must put forth in order to abide by legislation. The case of the United States will be used here to exemplify this concept.

When a bill passes through Congress and is signed by the president, it has the force of law and supersedes any and all state and local laws on the same matter. These laws, though always well intentioned and meant to improve society, often force costs onto the more local governments, as well as private organizations and citizens. This has been especially true since the 1980s, with the introduction of privatization and marketization as a private agency that implements the government's will as opposed to a branch of the government. Though these organizations have a significant amount of independence in creating and providing goods, policymakers do not have control over them. When a federal law is passed, these private companies must make the subsequent changes within the company to be in compliance with the new law, and the money they spend in order to do so is known as the compliance cost.

While compliance costs were low in the 1980s, they began to rise drastically during the George H. W. Bush and Bill Clinton administrations. Laws were passed that had the potential to help American society, but it meant changes had to be implemented as well. The Clean Air Act and the Americans with Disabilities Act (ADA) in 1990 are the two commonly cited examples of federal legislation demanding high compliance costs. While environmental protection and antidiscrimination measures are ideas that everyone is in favor of, by the government passing a law at the national level and demanding its implementation on the state and local levels, costs are inevitability incurred. Today, if compliance costs were equally distributed among all American citizens, each household would pay approximately $7,000 annually, which would amount to $670 billion a year. In addition, these numbers do not count the money provided by the federal government itself. Often with such laws, there is some form of federal matching program, where the federal government does offer a certain amount of money for the program at hand, but never enough to cover all the costs.

Regulations and mandates, such as the one previously mentioned, are considered by many to be "stealth taxes." If the government does not have the money to pay for a program and does not want to formally increase taxes on the public, a piece of legislation such as the ADA is sometimes employed. These laws can create the changes the federal government wants on the local levels without having to dedicate as many resources. These costs are instead transferred to those the specific legislation affects. With the passage of the ADA, for example, all companies had to ensure that their place of business was handicap accessible and it was, therefore, their responsibility to make sure there are wheelchair ramps, handicap bathroom stalls, and other such physical amenities. For this specific law, the compliance cost was incredibly high for businesses around the country that had to make the necessary structural changes. Regulation is a necessary part of accountability and oversight;

without it, the elected government would be completely ineffectual. However, costs that come with these regulations sometimes outweigh the benefits of the legislation. Policymakers and businesses alike must determine what regulations are economically feasible and whether their results are worth the costs they incur.

—*Michele Margolis*

See also Forecasting; Regulation

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CONFEDERALISM

Confederalism is widely considered as one of the many varieties among federal polities. Its main characteristic that makes it different from other forms of federalism is that it concerns cooperation between independent, (i.e., sovereign) states. Other types of federalism consider the constituent parts as a part of one whole representing them internationally and binding the parts by means of a constitution. Hence, a federal state is one sovereign state, whereas a confederation is not. The (close) cooperation between states in a confederation is always based on a binding agreement—based on an international treaty ratified by each participating state—which specifies the type of (functional) cooperation.

In the past there have been several confederations, such as Switzerland and the United States, that subsequently developed into fully fledged federal states. At present, the Benelux—Belgium, the Netherlands, and Luxembourg—and the European Union (EU) are

regarded as confederations. In short, there are few actual confederations, and it could well be considered to be a transitory type of state formation, or—as in the case of the EU—of an emerging polity with a constitution of its own.

The origins and development of confederalism can be understood by various contextual factors. On the one hand, there are sociopolitical factors, on the other hand, political economic ones. The first category concerns more often than not an urge either to "hold together" or to "come together" a certain territory. Holding together refers to countering centrifugal tendencies that would otherwise jeopardize both the existence of the parts and the whole (like for instance the Belgian case between 1970 and 1993). Coming together is often the result of centripetal tendencies due to geographical reasons and economics of scale (like, for instance the Australian case before 1901). These developments are almost always historically determined (path dependency) and strongly influenced by the geopolitical context (international status). In particular, during the process of decolonization, the formation of a confederation was considered as a means to create a new polity of culturally and economically heterogeneous constituencies (e.g., Indonesia, United Arab Emirates, and Central East Africa). Yet, most of these "postcolonial" constructions either do not exist any more or turned into quasi-unitary states (e.g., the Russian Federation, formally the Commonwealth of Independent States).

A formalized agreement between the member states limits the regulatory capacity of a confederation. Often the treaty underlying the confederal polity specifies the shared rules of decision making, on the one hand, and the authority for functional action, on the other hand. This distinction is particularly interesting, if one takes a closer look at the history and development of the coming and holding together of Europe. It can be contended that the present EU is an example of a confederation. The origins of the EU can easily be traced back in terms of centripetal and centrifugal tendencies that existed in twentieth century Europe. In other words, it can be argued that "European integration" is showing a strong

resemblance to the formation of a confederal polity in transit.

—*Hans Keman*

See also Commonwealth of Independent States; Constitutionalization; Decentralization; Intergovernmental Relations

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CONFIDENCE-BUILDING MEASURE

A confidence-building measure is an action that reflects goodwill or a willingness to exchange information with an adversary. The purpose of such is to decrease misunderstanding, tension, fear, anxiety, and conflict between two or more parties by emphasizing trust and limiting conflict escalation as a form of preventive diplomacy. Confidence-building measures have traditionally been discussed within issues of war, security, and peacekeeping, but can now be seen within political and diplomatic spheres.

The Henry L. Stimson Center has outlined four main types of confidence-building measures: communication, constraint, transparency, and verification. Communication prevents crisis through averting tension. The methods involved in communication measures are hotlines—either presidential or military based, regional communication centers, and consultations. Constraint measures control levels and types of power; this has been achieved in military spheres through decreasing deployment in certain areas—specifically borders and prenotification of military activities. Transparency measures generate openness between parties by establishing requirements for prenotification and information exchange. Verification

reduces vulnerability and mistrust of goodwill in the military sphere through aerial and ground-based sensors. In areas of diplomacy, verification is attained through written agreements, independent observations, inspections, and treaties.

Confidence-building measures originated during the Cold War, with hotlines established between various statesmen and military personnel in the United States and the Soviet Union. A central example of the use of a confidence-building measure can be given in reference to South Asia and the 1972 conflict between India and Pakistan. Following this conflict, the two countries established the following measures: communication hotlines, an agreement on prior notification of military exercises, and consensus on the nonattack of nuclear facilities. Following these agreements, confidence-building measures were first formally implemented in the 1975 Helsinki Conference of Security and Co-operation in Europe.

Beyond military use, the World Trade Organization introduced various confidence-building measures in response to the Seattle protests of 2000. The measures introduced by the then–Director General Mike Moore and Chairmen of the General Council Ambassador Bryn specifically focused upon transparency and communication initiatives: increased participation and communication to identify the difficulties facing developing countries, a reassessment of technical cooperation and capacity-building initiatives, and increased openness in regards to implementation issues and concerns.

Confidence-building measures have been criticized in both the military and diplomatic spheres for their lack of reciprocal effectiveness. Such measures have been undermined by the failed peace settlements in the Middle East and their ineffectiveness in sub-Saharan Africa and conflict zones where—in some areas—no shared beliefs, trust, or common interests exist. Methods of verification can also undermine communication, constraint, and transparency through a lack of trust. In regards to the World Trade Organization, it has been argued that such measures are mere rhetoric that adversely produces a lack of confidence among developing countries. It has been

argued that the concept is only relevant in specific regard to the Cold War.

—Sophie Harman

See also Crisis Management; Peace Process; Security; World Trade Organization

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CONFLICT MEDIATION

While governance is defined in myriad ways, particularly during this time of dramatic global transition, conflict mediation can be and is equated with governance. Likewise, democratic governance is advocated as effective conflict mediation. Simply defined, any force outside of a conflict mediates when it assists with that conflict's management, negotiation, resolution, or transformation—strengthening of relationships—without the use of force. If all parties to a conflict agree, a third-party individual, state, group, or organization not involved in the conflict and often described as impartial can intervene.

Conflict Mediation's Significance to Emerging Governance

Conflict mediation is growing dramatically, threefold or more, as state power declines. New regional, international, and civil society conflict mechanisms reframe global shifts from sovereigns to the international community, confrontation to negotiated collaboration, and control to shared capacities. Present definitions of good governance stress civil society rather than government. They deconstruct political will into articulation of interests, exercise of rights, and mediation of differences. Informal conflict mediation

can satisfy many needs and challenges outside the purview of formal governance at all levels of society. For example, the majority of significant global conflict is intrastate and ethnic—beyond international law's mandate. In response, new programs train activists and other members of civil society, along with international diplomats and lawyers, in the skills and attitudes of facilitative conflict mediation.

Contemporary Conflict Mediation

Multilevel analysis is necessary to understand evolving conflict mediation. Traditionally, heads of state and state representatives mediate conflict through exercising their power of authority and promising resources or other support. Distributive bargaining, or negotiating division, has predominated. Conflicts are framed as sovereignty or ethnic self-determination, for example. State-compelled mediation is still prevalent, particularly with a high-profile crisis, but increasingly complemented with more collaborative mediation initiated by civil society and international organizations like the United Nations. Integrative bargaining aims to avoid division through constructing innovative, collective possibilities. Conflict is framed as partnering to search for options that consider all interests—how we might respect sovereignty and ethnic self-determination, for example. Collaborative-governing mediation aspires to increase sustainable (durable) resolution through building civil society cooperation rather than dependence on state oversight. Restorative justice, another evolving global movement exemplified by truth and reconciliation, combines traditional state and emerging civil society mediation.

States and international organizations are attempting to respond to the changing global order by institutionalizing mediation. Transnational corporations are following this lead. As a result, conflict mediation is both centralized in government programs, domestic and international, institutionalized within transnational corporations, and decentralized. Any member of civil society is free to initiate informal, and sometimes formal, mediation. Conflict mediation is institutionalized, yet simultaneously acts as a means for

institutional reform, providing an alternative to untrustworthy, nonresponsive, and partial systems.

Some contend that civil society's roles with contemporary governance are providing broad, inclusive public participation and overseeing accountability; business's responsibility is promoting efficient effectiveness and government roles are facilitating rule of law with transparency. However, these lines are increasingly blurred. Civil society, for example, can participate in negotiated rule making and, thus, create rule of law.

Linkages Between Conflict Mediation and Governance

Many linkages, explicit and implicit, exist between conflict mediation and the changing nature of governance. Consequently, conflict mediation has the potential to build or erode governance. At its best, democratic mediation bridges legal systems, crosses cultures, promises transparency, and builds relationships rather than destroys them.

Citizen participation in conflict mediation is increasingly personal as well as representative. Multistakeholder process, like the negotiation of South Africa's Peace Accords, includes more of those affected by decisions, interested parties such as nongovernmental organizations and state representatives. The United Nations Economic Commission for Europe's *Convention on Access to Information, Public Participation in Decisionmaking and Access to Justice in Environmental Matter* also included nongovernmental organizations in the design of its negotiation process and negotiation. It is lauded as a model for multilateral policy making, or democratization of international institutions.

The office of ombudsmen is yet another form of conflict mediation and governance growing in popularity. The office created by the International Finance Corporation and Multilateral Investment Guarantee Agency is one well-studied example. Ethical principles and independent oversight prioritize civil society's interests in transparency, responsiveness, and robust accountability through a designated independent third party.

The model offered by international commercial arbitration is spreading as a preferred ombudsmen like governance structure. Parties in conflict select three member panels—one chosen by each party or approved by all parties. A nongovernmental representative with an established reputation for impartiality, like the International Red Cross, may be one of the trusted panelists. Panels mediate conflict and provide oversight to ensure good faith.

Interesting challenges and questions arise with changing governance and conflict mediation. What space do states and international organizations have for negotiating with civil society within mandates? Will increasing accountability with human rights quiet demands for ethnic self-determination? As civil society initiates sustained and collaborative conflict mediation, should state territorial integrity be subordinated to advancing democracy?

—Nancy Erbe

See also Negotiation; Ombudsman; Peace Process

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CONFUCIAN GOVERNANCE

Confucianism refers to the philosophy attributed to the fifth-century BCE. Chinese thinker, Confucius, and the schools of thought based on his teachings. While its dominance in Asian history can be overstated, Confucianism's emphases on mutual obligation, on the leader and elites as the bearers of moral authority, and on education and institutions as crucial to shaping

people's characters, do characterize widespread East Asian political ideals.

Confucianism as a political philosophy centers on the ability of the ruler to persuade by moral force (*de*), and on a series of five interlinked social relationships: parent-child, husband-wife, older brother-younger brother, ruler-subject, and friend-friend. It suggests that humans' moral potential is malleable and can be shaped by social and political institutions. If social relationships are conducted according to well-defined rituals and rules of propriety (*li*), if mutual obligations are fulfilled, and if institutions are properly constructed, everything—from the moral condition of individuals, to the relationships between inferiors and superiors, to the state itself—will be well-ordered. Thus, Confucian governance is said to rely on concentric circles of relationships, with virtue believed to spread outward from the self to permeate one's family, one's society, and eventually the universe. The task of creating institutions and education that promote people's moral self-cultivation falls to virtuous rulers and to the cadres of educated bureaucratic elites that advise them.

Because Confucian governance advocates clearly defined social hierarchies and emphasizes the importance of human relationships, it has been criticized as promoting a politically disengaged citizenry, focused on personal relationships, and a tyrannical, elitist government. Confucianism has also been viewed as presenting either an alternative or a hindrance to Western-style economic development, relying as it does on moral authority and mutual obligations rather than on rule of law. In the "Asian values" debates of the 1990s, Confucian governance's emphasis on paternalistic authority was often considered largely responsible for the rapid economic growth of several East Asian nations. Confucianism was seen as promoting "top-down" styles of governance in everything from government-led development policy to the relationships between company managers and their workers. Since the onset of economic troubles in East Asia in the late 1990s, this style of economic management has been equally blamed for the crises.

There have been several recent attempts to seek Confucianism support for democratic alternatives to the liberal forms of democracy dominant in the West, or for a form of constitutional government "locally appropriate" to East Asia. Most often, such scholars argue that Confucianism's emphases on humane (*ren*) treatment of others, reciprocal obligations, and tight-knit communities provide a powerful critique of and alternative to liberalism's atomizing tendencies. Others advocate elite-centered forms of governance that embody Confucianism's focus on education and moral virtue.

—*Alison Adcock Kaufman*

See also Asian Governance; Religion; Taoist Governance

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Consensus Democracy

Consensus democracy is a model of democracy designed to find and create common ground in pluralistic societies and to base decision making on consensus. Consensus democracies also seek to allow different political interests to share power. Some features of consensus democracy include: executive power sharing, proportional representation, a balance between executive and legislative power, bicameralism (having two legislative bodies), and multiple political parties. Instead of a "winner take all" system, executive power sharing ensures that one party or group does not dominate the leadership position. Proportional representation, reserving positions for minority membership in proportion to their constituencies, ensures that no parties or groups are completely excluded from decision-making bodies. Though consensus is the aim, such measures seek to

ensure that all voices are heard. Consensus democratic practices can be integrated to greater or lesser degrees into national and local governments, as well as in private decision-making bodies, such as workplaces. The aim of consensus decision making is the greater inclusion of a larger majority, resulting in a broader satisfaction with outcomes.

Consensus democracy is designed to correct for some of the problems in majoritarian democracies, which rely primarily on simple majorities to establish policies and to choose representatives. Majoritarian democracies are "winner take all" systems, leaving minority voters with no input into the outcome of the decision and no political representation. Majoritarian systems sometimes make decisions based on narrow majorities; this means that the will of large minorities is left out. Consensus democracy seeks to include the will of more people, arguably making consensus democracies more properly democratic.

Consensus democratic practices have several advantages. Increased consensus can enhance unity and decrease divisiveness. Participants in consensual processes tend to be more hopeful that their interests will be taken into account, therefore increasing participation. As a result of this participation, decisionmakers will likely feel a greater sense of commitment to the outcome. When processes aim at consensus, more information is generally gathered and more perspectives weighed and taken seriously, because a plurality of views is a part of the discussion. In addition, consensus democracies tend to reduce antagonism between opposing groups, in part because through the consensus-building process participants become less-wedded-to and less sure of their viewpoints.

Consensus democracies have some disadvantages. The primary objection to consensual processes is that they are inefficient. Developing a consensus takes considerably more time than taking a vote and declaring a winner. The compromise entailed in consensus decision making can dilute important principles that might otherwise be expressed in a decision. The results of consensus decision making are often ambiguous, making for potentially poorer policies. Attempts to secure consensus sometimes result in deadlock when groups are deeply conflicted. When

efforts to build consensus begin to fail, there is a risk that members may attempt to coerce each other in order to secure a decision. If the minority capitulates to the majority during the consensus-building process, there remains the problem of minority views being silenced in favor of the group decision.

—Jennifer L. Eagan

See also Deliberative Democracy; Democratic Theory; Legitimacy

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CONSENT

When we grant consent, we permit something to be done: We relinquish some of our authority in a sphere of concern where our sovereignty ought otherwise to be respected. Consent is, under certain conditions, generally taken to have deep moral significance, but scholars disagree over what forms of consent generate what sorts of obligations and what conditions make consent morally and legally significant.

Consent is fundamental to social contract accounts of political legitimacy, arising as early as Plato's *Crito,* but most prominently in the seventeenth-century writings of Thomas Hobbes and John Locke. Both Hobbes and Locke based the legitimacy of state authority on the consent of those ruled. For Locke, authority is far more limited and provisional than for Hobbes, who argued that, in the absence of government, rational parties would find life so miserable that they would freely consent to an absolute authority that would secure and maintain order.

In modern moral and legal thought, actual consent—whether express or tacit—is of great importance in determining the force of moral obligations and the validity of contracts. In political thought,

however, hypothetical consent has increasingly played a central role in justifying particular accounts of justice and legitimacy. For example, theorists such as John Rawls imagine idealized situations in which parties must choose binding terms of social cooperation; the legitimacy of these terms is grounded not in anyone actually accepting them, but in the claim that agents with certain characteristics, under carefully specified conditions, would freely choose them.

These characteristics and conditions are important. Consent-based theories of legitimacy and obligation generally agree that consenting parties must be rational agents, capable of understanding moral categories such as right and wrong. We will, of course, often disagree about the substance, scope, and demands of reason and morality, but we must at least grasp such distinctions for our consent to be meaningful. And for consent to confer any sort of obligation, it must meet certain conditions: Consenting parties must be sufficiently informed about the terms they are consenting to, and their consent must be freely given. Disagreement ensues over what counts as sufficient information and what forms of coercion and constraint limit or nullify obligations arising from consent.

Few people, for instance, would argue that a person, forced at gunpoint to accept an exploitative contract, is legally or morally obligated to adhere to that agreement. In such a case, consent does not generate an obligation. But many cases are less obvious: In modern liberal democracies, are we obligated to obey a law that we find, after sincere and informed reflection, to be pointless and offensive, but which has emerged from an acceptable democratic process? If we challenge the law—as conscientious objectors—should we be punished?

Some scholars take a stringent libertarian, even anarchist position on such matters: Political authority is only legitimate insofar as it is grounded in the express consent of those affected by its exercise. Others allow that some actions can be taken as evidence of implicit agreement, but nonetheless emphasize the importance of actual consent, whether express or tacit. Other scholars argue that hypothetical consent is sufficient to confer legitimacy upon basic principles

of political order and that consent is not required for specific laws and policies: So long as there are effective means available for redress and reform, citizens must obey specific laws, which are legitimate if they are consistent with a fundamental constitutional structure that would win the consent of reasonable and sufficiently informed citizens. However, critics wonder if such hypothetical consent can ever really generate actual obligations. Still other scholars suspect that legitimacy and obligation are not ultimately grounded in consent, but instead in the deeper accounts of moral agency and the good life that make consent seem so important in the first place.

—Loren A. King

See also Consensus Democracy; Democratic Theory; Good Governance; Representation

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CONSOCIATIONALISM

The term *consociationalism* describes a stable democratic system in deeply divided societies that is based on an elite cartel. Consociational democracy can be found in countries that are deeply divided into distinct religious, ethnic, racial, or regional segments, usually considered as unfavorable conditions for stable democracy. The two central characteristics of consociationalism are government by grand coalition and segmental autonomy. Government by grand coalition describes the institutional setting in which representatives of all significant segments participate in common decision making with regard to common concerns, whereas decision making remains autonomous for all other issues. In all respects, consociationalism

contrasts profoundly with majority-rule democracy. While the notion of consociationalism has been known since the seventeenth century, it was conceptualized in the 1960s, in particular by Arend Lijphart and is used today as both an analytical and a normative category. Based on a number of factors, it takes different forms in different countries, and it has become widely criticized.

Profound social cleavages, such as ideological, religious, ethnic, class, or language, are generally accused of being obstacles to the establishment of stable democratic systems. When cleavages are cross-cutting, in the sense that an individual is member of a different social segments, the risk is considered to be limited, as this situation creates pressures that have a moderating effect on social conflicts. If the social cleavages and pressures coincide, however, the chances are rather poor to create stable democratic political systems. But it seemed that such systems did exist and had become stable. The explanation was that elite groups could coordinate in order to avoid conflict if social cleavages were not to be cross-cutting. Generalizing from a number of case studies and elaborating on the term used by a number of studies on African political regimes, Lijphart distinguished in the 1960s four characteristics that should be present in order to qualify for the label of consociationalism. First, there must be a government by coalition, as well as a second element of segmental autonomy, such as federal arrangements that allow for autonomy in policy fields (i.e., education policy for which responsibility lays with the German Länder, or states). Third, proportionality must prevail in the electoral system, but also with regards to civil service appointments and the allocation of public funds. Finally, consociationalism also foresees a minority veto for the protection of vital minority interests.

Whereas examples of consociational democracies can be found all over the world, they developed in Europe in particular. Thus, Switzerland has been characterized as a consociational democracy since 1943, Belgium after World War I, Austria from 1945 to 1966, and the Netherlands from 1917 to 1967. Czechoslovakia was a consociational democracy from 1989 until its partition in 1993. Where

consociationalism has ended, it often did so not because of its failure but because of its success: It worked so well that it was no longer needed. Whereas India since 1947, Colombia from 1958 to 1974, Malaysia from 1955, and South Africa since 1994 can be considered successes from a normative view, Cyprus and Lebanon's experiments ended in civil war. Some scholars actually consider the European Union as a consociational democracy.

Consociationalism is criticized both for its analytical and normative approach. Its large concepts, such as government by coalition or segmental autonomy, do not allow for clear-cut modelization or even definition. Do all elites always cooperate or only on some issues and some arrears? The country classification was another critical issue in the debate on consociationalism, such as the question whether the Swiss society's religious and class cleavages are cross-cutting or not.

However, pure consociationalism and pure majoritarianism are ideal types. Most political systems range between these forms. The conceptualization of consociationalism allows for a better understanding of the large number of nonmajoritarian political systems in comparative politics.

—Sabine Saurugger

See also Democratic Theory; European Union; Pluralism

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CONSTITUTIONALIZATION

Constitutionalization is seeking to entrench an institution, a law, or a process in a document that has democratic

legitimacy. Entrench means making it difficult to alter the document, generally through some type of super-majority requirement for amendments. Traditionally, a constitution is formed when individuals agree to a common form of government. With constitutionalization, however, it can be individuals, organizations, or nations entering into collective agreements that will ultimately provide some group benefits while limiting individual flexibility.

Constitutions frequently define multilevel systems of governments, such as the Canadian and American federal systems, where the national constitutions define the relationship between national and subnational units of government. Such systems create a sovereign national government along with subnational governments that are sovereign within specified policy and geographical jurisdictions. The result is similar when a number of nations constitutionalize an issue by creating a binding agreement. Once "local" approval for the agreement is granted by all parties, institutions created in the agreement take on a role akin to a sovereign supranational government. As with any constitution, democracy doesn't just have a role when creating the institution, but may have an ongoing role, such as members freely electing the leadership of the organization, members voting on issues akin to referenda, and so forth. As with the United Nations Security Council, such voting may provide veto votes or may differentially weight the vote of some members.

Constitutionalization generally refers to intentional attempts to embed issues within a constitutional framework. This can be done to create consistency on issues across a jurisdiction or across multiple jurisdictions, to limit the flexibility of other lawmakers or administrators, or to afford a long-term solution in a chaotic world. A frequent result is that power is shifted from elected lawmakers and other policy elites toward either elected or appointed judiciaries.

Amendments to existing regimes that already have binding authority may be back-door attempts to embed a solution in a constitution-like fashion. For example, an international trade agreement may be used as a back-door approach to require multiple jurisdictions to abide by certain principles (i.e., opening domestic markets, worker or environmental

protections, and so forth) by virtue of power previously delegated to a dispute resolution process. Current changes in an agreement, in other words, may have entrenched power because of a binding commitment to older parts of the agreement.

Constitutionalization is best described by example rather than abstract definitions. The issues of the World Trade Organization (WTO), morality in the United States, and interjurisdictional dispute resolution thus illustrate constitutionalization in the following paragraphs.

Example 1:
The World Trade Organization

Deborah Cass argued that the World Trade Organization needs a constitutionalized structure, which is democratic and representative. Such a structure could limit the power of member states to decide some matters of national economic interest, and thus would arise the need to ensure democratic legitimacy. Movement in this direction might have serious implications for the future of global economic governance by creating enforceable obligations outside of the direct control of national governments.

A critical argument for constitutionalization in this instance is that some nations have routinely been avoiding their responsibilities under what is currently a voluntary confederal arrangement. Another reason is that it might be possible to create a more significant voice for developing nations, thus appeasing the protesters and rioters at recent WTO meetings by increasing equity.

The European Union (EU) provides strong evidence that such supranational arrangements can develop into significant international forces with strong leadership and decades to mature. The EU also provides ample evidence that the road may be bumpy and discontinuous, and that success will remain tentative rather than assured as dominant actors play their trump card of domestic sovereignty.

Example 2: Morality

Why seek legislation when you can constitutionalize? The Eighteenth Amendment to the U.S. Constitution

is the classical example of seeking to enshrine a moral standard within a constitution. This amendment banned the manufacture, sale, and transportation of all intoxicating liquors in the United States from January 17, 1920, when it took effect, until December 5, 1933, when the Twenty-First Amendment overturned it and decided such laws would be a matter of local decision.

Recent trends in the United States suggest a strong desire to take such an approach with other moral issues, although by nearly all accounts prohibition was a disastrous exemplar. For example, on August 3, 2004, a ban on gay marriage was approved for the Missouri constitution by nearly seventy-one percent of voters. National organizations, such as the Campaign for Working Families and Focus on the Family Action, helped ensure that similar amendments to state constitutions—generally referred to as "ban same-sex marriage" amendments—made it on the ballot in eleven additional states in the November 2, 2004, statewide elections. These amendments were approved in all eleven states, by as many as eighty-six percent of voters.

While this movement was fueled by a Massachusetts Supreme Court decision that same-sex marriage was legal, many of the amendments also prohibit any concept of a civil union or other "marriagelike" legal status for gay and lesbian couples, thus entrenching discrimination in numerous state constitutions.

Example 3: Interjurisdictional Disputes

Why negotiate or work through intergovernmental networks when you can constitutionalize? Recent electoral decisions in Alaska, Montana, Oregon, Michigan, and elsewhere provide ample evidence that in jurisdictions where people have the power of the initiative or referendum, they may seek constitutional-level solutions to intractable interjurisdictional problems. Two clear examples are the legalization of marijuana (frequently limited to "for medical use") and control over the legalization of gambling. In the 2004 elections, sixty-two percent of Montana voters approved the use of medical marijuana. Voters in California and Arizona passed similar initiatives in

1996. As when cities such as Breckenridge, Colorado, approved such measures in the past, it seems likely that federal enforcement agencies will continue to treat medical marijuana use as illegal because regulating pharmaceuticals is federal jurisdiction. An uneasy truce has developed, where those who do not flaunt the use of marijuana for medical purposes are generally left alone.

While the marijuana issue is a local-state-federal dispute that has existed for decades, Michigan voters passed an initiative designed to stop the spread of gambling in the state. This specifically excluded tribal gaming, which is clearly outside of state jurisdiction. This initiative was approved overwhelmingly in 2004 and requires that new gaming be approved by statewide ballot measures rather than by the state legislature. The interjurisdictional element is that a proposed facility could be approved by a large margin in a statewide vote and still be denied if it failed to achieve fifty percent approval in the affected local area.

—*Matthew S. Mingus*

See also Decentralization; Democratization; Rule of Law; State-Society Relations

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Consumption

At its most basic, consumption refers to the practice of using up something (a usage that persists in relation to a concern with fuel consumption in motor vehicles, for example). This basic usage does not differentiate between different forms, sites, or behaviors associated with consuming things (both subsistence economies and advanced capitalist societies involve consumption). During the twentieth century, however, its meaning became more identified with the personal consumption of goods and services acquired through market-mediated exchange (ideas of conspicuous consumption and consumer culture, for example). There are three main connections between governance and consumption: consumption as something to be regulated, concepts of collective consumption, and the imagery of individuals as consumers of public services.

Consumption as the Object of Governance

In this market-mediated form, consumption has been the object of various forms of governance. Minimally, it is thought to require the legal apparatus of private property so that things and money can be freely exchanged and to prevent theft and deception. More elaborately, such consumption may require forms of regulation by government or its agents: weights and measures standards, safety standards, forms of licensing of providers and venues, and varieties of taxation. These regulatory processes reflect the problems of market failure and the accommodation of popular protest, as well as providing a funding stream for the development of modern forms of state. In matters of quality, reliability, and safety, market dynamics have proved less-than-satisfactory means of guaranteeing the consumer's needs. Adulterated foods, variable measures, and unsafe products (ranging from toys to financial advice) have created substantial demands for public intervention to regulate the free market. Advocates of the free market have, in turn, called for deregulation and the liberation of entrepreneurial dynamism from the shackles of state regulation.

Collective Consumption

Despite the rise of market-mediated consumption, other forms of consuming have coexisted with it. Both economists and urban sociologists have been interested in collective consumption. For economists, some consumption practices deviate from the model of individualized market-mediated consumption. So, households may act as a collective unit of consumption, or there are "public goods" of various kinds (from national defense to public parks) that are not designed for individualized purchase and consumption. Urban sociology examined forms of public provision (from infrastructure to welfare services) as distinctive patterns of collective consumption and as the focus of political conflict and bargaining.

The concept of collective consumption draws attention to the importance of public provision of goods, benefits, and services during the second half of the twentieth century in particular. These provisions were more or less decommodified—that is, removed from the inequalities of market exchange by being provided as social rights. Public provision represented an alternative and supplement to, and infrastructural support for, market consumption. As alternatives and supplements, public provision served to remedy market failure and redress market-generated inequalities. But public provision also underpinned market-mediated consumption: benefits to create spending power, or infrastructural provision and taxation support for private housing.

Consuming Public Services

Public provision came under increasing attack from advocates of markets in the late twentieth century. Ideological claims about the innate superiority of the market form coincided with sociohistorical accounts of the rise of a "consumer society." From different starting points, a number of political and cultural strands came together to change the relationships between publics and public services toward a more "consumerist" orientation. Creating a more consumer-like relationship in public services was expected to: promote efficiency, create a more personalized or responsive mode of service provision, encourage more

responsible behavior on the part of users of public services, improve the experience of service use, and increase consumer satisfaction. For some critics, the drive toward consumerism threatened to undermine the public or decommodified character of services and benefits by reinstating the dynamics of markets. Such political choices would value profits over service, risk market failure, and reproduce market inequalities.

Constructing consumer choice in public services posed a number of governance issues. Despite the potent appeal of choice, its translation into policy and governance arrangements proved both difficult and controversial: Precisely who gets to choose what? In health care, does the consumer choose the intervention, the place, the doctor, or the timing? Who are the consumers of education—children, their parents, or the community?

Second, a critical condition for consumer choice is the availability of alternatives—at least, excess capacity in a system or the existence of competing providers. Such conditions require funding—either through extra government investment or by systems of copayment, individual "topping up" and the like. They also pose governance problems of how to coordinate complex systems, multiple organizations, and individuated choices (in the absence of the cash nexus of market exchange).

Third, effective choice making is understood to require accessible and adequate information. Most governments have developed systems of performance management and measurement, intended to provide information for citizens as taxpayers and service users. However, such quantitative information may not address the specific choices the user/consumer has to make. In some services, they may remain dependent on professional knowledge and expertise. These have been the established domain of service professionals and organizations—and the rise of consumerism challenges these established concentrations of knowledge and power. The search for stable models of choice or codetermination remains a major challenge for the governance of public services.

—*John Clarke*

See also Market; Marketization; New Public Management; Privatization

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Contract Enforcement

Contract enforcement consists of the legal procedures or coercive actions intended to secure the compliance of the parties to the conditions of their agreement. Economic exchange is premised upon the enforcement of contracts, which is a task often performed by the legal and coercive organs of the state. Because contracts are constitutive of capital accumulation and property relations, the enforcement of contracts is a central function of governance for the continuation of economic activity. Where the state is unwilling or unable to enforce contracts, private actors may assume this role, with or without an official mandate.

Main Uses and Theoretical Relevance

The notion of contract enforcement is used by scholars critical of neoliberal economic analysis to emphasize the indispensability of violence-wielding agencies in the construction of markets and the protection of economic exchange. Because the function of contract enforcement is usually fulfilled by organs of the state, such as the courts and the police, discussions around this concept also highlight the centrality of political power in the construction of deregulated, free markets. Where the organs of the state that are officially

commissioned to enforce contracts are unable or unwilling to fulfill this function, other organs of the state or private actors and organizations may assume this role, with or without official sanction to do so. Contract enforcement can be undertaken illegally by organs of the state with coercive, violence-making capacities but without the legal authority to do so. These functions can also be performed by private protection agencies that are legally authorized to dispense coercive violence in the service of their customers within the bounds prescribed by the law. Finally, contract enforcement can be carried out by private agencies operating illegally, such as the so-called Mafia.

Contract enforcement is a contested notion in the debates between institutionalist and neoclassical (neoliberal) economists. Institutionalist scholars accuse neoliberal economists of underemphasizing the role of coercive violence in contract enforcement, which in turn underpins market exchange and property relations. The neglect of institution building necessary for contract enforcement, institutionalists claim, is responsible, in part, for the newly liberalizing economies' failure to live up to the expectations of neoliberal analysts. For example, the idea behind postcommunist reform in Russia was to implement economic reforms first, and perhaps engage in some political institutional development afterward. Another assumption was that the institutions would naturally emerge once the prices are liberalized and the markets are deregulated in general. Institutionalists claim the neglect of coercive organs of the state by the liberal politicians during Russia's transition from planned economy to market economy to be partly responsible for the disappointing performance of Russian economy in the 1990s. Other examples where nonstate or illegal organizations took over the function of contract enforcement include some other postcommunist countries and some African countries.

Following the global restructuring of the relationship between the state and the economy along neoliberal precepts, there was a limited delegation of state's authority as a contract enforcer to legal private agencies, along with an unofficial devolution of the same authority to extralegal public and illegal private agencies. The apparent erosion of some states' monopoly over the uses of violence since the 1970s led some neo-Marxist scholars to speculate that global capitalism has reached an impasse. This new stage of capitalist development is dubbed Mafioso capitalism by its critics for its reliance on extralegal and nonstate agencies for coercive violence in protecting property and exchange relations.

Differences and Changes in the Usage of the Term

The World Bank measures the efficacy of contract enforcement by the number of procedures and the amount of time it takes after the filing of a claim by the plaintiff until the resolution of the dispute between the contracting parties via legal authorities. Different understandings of contracting relationship allow for different theories about institutional origins, development, and change. The main mechanism in neoliberal accounts of contracting that explains the choice of one contract over another is voluntary agreement. The goal in this approach to contracting is to allocate the property under question to the person with the greatest incentive to maximize benefits from that property. Then, the problem appears to be a technical one of structuring incentives in such a way as to allow for this outcome. This approach holds that some factors external to the exchange relationship, such as information asymmetries, technological developments, and changes in the ratio of factor prices, may also influence the expected benefits from contracting. Though neoliberal approaches focus on legal reforms for improving contract enforcement, institutionalists focus on capacity building. Following the failure of economic reform in Russia and in some other postcommunist countries, liberal economists also started to increasingly recognize the importance of institutional capacity building for contract enforcement. References to the rule of law and governance failure are related to the success or the failure, respectively, of enforcing contracts.

—Sener Akturk

See also Capacity Building; Capitalism; Coercion; Governance Failure; Legitimacy Crisis; Rule of Law; Transaction Cost

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CONTRACTING OUT

Contracting out can be defined as formally agreeing with a third party to perform tasks or activities that used to be carried out within an organization. Initially, contracting out, also known as outsourcing, was a businesslike management practice. The term designates a private company's transfer of support activities to a supplier. It permits a company to reduce its expenditure and structural cost by delegating activities that do not form a part of its core function. From this perspective, it is different from subcontracting, which is the practice of a contractor delegating part of its work to subcontractor. For policy analysis, contracting out consists of attributing to a private actor the accomplishment of an activity until then realized by the state or by another public authority. It necessitates the formulation of an agreement between the representative of this public authority and the private contractor. The contractor commits itself to procuring a result in return for a monetary reward. The agreement concerns a single service or can define the way contractors produce this service.

Contracting out is a longstanding practice that predates modern state building and the process of bureaucratization. Several functions or support necessary to the state have tended to be outsourced to private contractors. However, its contemporary form first appeared in the 1970s, when it told a new

meaning. At that time, various governments of Western democracies, particularly the United States and Great Britain, launched policies decreasing public expenditure and the number of civil servants. More recently, even parts of the core activity of the state, defense and military policies for example, have been outsourced. This process illustrates the contemporary reordering of the state and the spread of new public management theory among Western administrative and political elites.

Contracting out raises problems of state sovereignty, the identification of public needs, and evaluation. First, the efficiency of externalization practices implies a best-cost choice among various private candidates. Most often, there are few companies, often even only one company, able to supply a relevant service to a public authority. Second, the identification of public needs apt to be satisfied by a private company is a controversial question. Controversy rises in Western countries about the feasibility and legitimacy of such delegations of public services to private business. In some cases, such as defense activities, the content of core activity is brought into question. Third, evaluation problems reduce the efficiency of contracting out. On one hand, when evaluating the cost of the public service to be externalized, the state can have difficulties isolating and appreciating the economic viability of one of its services. Consequently, it cannot evaluate the economic advantage of such an operation. On the other hand, a state can also have difficulties evaluating its private contractor performances. Contracting out implies a loss of competences by the state that interfere with its capability to estimate service needs.

Another negative consequence that reduces the pertinence of contracting out for public management and control of public expenditure is that it produces financial liabilities for the state, often for a long period of time. From this perspective, it can cause management rigidity, and the impractical nature of reducing public investment in all the sectors of state activity. Contracting out thus becomes a restriction factor of the state's control over its own budget and, more generally, of its ability to decide on future courses of action. Opponents of contracting out accept

that it can initially introduce flexibility but that it can sap state capacity.

—*Jean Joana*

See also Agency; Audit; Bureaucracy; Organization Theory; Public Goods; Public-Private Partnership; Service Delivery; State Building

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CONVERGENCE AND DIVERGENCE

The concept of convergence is used increasingly frequently in the analysis of contemporary governance. In an era of globalization, it is often assumed, increasingly strong selection mechanisms influence the choice and development of governance regime such that they tend to converge over time. In many conventional accounts, heightened competition between states and national economies in an ever-more-integrated global market pit governance regimes against one another in an ever-more-intense competitive struggle. Only those regimes capable of sustaining high growth rates under such conditions will survive and prosper. Over time, through this neo-Darwinian process of "survival of the fittest," the current diversity of governance regimes will be narrowed. The global diffusion of neoliberal governance is often predicted.

Though still deeply influential, this account has increasingly been challenged both theoretically and empirically. This has opened up as an area of considerable controversy the question of convergence, diversity, and divergence. Standard neoclassical models of an open and global economy do indeed predict convergence. Yet other more empirical perspectives, such as the new institutionalism and, in particular, the influential "varieties of capitalism" perspective, claim

to reveal a rather more complex process of dual or co-convergence. This latter account differentiates between liberal market economies (archetypally, the United States and the United Kingdom) and coordinated market economies (archetypally, Germany), arguing that that there is evidence of convergence within but not between each group. This claim is defended both theoretically and empirically (notably by Peter Hall and David Soskice in 2001 and Geoffrey Garrett in 1998). Others claim that even the co-convergence thesis is an exaggeration and that heightened competition between states and national economies has, in fact, served to promote continued diversity and, if anything, furthered divergence in governance regimes rather than convergence.

However, the debate has often been characterized by the rather imprecise appeal to the language of convergence. Indeed, a variety of rather different and often incompatible senses of the term are often conflated. It is important, then, to be clear what the term implies, what it does not imply, and to what it might be taken to refer.

Consider first the definition of convergence. Here we can usefully draw on the important intervention of Torben Iversen and Jonas Pontusson in 2000. Motivated by a clear sense of frustration at the misuse of the term *convergence*, they differentiate helpfully between, on the one hand, the identification of common trends and, on the other, the demonstration of cross-national patterns of convergence. As they make clear, one need not necessarily imply the other. Two states can both adopt neoliberal policies without their governance regimes converging by so doing. As Iversen and Pontusson note, if we consider a quantifiable variable, such as the level of social spending within an economy, it is perfectly possible for that index to move in a common direction in two economies without those economies converging. For those economies to converge, the difference between the values of the variable in the two cases would have to shrink over time; this is by no means guaranteed simply by the identification of a common trend (in this case for the value of the variable to fall). Convergence implies that the rate of change of social spending is greater in the economy characterized by the higher initial value.

The point is, in many respects, an entirely obvious one. Yet however mundane it may seem, its implications

for much of the existing literature are considerable. For instance, evidence of the adoption of neoliberal economic and social policies in a number of contemporary European polities is frequently reported and presented as unambiguous and incontrovertible evidence of convergence. It is not.

A schematic representation may help further to clarify the issue. Figure 1 shows all possible combinations of unilinear trends in a single variable (such as social spending) for two cases over a given time period. Social spending may rise or fall and may do so at a range of different rates. In Scenario 1, social spending falls in the state with the higher initial level and rises in that with the lower level at the outset; despite the absence of a common trend, this is a case of convergence. In Scenario 2, social spending in both states falls, though at a higher level in the state with the lower initial level; despite a common trend, this is a case of divergence. In Scenario 3, social spending again falls in both cases but this time at a higher rate in the state with the higher initial level; this is the only

case in which we see both a common trend and convergence. In Scenario 4, social spending rises in the state with the higher initial value, while falling in that with the lower initial value; here, there is neither a common trend nor convergence.

As this hopefully serves to make clear, the identification of a common trend is not only insufficient to demonstrate convergence, it is actually irrelevant to so doing. Whether states converge or not with respect to a particular variable is totally independent of whether they move in a common trajectory. Demonstrating the adoption of neoliberal policies is, then, irrelevant to the question of whether European welfare states have converged with respect to levels of social spending. Indeed, when it is considered that the uptake of neoliberal policies is invariably the strongest and most enthusiastic where existing social models are already the weakest (as in Scenario 2), divergence is more likely than convergence where states move to adopt common policies. This suggests divergence rather than convergence.
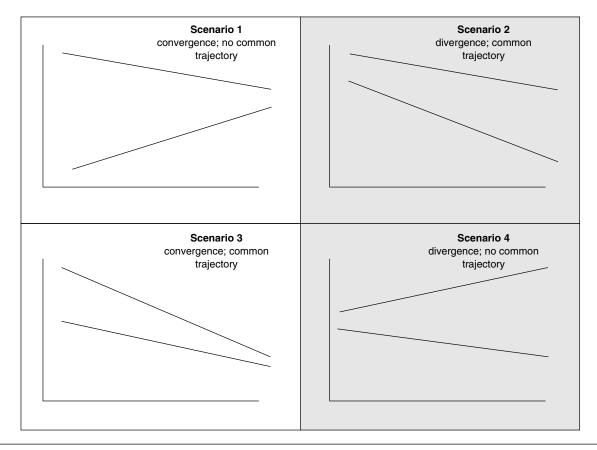
Figure 1　　Convergence, Divergence, and Common Trajectories

The converse also applies. Thus, the influential empirical argument (associated most clearly with Geoffrey Garrett) that social democratic regime types in Northern Europe became less distinctive in the 1980s, indicating their resilience in the face of pressures to adopt neoliberal policies is equally flawed. In fact Garrett's demonstration that, during the 1980s, social democratic corporatism became less distinctive as a regime type may demonstrate no more than that the pace of its neoliberalization was somewhat less than that for market liberal regimes. Garrett effectively confuses Scenarios 2 and 4 in the figure—and he is by no means alone in so doing.

If it is important to establish what, precisely, we mean by convergence, divergence, and common trajectories, it is perhaps also important that we are clear about the potential referents of convergence—about what is being said to converge. Conflations and confusions again abound. At least six rather different objects of convergence can be identified in the existing literature on the subject. Though each refers to a different stage in the process of policy making, they are used interchangeably. Thus, it is important that we differentiate clearly among the following:

1. Convergence in the pressures and challenges to which political-economic regimes are exposed (input convergence)

2. Convergence in the policy paradigms and cognitive filters in and through which such pressures and challenges are identified and understood (paradigm convergence)

3. Convergence in the policies pursued in response to such pressures and challenges (policy convergence)

4. Convergence in the ideas used to legitimate such policy choices (convergence in legitimate rhetoric)

5. Convergence in policy outcomes, usually gauged in terms of indicators of policy performance (outcome convergence)

6. Convergence in the process in and through which challenges are translated into policy outcomes (process convergence)

At this point, two additional and important observations need to be made. First, input convergence need not necessarily imply policy convergence, and

policy convergence need not necessarily imply outcome convergence, and neither necessarily implies process convergence. Each is (at least) relatively autonomous of the others.

Second, presenting the potential referents of convergence in this way serves to map out the rather complex and involved process in and through which external pressures are translated into specific policy outcomes. This exercise in process tracing is extremely useful, highlighting the open-ended nature of any process of convergence in either policy or policy outcomes.

It also serves to draw attention to a series of points of mediation, many largely overlooked in the conventional literature:

1. Even where common external pressures and challenges can be identified (such as those conventionally associated with globalization), these are likely to impact in a highly differential manner on different governance regimes.

2. Even where such regimes are similarly exposed to common challenges, the processes of cognitive filtering in and through which such challenges are identified, understood, and responded to may vary considerably, reflecting the prevalence of different policy paradigms and traditions.

3. Even where elite political actors may share common cognitive templates and policy paradigms to reach similar assessments of the policy responses desirable to a given set of external conditions, the policy-making process may serve to militate against the realization of such policy goals as a series of domestic political mediations steer outcomes in particular ways.

4. Even where similar policies are decided upon, the implementation process may lead to significant variation in substantive content.

5. Even similar policies implemented in similar ways may produce divergent outcomes in different institutional and cultural contexts.

With each additional mediation point identified, the likelihood of common pressures associated, for instance, with globalization drive processes of convergence, even in institutionally similar political and economic systems, recedes. Policy making, even in response to common external challenges and commonly perceived

imperatives, is a highly complex and differentiated process characterized by a succession of case-specific mediations. This makes the type of blanket convergence widely anticipated in response to globalization (or, indeed, other generic pressures) in the existing literature less likely than we tend to assume.

—Colin Hay

See also Asian Financial Crises; Capitalism; Global Civil Society; Political Economy

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COOPERATION

Cooperation is the capacity to work or act with others for mutual benefit. It should not be viewed simply as the absence of conflict or the alternative to competition, but rather the product of a conscious decision by two or more actors to alter their behavior based on others' preferences,.

Cooperation therefore entails a process of negotiation between two or more parties and is generally held by political science to be a desirable aspect of the human condition. However, the propensity for two or more actors to cooperate, rather than conflict or compete with one another, tends to depend upon their calculation of the relative costs and benefits to be derived from cooperation when compared with the dividend from alternative courses of action. The motivation for cooperation remains essentially contested, with the debate focused upon the nature of the necessary or

sufficient political or institutional prerequisites for cooperation to emerge among individuals, communities, societies, and states.

The relative incentives and disincentives for cooperation have been encapsulated by game theory in terms of the notion of the prisoner's dilemma, where two prisoners must decide whether to confess that the other has committed a crime. If the first prisoner confesses that the other is guilty, but the second prisoner stays silent, the first prisoner will win his freedom. If both prisoners blame the other for the crime, both face punishment. If both prisoners remain silent, their cooperation will be rewarded by escaping punishment. The dilemma surrounds the fact that each actor must decide whether to cooperate or not, but without knowing the other's intended actions. Therefore, their cooperation depends upon whether they trust one another to act in a manner that serves their mutual self-interest.

In the field of international relations, cooperation was defined by Thomas Christiansen in 2005 as customary, continued, and potentially deepening interaction on policy issues among states. That cooperation is possible is manifested in the existence of institutions and regimes at a range of levels of governance from the local to the global. The possibility of cooperation, as opposed to conflict or competition, between the rival states that comprise the anarchical global order of sovereign nation states has been disputed among realists, neorealists, and contingent realists, on the one hand, and liberal institutionalists, on the other. This debate has become particularly vigorous following the collapse of communism.

For classical realists from Thucydides to Hans Morgenthau, the principal barrier to cooperation among states lies in the fact that their constant rivalry for power and frequent descent into conflict and war is simply a reflection of the characteristics of the human nature of their citizens. For structural realists, notably Kenneth Waltz, the propensity for conflict and rivalry, rather than cooperation, in human affairs is not attributable to human nature but rather the absence of an overarching political authority above states and the nature of the distribution of power in international politics.

During the post–Cold War era, the realist perspective on cooperation has been divided. On the one hand, neorealists, such as John Mearsheimer, have asserted that there remain strict limitations upon the prospects for cooperation among states arising from the problem of "relative gains." According to this perspective, rival states tend to measure cooperation in terms of their gains relative to those of the competitors, rather than focusing upon the absolute gains that cooperation can generate for all parties concerned. This preoccupation with relative gains is held to have resulted in an international environment characterized by mistrust and uncertainty, and perpetual competition and conflict, rather than cooperation.

On the other hand, contingent realists have challenged the realist orthodoxy that a propensity for competition, rather than cooperation, need necessarily be the logical outcome of rivalry among states. Contingent realists have identified a large number of scenarios in which the national interests and security objectives of rival states can best be accomplished through cooperation rather than competition. They have pointed to the Strategic Arms Reduction Agreements of the early 1990s and the extension of the Nuclear Non-Proliferation Treaty in 1995 as clear evidence that states will engage in cooperation precisely because it enables them to escape the dangers of proliferation and conflict that may arise from the pursuit of maximum advantage.

Neorealists have tended to downplay the importance of international institutions for cooperation, regarding them as the product of the exercise of national interests and the constraints operating upon the international system itself. By contrast, liberal institutionalism has placed a much greater importance upon the role of institutions in general and regimes in particular in helping to promote cooperation. Regimes have been defined by Stephen Krasner in 1983 as where implicit or explicit values, norms, policies, and decision-making measures surrounding actors' outlooks come together in international relations.

While hegemonic stability theory holds that cooperation in global politics will tend to be created by a single dominant political and economic power, and that the maintenance of an international regime to sustain cooperation among states will depend upon the continuing hegemony of that power, liberal institutionalists like Keohane have rejected the thesis that hegemony is either a necessary or sufficient condition from the emergence and maintenance of cooperation. Keohane has asserted that hegemony may promote cooperation, hegemons need cooperation to create and implement rules, but nonhegemonic cooperation is also possible because regimes can be created as the result of shared interests and also because maintaining international regimes is less demanding than creating them.

The process of cooperation has been enshrined in a range of political institutions and regimes that operate at different levels of governance and upon the basis of formal or informal cooperation. As an example of informal cooperation, the Organisation for Economic Co-operation and Development has provided a forum for thirty market democracies to reflect upon and discuss issues that may lead to formal agreements in other domestic or international arenas of cooperation. In a similar vein, the Asia-Pacific Economic Cooperation has provided a forum for its twenty-one members to operate on the basis of nonbinding commitments, open dialogue, and equal respect for the views of all participants. By contrast, and in terms of formal cooperation, the European Community, and later the European Union (EU), has successfully undertaken the transition from cooperation upon the basis of an economic community of six member states to cooperation as a political union of twenty-five member states. However, the demise of the EU's Constitutional Treaty has demonstrated the difficulty of engendering cooperation, even within a long-established framework of cooperation. While certain member states, notably Germany, have wanted the process of supranational cooperation to proceed upon the basis of an ever-closer political union, other Eurosceptic member states, notably the United Kingdom, have wished to proceed upon the basis of cooperation between sovereign member states.

The process of cooperation within the European Union has been progressively deepened through a series of treaties negotiated by the political elites of its member states. For example, the 1986 Single

European Act initiated cooperation in the fields of environmental policy and foreign policy, and introduced a "cooperation procedure" in a total of ten policy areas. The 1992 Treaty of Maastricht duly extended the principle of cooperation in the field of Justice and Home Affairs, while the 1997 Treaty of Amsterdam provided for closer cooperation between subgroups of member states, but abolished and replaced the cooperation procedure with a simplified and extended procedure of codecision. The 2001 Treaty of Nice then developed provisions for enhanced cooperation among member states as part of a broader process of institutional reform.

The Constitutional Treaty of June 18, 2004, was intended to deepen the process of supranational cooperation by replacing all existing treaties (with the exception of the Euratom Treaty) with a single constitution for Europe. For example, although the constitution would have preserved unanimity in vital fields such as taxation, the finances and membership of the EU, and citizenship, Articles I-44 and III-416–423 provided for the establishment of enhanced cooperation between member states within the framework of the EU's nonexclusive competences. However, the prospects for enhanced cooperation have been stalled for the foreseeable future by the rejection of the treaty in the French and Dutch referendums of May and June 2005, respectively. The majority of the "no" votes have also demonstrated the problems that can arise when cooperation among states evolves as a top-down, technocratic and elite-driven process that only retrospectively seeks democratic approval from its constituent populations.

The challenges presented by cooperation are no less problematic at the international and global levels of governance. With its formal establishment on January 1, 1995, the World Trade Organization (WTO) appeared to offer a more-effective model for international cooperation than its older sister institutions, the International Monetary Fund (IMF) and the World Bank. The WTO was established upon the basis of decision making by consensus, rather than the distribution of voting power according to the financial contribution made by each member state. At the IMF, around 60 percent of the voting power is controlled by only 24 of the 184 member states. Furthermore, because the most important categories of voting by the IMF's Executive Board require an 85 percent share of the votes, the United States' allocation of 17.4 percent has provided it with an effective veto over international cooperation. The boundaries of international cooperation have also been limited by the fact that the ten Presidents of the World Bank have always been Americans, while the Managing Directors have always been Europeans. Therefore, the WTO seemed to offer a more inclusive approach to cooperation.

Despite its commitment to cooperation through a consensual decision-making process, the WTO has also encountered major barriers to the deepening of cooperation in the governance of global trade. At its 2001 Ministerial in Doha, Qatar, the WTO committed itself to a "development" round of trade negotiations, to be completed by January 1, 2005. The developing countries among the WTO members were to open their economies to trade in services in return for greater access for their exports of agricultural produce and textiles to the markets of the industrialized economies. The deadline for completion of the Doha Round has had to be pushed back to the end of 2006. At successive biennial WTO Ministerial meetings from Seattle in 1999 to Hong Kong in December 2005, a majority of the WTO's 149 member states have accused a small minority of the richest, industrialized economies of drawing up trade agreements in secretive "green room" negotiations, rather than upon the basis of inclusive and consensual international cooperation. Indeed, the demands for greater transparency and inclusivity in global governance have made the process of multilateral cooperation more difficult to progress.

Further challenges to the capacity of states to cooperate has arisen from the increase in the number of states participating in international institutions and the process of liberalization and deregulation of markets, which has led to a greater emphasis upon competition among states for mobile resources, such as direct foreign investment by transnational corporations. For example, when the IMF was conceived in July 1944 at the Bretton Woods conference, the forty-five states in attendance agreed to create an institution to promote international monetary cooperation. Their

desire was to avoid a repetition of the damaging "beggar-thy-neighbor" devaluations, protectionism, and general economic instability of the 1930s that had culminated in World War II. They readily agreed to establish a multilateral framework for international monetary cooperation based upon fixed exchange rates and political controls on the movement of capital across national borders.

By the mid-1970s, following the move to floating exchange rates and against a background of rising unemployment and inflation, a new neoliberal orthodoxy had emerged to challenge the importance of cooperation for the governance of world markets. This argued that competition in the freedom offered by open markets would provide a discovery process through which entrepreneurs could discover profitable opportunities for innovation in the provision of goods and services. Consequently, states should compete to build the most effective institutions to govern the market by removing the barriers to the movement of capital that had previously formed the basis for international monetary cooperation. Moreover, with the quadrupling of the membership of the IMF and World Bank to 184 states, the process of successfully negotiating a new framework for international cooperation has become increasingly challenging.

However, the importance of market competition, rather than political and societal cooperation for prosperity, has been challenged by Francis Fukuyama. He has contended that social capital—how people work together for common goals—has become significant to economic life and most areas of social existence. According to this thesis, wealth creation appears dependent upon trust and cooperation rather than the simple pursuit of individual self-interest. It is the presence and active cultivation of this capacity to cooperate that can account for the successful industrial organization and economic performance of Japan during the postwar decades and the more recent rapid industrialization of the East Asian "Tiger" economies.

Therefore, despite the manifold challenges to international institutions and the importance of competition for trade, finance, and investment, cooperation remains a vital objective for those who contend that security, prosperity, and justice are worldwide public goods, not dictated by any one country or as a consequence of a country considering its interests but, rather, that they should be provided internationally and interdependently.

—Simon Lee

See also Common Good; Coordination; Interdependence; Regime Theory

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COOPTATION

Cooptation is a process whereby organizations incorporate dissenting elements into their leadership or policy-making structures in order to reduce environmental uncertainty or to mitigate threats to the survival or success of the organization. The internalizing of adversaries or adversarial elements can be either symbolic, having no significant effect on outcomes or processes, or can result in goal displacement, which occurs when group resources are deployed for purposes other than those for which they were originally

intended. Cooptation has been examined from two perspectives: from the perspective of state or policy-making bodies, as well as from the viewpoint of challengers to the state, in particular, social movement organizations.

From the perspective of the state, cooptation is typically seen as a rational and adaptive process that helps ensure the power of the dominant leadership. For instance, the Russian government designed its privatization process in a manner that passed most of the country's wealth to a power elite in order to create incentives for elites to support the transition from central planning to a market economy. Cooptation was also used to introduce the welfare state into Otto von Bismarck's Prussia. In contrast, much of the literature on social movements has focused on how social movements are able to gain access to the state or coopt it. This literature also examines how interactions with the state can both bolster movements' chances of success, as well as lead to internal dissention, goal displacement, or ideological shifts.

An organization's ability to engage in cooptation or to become coopted is largely a function of the network of relationships in which it is embedded, as well as the internal structure of the organization. Governments or agencies that have dense and overlapping ties to the organization that they are attempting to coopt are more likely to be successful at cooptation. In contrast, if the adversarial group has a high level of solidarity or internal processes, rules, or procedures that prohibit collaboration with nonaligned organizations, cooptation is less likely to occur. Hence, both the internal structure of an organization, as well as the network of organizations in which it is embedded, influence the probability of cooptation.

The concept of cooptation has been successfully deployed in order to understand governance in Eastern Europe and the former Soviet states. By gaining a better understanding of the conditions that enable and constrain cooptation, insight into patterns of governance in conditions of uncertainty can be ascertained.

—*Marissa King*

See also Consensus; Organization Theory; State-Society Relations

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COORDINATED MARKET ECONOMY

According to the approach laid out by Peter Hall and David Soskice in their research on capitalism, coordinated market economies (CMEs) are national economies that display a high share of nonmarket institutions in the governance of company relations. Focused on long-term outcomes, coordination among firms takes place largely through nonmarket means, such as extensive relational or incomplete contracting and network monitoring based on the exchange of private information inside of networks. These mechanisms of company governance tend to differ from those in countries that the authors describe as liberal market economies (LMEs), that is, systems in which competitive market arrangements are much more prevalent.

In each type of economy, strong complementarities exist between institutions from such realms as industrial relations, vocational training and education, corporate governance, interfirm links, and internal company relations. Conceived as tightly coupled institutional systems within which the presence of one institution increases the returns from another, both CMEs and LMEs endow their constitutive firms with a comparative institutional advantage for particular production strategies. While LME institutions provide an edge to service-sector companies and the establishment of new industries, CME institutions have proven particularly adept at supporting companies in mature industrial sectors (e.g., machine tools or automobiles). CME structures are most prevalent in Germany, many other continental European countries (Austria and Switzerland, the Benelux, and Scandinavia), as well

as in Japan. In contrast to the successes of LMEs in radical innovation, CMEs tend to be better in incremental innovation, which is sustained by large skill and capital investments in specific technologies and long-term relationships among economic actors.

The distinction between coordinated and liberal market economies is the most recent embodiment of a long-standing research tradition that has attempted to account for the distinctiveness of national models of capitalism among the advanced industrialized countries. Hall and Soskice's focus on the firm as a strategic actor contrasts with earlier literature that sought to explain national differences in economic structures and performance through national cultures, relative state strength, and the degree of corporatism in state-society relations. The authors claim to provide microfoundations for macrodivergences across economies by embracing the assumptions of the new institutional economics. While other contributors to the literature on the varieties of capitalism have questioned the need to provide microfoundations, the success of the authors' attempt to do so and the appropriateness of the LME/CME macrodistinction shows that the importance of the authors' contribution remains uncontested.

Germany is often invoked as the ideal typical case of coordinated market economies. Many areas of the German economy feature institutions that promote nonmarket coordination between and within the companies rather than market institutions that require companies to pursue unilateral strategies. For example, high levels of patient capital are available through a system of company finance dominated by universal banks. Labor market institutions, such as collective wage bargaining, codetermination, and restrictions on layoffs, promote labor flexibility internally within the company at the expense of external labor market flexibility. Rather than individual skill acquisition in the market, public tertiary education and apprenticeship schemes administered collectively by employers and unions are widely available.

—*Tobias Schulze-Cleven*

See also Coordination; Liberal Market Economy; Network; Political Economy

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COORDINATION

Coordination between individuals, organizations, and institutions is an essential element of governance. Because of the complexity and functional differentiation of modern societies, there is hardly any task that can be accomplished by one individual or even one single entity. Coordination occurs on various levels and various forms: among federal, state, and local agencies, between public agencies and private industry, or in coalitions of national and international nonprofit organizations. These entities, or actors, are dealing with all kinds of social, cultural, economic, environmental, and political matters. Coordination to address those large and small issues can be ad-hoc and as simple as a conversation over the phone or can take place in a long-term, complicated process involving working groups and planning meetings. There can be informal coordination between just a few decisionmakers over lunch or formalized coordination—for example, through a memorandum of understanding (MoU) or through the bylaws of a joint venture. It can take place in a permanent arrangement such as a Parent Teacher Association (PTA) or in one set up temporarily just for one particular purpose, such as an emergency operations center (EOC) for disaster relief.

The term *coordination* itself is often used synonymously and interchangeably with other concepts such as cooperation, collaboration, and communication. In everyday governance practice, the difference may be only a semantic one indeed. They all refer to the process of interaction among more or less diverse stakeholders in the interest of a common goal. Yet, the idea of coordination of actors or resources generally conveys a more abstract notion

and has considerable theoretical significance in political science.

Three Modes of Coordination

Governance theory distinguishes between three basic forms, or modes, of coordination: markets, hierarchies, and networks (sometimes also referred to as communities). There are some fundamental differences in how these modes of coordination work. The mechanism through which markets function is price—it balances between supply and demand and between sellers and buyers. Hierarchies function because of command and control—it links subordinates and superiors. Networks, on the other hand, rely on trust—they connect members that do not have a clearly defined relationship and may not even have a direct incentive to cooperate. The principles underlying coordination are different as well: In hierarchies, it is centralized authority; in markets, it is dispersed competition; and in networks, it is spontaneous solidarity.

The analytic distinction between the different modes of coordinating actors and resources is as follows: In a market, the actions of competitors are supposed to be independent because no one, singular action can have a traceable effect. In a hierarchy, on the other hand, the actors are bound by hierarchical coordination that makes their choices asymmetrically predictable, depending on the structure of legitimate authority and coercive capability. In a network, actor preferences and choices are interdependent, based on shared norms and jointly produced outcomes.

The first mode, coordination by way of markets and price, is the most frequent coordinating mechanism among private actors—between two individuals, between consumers and producers, and within companies and firms. Economists have long examined coordination through markets, from Adam Smith's eighteenth-century writings on corporate self-interest, to rational actor assumptions, to transaction cost models. But markets are just as important for the functioning of public agencies and governments. In effect, markets and prices have a coordinating effect whenever resources are allocated and whenever the conditions for this exchange are negotiable. The resources can be people, goods, or information, and the costs of exchange can be measured both in monetary and nonmonetary terms.

The importance for governance lies in the fact that, ideally, free markets are assumed to produce an optimal level of social welfare for everybody involved, also called a Pareto optimum. A Pareto-optimal outcome is achieved when one individual's welfare cannot be increased without decreasing someone else's and vice versa. With price being the mechanism through which resources are allocated in the marketplace, a welfare-optimizing, Pareto-optimal price would be the ideal form of coordination for individuals and society. Unfortunately, real markets often do not have the ideal conditions necessary for achieving a Pareto optimum. In reality, there are a large number of goods for which there are no functioning markets (public safety or clean air, for example). There is no perfect competition, either—in part because of incomplete information, and in part because of institutional conditions that lead to monopolies or oligopolies. In addition, transaction costs are often significant and, thus, skew the actual price. All these factors contribute to markets and prices being imperfect and, thus, insufficient for being the sole mode of coordination.

The second mode, coordination by way of hierarchies and authority, is most often associated with public actors—local, state, and federal agencies; the executive, legislative, and judicative branches of government; and nation-states. Authority defined as legitimate power of political entities is indeed the traditional domain of political science—from Plato's rules for the Greek polity, to the *Federalist Papers* on the Constitution of the United States, to modern theories of international relations. That authority can be personalized, such as a traditional ruler or charismatic leader, or institutionalized, such as in a bureaucracy or a legal system. However, hierarchy and power are equally relevant for coordination between nonstate, nonpublic actors.

This is obvious when thinking about the relationships among family members, where there is usually an adult in charge of coordinating the rest of the family and their contributions to the family unit.

Hierarchies are also the basis of most companies, as evident in horizontal and vertical organization charts. Even with new forms of coordinating the division of labor and the flow of money and goods within firms, those so-called flat hierarchies are still just that—hierarchies. Employer-employee relationships are also dominated by a difference in power. On the individual level, virtually all companies have a system of supervisors that defines responsibilities and directs the work process. On the aggregate level, the collective bargaining agreements between unions and industry representatives still coordinate vital interests of large parts of society.

The third mode, coordination by way of networks and trust, has gained considerable attention in governance research and practice because it seems to provide a framework to explain instances of coordination between individuals and in society that the logic of markets and hierarchies does not capture.

The research interest is focused on understanding how coordination exactly works in the absence of a functioning marketplace or a centralized authority. In general, it can be said that in order for coordination to happen through networks, there are three main prerequisites: First, members in a network need to be linked through a common interest or goal. Second, they have to be able to communicate and share information among each other related to the common goal. Third, members in a network need to be sufficiently confident that the other members are working in that common interest. That common goal can be a certain project or product, a particular policy or piece of legislation, or any other collective endeavor that one single entity could not achieve by itself. Such network structures may be based on familial or friendship ties, or they may arise from administrative decrees, legislation, or explicit agreement. They may also arise from repeated interactions among actors that are not connected other than by a common goal or interest. If and how such repeated interactions evolve into stable and efficient arrangements is examined in game theory. There are several main types of coordination games and an almost infinite number of iterations. In a conflict-free pure coordination game, the actors are aligned in a Nash equilibrium (named after John

Nash, in game theory, a set of strategies, one per player, where no player has incentive to change actions) and achieve coordination with minimum effort and high payoff. In a so-called battle of the sexes game, on the other hand, actors might chose conflictive strategies even though they maintain a common interest overall.

The practical importance is because problem solving in a fast-changing society and a globalizing world relies on a multitude of actors—from individuals to organizations to institutions. Policy issues, such as improving schools, are often taken on by small-scale, grassroots groups that coordinate activities among residents on the local level. Another example is private-sector infrastructure providers, such as energy distributors that coordinate their services across regions. On the national level, associations are a ubiquitous means to coordinate interests of large sections of society. There are highly organized labor, industry, trade, and professional groups alongside small, grassroots initiatives—a total of more than 300,000 registered nonprofit associations in the United States alone. Internationally, states coordinate in various bodies to address global concerns, such as environmental degradation or human rights. The most prominent multilateral forum is the United Nations, but there are numerous arrangements, such as standards setting organizations, where not only states but also private actors cooperate.

The role of coordination can be exemplified using the case of partnerships among regional actors and using the case of cooperation among private actors. These cases illustrate the conditions for evolution, stability, and change of coordinating institutions.

Collaboration in Regional Partnerships

In modern societies, the land is divided up into a plethora of geographical and functional units, some of them independent, some overlapping, and some almost identical. There are counties, cities, states, countries, and military and congressional districts. In addition, localities in the United States and other countries are defined—or define themselves—as regions, zones, and

urban and metropolitan areas. While the first are about coordinating jurisdictions—local, state, and federal— the latter are about coordinating stakeholders—public, private, not-for-profit, and even international. They are populated not only by people but by organizations: partnerships, initiatives, alliances, forums, roundtables, coalitions, and networks.

With this abundance of arrangements and configurations, coordination among the actors becomes imperative. At the same time, a clear designation of authority and responsibility is becoming more and more complicated. In fact, it is often this ambiguity of an uncharted territory that spurs the formation of a coordinating institution.

Coordinating institutions thus bridge gaps that are left by even the most elaborate federalist structures and divisions of power within and among governments, and between the public and private sectors. Indeed, many of the most urgent coordination needs, such as disaster response, regularly cut across the boundaries of hierarchical jurisdictions and are interorganizational, intersectoral, interstate, and international in character.

Two broad types of institutions can be distinguished that coordinate public-private governance efforts:

1. Institutions that are established to perform functions or take over certain powers from another level of public or private authority. The most prominent examples are the so-called Metropolitan Planning Organizations (MPO). In 1962, federal highway and transit legislation required the establishment of planning bodies in every urbanized area in the United States to ensure continuing, comprehensive, and coordinated efforts when it became clear that the construction of major transportation projects cannot be isolated geographically or functionally, but needs to include local and state authorities, as well as transit owners and operators. Currently, there are more than 340 such MPOs.

2. Institutions that are established as voluntary collaborations of actors that address problems using their own resources. The traditionally strongest section of this type is comprised of community and economic development corporations and executive-level forums.

Many of those corporations were founded in the 1970s in response to the decline of inner cities and old industrialized areas. As such, they are often led jointly by county and city officials and business representatives through the chamber of commerce, while others still retain a smaller, grass roots community focus.

In the absence of a defined marketplace or a centralized authority, coordination through either form of regional networks depends on the possibility of no hierarchy whatsoever. However, there is still considerable skepticism that governance through pure network coordination can be sustained without some last-resort backup of some authority. The trust among actors in network arrangements may not be sufficient to meet the accountability and reliability requirements in making decisions for most governance issues.

Cooperation Among Nonstate Actors

While traditional political science, with its emphasis on the public sphere, does not pay much attention to the roles and responsibility of nonstate actors, governance theory is defined by its inclusion. Thus, the question of effective and equitable coordination among those actors becomes central.

Governance through coordination by communities, clans, and associations is also referred to as self-governance. Self-governance requires collective action, which entails the ability to organize interests. It is presumed to be low in large populations, especially if the interests are heterogeneous and of relatively low priority to the individual. This is why, for example, consumer interests are generally harder to organize than those of producers.

Another instance of coordination is government's self-interests. It describes the genesis and organization of interest associations and their role in balancing markets and states. These types of contract-based collectivities are characterized by some degree of symmetry in their respective resources, especially in their capability for representing the interests and controlling the behavior of their members (and, where necessary, outside mavericks), and an effective monopoly in their status as intermediaries for a given class, sector, or profession.

From a normative point of view, self-governance and private interest government can only claim equivalency to hierarchical coordination through states if the results do not harm the common good. Because private interest government cannot employ the state's authority, it has to rely on the stakeholders' consent in order to be effective. This is especially crucial if the institution regulates problems that do not only affect its members, but also external groups and individuals.

Conclusion

As demonstrated in the discussion and the examples, all typical modes of coordination—hierarchy, markets, and networks—are equally relevant in governance practices on all levels. There is no neat distinction that would have all private actors coordinate through markets and price, all public actors coordinate through hierarchies and authority, and all communities coordinate through networks and trust. Individuals, and public and private organizations and institutions, in modern societies rely on all three modes to make decisions and achieve shared goals. Given the ubiquity and frequency of such decision-making processes in everyday life, it is thus important to be able to distinguish the mechanisms and principles, as well as the practice of coordination, for governance to be effective.

—*Christine Pommerening*

See also Collective Action; Cooperation; Coordinated Market Economy; Game Theory; Governance; Hierarchy; Market; Network

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CORE EXECUTIVE

A core executive is a network of institutions and informal practices that endeavors to coordinate government policy. Theories of governance often draw our attention to the diverse organizations that are involved in the formulation and implementation of public policy. These organizations often have divergent motivations, visions, resources, and time horizons. The core executive consists of those institutions that seek to integrate government policies by negotiating with, and arbitrating between, such organizations. It is, however, understood as a fragmented network rather than a unitary agent.

The Anglo school of governance developed the idea of a core executive within its general account of a differentiated polity. The big contrast here is that between the differentiated polity and the Westminster model of British politics. The Westminster model includes a strong executive composed of the prime minister and cabinet. In contrast, the concept of a core executive points to a more fragmented view of the executive, which is also seen as being characterized by weakness as much as strength. The concept thereby contributes to a general account of a differentiated

polity that is composed of various interdependent departments and agencies.

Core executive studies have developed in two main ways. First, the concept has been used to describe states other than Great Britain, especially states that have a cabinet government. Public-sector reforms, such as contracting out, typically result in multiple governments, departments, and agencies being involved in service delivery. As a result, the executive has often become fragmented and also increasingly focused on issues of coordination. The key features of the core executive thus appear to have wide applicability. Second, the concept has been theorized in terms of meanings rather than functions. Originally, the core executive was defined functionally in terms of the need to secure coordination. The process of fragmentation was understood, likewise, as one of differentiation into more and more institutions, each of which performed a discrete function. More recently, the core executive has been conceived as being composed of a number of practices with fuzzy boundaries. These practices are contingent and contested. Actors within them interpret them and try to mold them in different ways in large part because they attach different meanings to them.

—Mark Bevir

See also Differentiated Polity; Executive; Policy Network

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CORPORATE CODES OF CONDUCT

Corporate codes of conduct (CCC) relate to codified sets of ethical standards to which corporations aim to adhere. Commonly generated by the corporations themselves, such codes vary extensively in design and objective. Crucially, they are not directly subject to legal enforcement. In an era acutely aware of the dramatic social and environmental effect of corporate activity across the world, such codes of conduct have become the focus of considerable attention.

A Wider Corporate Agenda

Strictly speaking, there is no fixed consensus on what CCC should cover. Stated objectives generally relate to the particular concerns of the corporation, and authors are likely internal managers and serving consultants (although sometimes in consultation with nongovernmental organizations (NGOs) and the UN's Global Compact). Accordingly, the codes are produced in numerous formats, ranging from detailed best-practice guidelines on social and environmental issues to broad proclamations by the corporation to uphold a range of values (such as the recognition of human rights). A familiar theme is corporate social responsibility (CSR), introduced to promote the idea that corporate activities should, at the very least, avoid disruption to the wider society and preferably generate positive effects. Examples of CSR practices include the preservation of the environment through low pollution and energy-efficient measures, the production of merchandise that is recyclable and biodegradable, and the promotion of uniform treatment of employees across labor markets, thus ensuring acceptable working conditions irrespective of local market standards (such as the refusal of child labor).

Given the formidable power of corporations and the profit motives that shape their priorities, questions remain as to the degree to which they will genuinely prioritize socially responsible behavior and facilitate stakeholder input in corporate governance. The corporate sector's most prominent response to these issues is CCC.

Advocates of CCC argue that it is in the interest not only of society to harness at least some of the inordinate wealth and power that corporations wield and reorient it toward societal benefit, but that it also makes good business sense. Motivated by the primary corporate objectives of minimizing risk and enhancing returns, the corporation seeks to project an attractive

public image and increase shareholder investment. Codes of conduct that prescribe ethical behavior are deemed to positively influence purchasing decisions and thus boost shareholder profit and secure new investors. They are seen as a way to mainstream ethical concerns into the core of business procedures. However, the efficacy of such codes depends upon their reliability as a gauge for actual corporate behavior and whether stakeholders (such as consumers, governments, advocacy groups, and unions), as well as investing shareholders, can rely on their accuracy. Central to the credibility of CCC then is comprehensive monitoring, enforcement, and transparency of corporate conduct. The corporate sector has long resisted the call for tighter centralized regulation of its activities, claiming that this would unacceptably reduce competitive capacity and depress financial growth. Instead, there is an increasing trend to produce publicly available CCC and related CSR reports for the inspection of the public and shareholders alike. Certainly the last few years have seen a number of major corporations adopt this strategy, including McDonalds, GAP, Mattel, Hewlett Packard, Dell, and IBM.

CCC in Question

Symptomatic of the criticisms leveled at the notion of CCC is the claim that they are merely an astute public relations exercise and there is, in fact, a wide chasm between rhetoric and reality. Seemingly generous gestures, such as the donation to "good causes" of £57million by Shell and £50 million by BP in 2004, for example, are seen as postgame philanthropic strategies aimed at sanitizing their reputation as industrial polluters.

Reports of corporate malpractice from NGOs, such as Oxfam and Amnesty International, argue that CCC, including CSR, is at best peripheral, exerting little influence over companies' core business activities. Certainly CCC and CSR reporting is still relatively scarce. In spite of notorious scandals, from General Electric in the 1980s through to Enron and WorldCom in the early 2000s, only between 1,500 and 2,000 businesses currently produce such material—a small proportion of the global total. It is argued, moreover,

that while the risk to reputation is a compelling reason for high-profile companies like Nestlé or Nike to produce CCC, the vast majority of companies largely unknown to the general public (irrespective of their impact on society) are not subject to the same rationale. Many "behind the scenes" corporations and small- and medium-sized businesses may have much looser connections with stakeholders and are instead motivated by the idea that "value for money" is related to baseline costs and prices unencumbered by the "extra costs" of social considerations.

Moreover, critics hold the view that corporations often give the impression that they are self-regulating bodies open to public scrutiny and yet, despite the apparent "institutionalization of ethics" in the form of CCC, they are seldom subject to detailed enquiry. In a voluntary framework, it is reckoned that corporations are more likely to publish self-congratulatory statements, rather than the hard data that would enable stakeholders to correctly assess corporate operations. Subsequently, it is argued that only legal measures obliging corporations to disclose the relevant material will establish a true incentive for genuinely responsible corporate behavior.

There is little doubt that corporations are vitally important social, economic, and environmental actors and that CCC have radically improved the quality of dialogue between corporations and stakeholders. However, the degree to which CCC transform fundamental business practices remains an open question.

—Jude Browne

See also Capitalism; Competitiveness; Corporate Governance; Global Compact; Nongovernmental Organization; Self-Regulation; Stakeholder

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CORPORATE GOVERNANCE

Corporate governance refers to the way that companies are governed or run. Corporate governance is important because it refers to the governance of what is arguably the most important institution of the capitalist economy. Johnston Birchall argues that it is useful to focus on three main issues when considering how organizations are governed. First, which individuals or groups are provided with membership rights. Membership rights might only be given to one class of people. The shareholder system of corporate governance is probably the most prominent example of this approach within the corporate realm. In these organizations, membership rights are only provided to those who supply financial capital to the firm. Membership rights might alternatively be provided to more than one class of people or groups. In the corporate arena, these bodies are usually said to have a stakeholder system of corporate governance. Alongside shareholders, typical stakeholders include employees, members of the local population, representatives from supplier firms, customers, and local government.

Second, it is valuable to examine the content of the rights provided to members. Two broad sets of rights are of significance here. On one hand, it is useful to focus on the precise character of the rights members enjoy over governance. For example, do members only have a right to be consulted about the direction of corporate policy or are they allowed to make decisions alongside managers? On the other hand, it is important to examine the rights over the surplus generated by the organization. Not-for-profit companies do not permit any part of the surplus to be distributed to members. For-profit firms are allowed to distribute the surplus to members, usually in the form of dividend payments.

Third, it is useful to study the modes of representation available to members. Direct representation might be used to represent members' interests. Members might vote directly for a representative on the board of governors. Indirect representation occurs when organizations are used to represent members. For instance, a consumer council might be used to represent the views of customers. Proxy representation

occurs when a self-appointed board is used to represent the stakeholder constituency.

Shareholder Governance

In liberal models of capitalism, such as Great Britain and the United States, shareholder governance is the dominant company form. On this model, companies exist to serve the interests of shareholders. Shareholders are deemed to be the owners of a firm, which means that they are supposed to enjoy rights over governance as well as the surplus generated from the firm. One prominent justification for shareholder ownership resides in risk-based considerations. This argument insists that having an efficient allocation of risk within a firm is essential for overall efficiency. The argument continues that shareholders are better placed at absorbing risk than other stakeholders. By holding a diverse portfolio of shares in different companies, shareholders can spread the risks associated with a specific company (such as the risks associated with capital investment projects) in ways unavailable to other stakeholders. Gaining an efficient allocation of risk implies that shareholders should be charged with handling risk. Shareholder ownership guarantees that shareholders become the bearers of the risk of a firm.

Shareholders are not a homogenous body of individuals, but instead exhibit different characteristics. From a governance perspective, one important difference is that between institutional and noninstitutional shareholders. The former refers to financial bodies—such as pension funds—that purchase shares in companies. Financial institutions often display a concentrated pattern of shareholder ownership, owning substantial amounts of shares within a particular company. Noninstitutional shareholders are individuals such as members of the public or staff that buy shares in companies. Noninstitutional investors typically hold small amounts of shares. Share ownership among noninstitutional investors tends to be dispersed among a wide range of individuals.

In the 1930s, Adolf Berle and Gardiner Means argued that the nature of the rights that shareholders enjoyed changed importantly during the early stages of the twentieth century. In particular, during the

nineteenth century, those who supplied financial capital to a firm also tended to be those who ran the firm's operations. Berle and Means argued that this tradition of owner management changed as firms grew during the twentieth century. Ownership lost control as those individuals who were thought to be owners were no longer the same people as those who ran the operations of the company. Shareholders delegated decision making to a set of managers who are supposed to act in the best interests of shareholders.

Although there are grounds for believing that the nature of ownership changed during the opening stages of the twentieth century, it is arguable whether this signifies the divorce of ownership from control. The principal reason for this is that control rights are perhaps properly seen as part of ownership, so what transpired was not the splintering off of control from the concept of ownership, but rather a change in the relationship between different components of ownership (relating particularly to rights over surplus and control). Nevertheless, important changes in the nature of shareholder ownership did seem to occur, whether or not it is accurate to refer to this as a separation of ownership from control. For many observers, this change gives rise to the key issue of corporate governance, namely how to ensure managers act in the best interests of shareholders. In particular, managers and shareholders are assumed to value different things. It is usually thought that shareholders want to maximize profits, while managers seek simply to satisfy their personal goals. The argument continues that as executives are responsible for the daily operations of firms, they will pursue their private goals rather than the goals of the shareholders. In the literature on shareholder governance, much attention is devoted to trying to resolve this agency problem. For some commentators, the key is to have a well-functioning market for corporate control. On this view, the threat of takeover from a different firm puts pressure on an incumbent set of managers to maximize profits. If executives are not maximizing profits, then the firm will be subject to a takeover bid from a firm that sees an opportunity to make money. The bidding firm could replace the incumbent directors with a new set of managers that will maximize profits. For some, the

mere threat of a takeover is enough to ensure that managers maximize profits.

Other commentators are more skeptical about the value of this market discipline. Critics, for example, allege that takeover activity is not necessarily motivated by a desire to maximize profits (and so meet shareholder objectives), but other considerations (for instance to maximize the size of a firm). An alternative to relying on the market for corporate control is to focus on the internal governance of companies. Emphasis is placed on encouraging more active shareholder involvement in the firm. For example, the British government has looked recently at proposals that would allow shareholders to vote at annual general meetings on the pay packages of executives. This is intended to address shareholder disquiet at cases in which managers have awarded themselves large pay increases, even though this has not gone alongside improved corporate performance.

The attempt to encourage shareholders to monitor managers more actively raises the issue of what sort of representation is available for shareholders. Shareholders might be allowed to elect a representative on the committees that help set executive pay. Differences between shareholders may be important for the nature of any proposed institutional change. It is probably easier to motivate those with concentrated shareholdings to monitor managers than those who hold small amounts of shares. Concentrated shareholding is less prone to free rider problems than dispersed patterns of shareholding. This means that institutional shareholders might be better placed than small investors as monitoring managers.

Stakeholder Governance

A string of high-profile corporate failures in liberal models of capitalism, such as Great Britain and the United States, has fueled attempts to reform the shareholder governance model. Enron, Polly Peck, and Mirror Group pensions have all played their part in stimulating this reform agenda. An important part of the reform effort focuses on trying to make shareholder governance operate more effectively through a combination of governance reform and enhancing the

market for corporate control. However, a different strand of reform activity focuses on replacing shareholder governance with an alternative stakeholder approach. Many of those that advocate stakeholder governance are on the Left of the political spectrum. For much of the twentieth century, socialists and social democrats did not pay much attention to issues concerning how firms are governed and run. Although there were figures that did develop policies toward corporate governance, for the most part these efforts were overshadowed by the emphasis that the rest of the Left placed on common or state ownership as the way of achieving socialist goals. The collapse of state socialism in the former Soviet Union and Eastern Europe during the late 1980s and early 1990s helped alter all of this. Many lost faith in state ownership and came to accept that there is no viable alternative to capitalism. However, most remained critical of capitalism and believed that the task now was to create a more just and efficient form of capitalism. In places such as Great Britain, the reform of shareholder corporate governance was one of the main ways that social democrats tried to create a new model of capitalism.

A variety of rationales are advanced in favor of stakeholding. Some put forward efficiency arguments. John Kay suggests that the relationships that managers develop with stakeholders endow the firm with social capital that helps minimize transaction costs. Moving beyond a shareholder approach increases the social capital that is generated and so allows for a greater reduction in transaction costs that are associated with a shareholder approach. A greater reduction in transaction costs points to greater efficiency gains under stakeholding. Some observers use the sorts of risk-based arguments used to justify shareholder ownership to press the case for other stakeholders. For example, Margaret Blair argues that shareholders are not the only people who take on risk within a firm. Employees are bearers of risk because they develop firm-specific skills that can inhibit their mobility in the wider labor force. As the fortunes of workers are tied in to the fortunes of their company, staff are susceptible to risk. Employees should be given governance rights in recognition of the risks they face.

Others develop ethical justifications for stakeholding. Some say that the power exercised by a firm provides a case for those that are affected by this power to have some degree of control of the firm's operations.

Public Services

The Left has not confined its attention to advocating reforms to those organizations that inhabit the marketplace. In places such as Great Britain, stakeholder ideas have also been applied to the sphere of public services. Stakeholding surfaces in policies such as foundation hospitals. The best performing hospitals in the National Health Service have been allowed to apply for foundation status. Although the funding for these hospitals continues to come mainly from the public's purse, these hospitals enjoy considerable local autonomy from central control. These hospitals provide membership rights to a range of stakeholders. Those entitled to become members are those individuals that belong to the population served by the hospital (the public constituency), people that have attended the hospital as a patient or a career of a patient within a time period specified by the constitution (the patient constituency), and those who have an employment contract with the hospital (the staff constituency). In addition, membership rights are provided to those that perform functions for the hospital other than under an employment contract. This category includes those that belong to a Primary Care Trust, local authority or authorities, or a university whose dental or medical schools are affiliated with the hospital.

Foundation hospitals have a board of governors and the members previously cited have a role in picking these governors. The public and patient constituencies are responsible for choosing more than half of the governors. The staff constituency chooses at least three members of the board of governors. A Primary Care Trust, local authority, and university each choose at least one of the governors. Furthermore, a body seen as a partnership organization within the hospital's constitution may also choose a member of the board. In relation to rights over surplus, no members of the foundation trust have rights over the surplus.

The mode of representation within foundation hospitals is through a mix of elections and direct appointment. The public, patient, and staff constituencies each elect their representatives on the board of governors. The Primary Care Trust, local authority or authorities, university, and partner organizations each appoint their own representative on the board of governors. Governors serve three-year terms and are allowed to stand for office again once their term ends.

Criticisms of Stakeholding

The emphasis on stakeholding has not gone unchallenged. Elaine Sternberg alleges that stakeholding is unworkable and destroys accountability within a firm. Sternberg argues that stakeholders are usually seen as all those who affect or are affected by a corporation. She argues that a key problem is that the understanding can be stretched so that virtually everyone can be presented as a stakeholder. Managers will find it impossible to reach decisions that satisfy all stakeholders because of the sheer numbers involved. Stakeholding is a recipe for managerial paralysis. Furthermore, Sternberg says that accountability can only function well when those to whom the managers are accountable agree on what ought to be the purpose of corporate policy. Under shareholder governance, this is usually assumed to be profit. Sternberg suggests that the stakeholder model fractures this single, clear purpose. Different stakeholders value different ends. Rather than being subject to some overriding organizational goal, managers have to balance stakeholder benefits. As managers cannot be judged against a single purpose, they are effectively accountable to no one. Stakeholding destroys accountability.

Sternberg's criticisms are not the end of the matter, and instead open up a new set of debates. If stakeholding means that managers have to take everyone into account, then there are grounds to believe that stakeholding will be unworkable. However, stakeholding does not necessarily have to take everyone into account. While some understandings of stakeholding may be elastic, not all are. Thus, managers are unlikely to be overwhelmed by the numbers of stakeholders they have to consider. It is true that the cut-off point for those to be considered stakeholders is not easy to fix. However, these difficulties apply to all systems of corporate governance, including those that restrict their attention to shareholders. It is likely that those denied stakeholder status would lobby managers to be viewed as stakeholders. This feature is not unique to stakeholding and also applies to those excluded from shareholder models of the firm.

Stakeholder firms might also be charged with meeting a clear purpose, delivering a specified level of service. For example, foundation hospitals are responsible for delivering health care services to a specified population. Of course, the best way in which this may be achieved may be a subject of considerable debate. But this applies equally to what policies firms have to follow in order to maximize profits. Empirical evidence is needed to see whether or not stakeholding is unworkable and destroys accountability. What can be said is that corporate governance reform is high on the agenda, and there is likely to be a more complex and varied system of corporate governance in the future, as the impact of public service reform and dissatisfaction with corporate failings gathers momentum.

—*Rajiv Prabhakar*

See also Audit; Capitalism; Corporate Codes of Conduct; Global Compact; Stakeholder; Transparency; Welfare Reform; World Economic Forum

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CORPORATISM

Corporatism can be defined as a political system in which selected social and economic groups enjoying a monopolistic status of representation participate authoritatively in the decision-making and implementation processes of public policies. Corporatism and the different approaches linked to it have made the changes in the national and international economic environment one of its central explanatory variables. In particular, postwar corporatism involved the inclusion of organized labor not only at the workplace but also in national politics. Thus, the corporations on which corporatism is based are not large firms, but intermediary associations of individuals or firms in similar position and, as such, competing with one another. In this context, these corporations can suspend competition and are considered legitimate to participate in certain decision-making and implementation processes.

While these empirical processes can be traced back to the middle ages, the theoretical approaches of corporatism date back to the second half of the twentieth century. From the 1970s on, political and social sciences discovered corporatism as a new way to represent sectoral interests and conceptualized it under the term of neocorporatism. It was considered a European anomaly from what had become a predominantly American pluralist theory of interest politics. In many perfectly democratic European countries, interest groups were organized and behaved in ways reminiscent of corporatist systems. This development coincides with a more general analysis in the social sciences of the evolution of national economic systems. However, the high days of neocorporatism research have met with criticism as the technological and international developments increasingly challenged the stable relationships of corporations and the state.

Forms of Corporatism

Corporatism has a long history. The modern territorial state superseded a political and economic order that consisted of numerous corporate communities endowed with traditional rights and obligations, such as churches, estates, cities, or guilds. In this context, organized collectivities regulated cooperation and competition among themselves and their members without or with limited influence of the state.

However, these corporations ultimately proved unable to prevent the victory of the state form of political organization. For political and economic liberalism, corporations are furthermore illegitimate to mediate between the individual and the state. Nevertheless, collective organizations continued to exist, so they could be included in the political order of the state. The political solution for this problem can particularly be found in nineteenth-century Germany, where, based on Georg Wilhelm Friedrich Hegel's *Philosophy of Right,* corporate associations were considered necessary to participate alongside the Parliament in political negotiations. Corporatist thinking deplored social conflict brought about by party competition and market economy. In the same vein, the Catholic social doctrine favored political representation on the basis of professional groups. This political structuration was considered limiting of class divisions. Modernity should be reached by compulsory organization of society along lines of industrial sectors and producer groups. Fascist regimes, such as Benito Mussolini's (Italy), Francisco Franco's (Spain), and António de Oliveira Salazar's (Portugal) fascist regimes, were examples where the political structure of the state was considered to be the reflection of the organic structure of the society. This so-called state corporatism attempted to use corporatist organizations as an instrument of state rule. The particular structure was favored as it helped to avoid uncontrollable parliamentary democracy. However, antiparliamentarist state corporatism was only one of two forms of corporatism—societal corporatism was

developed after 1945 through democratic state building and collective bargaining and theorized under the term of neocorporatism.

Neocorporatism

Contrary to corporatism, generally used in a descriptive endeavor, neocorporatism has been developed as a normative as well as empirical theory. However, as with pluralism, neocorporatism is far from being a unified and coherent approach. It constitutes, according to its main defendants such as Claus Offe, Philippe C. Schmitter, and Gerhard Lehmbruch, an answer to national and international economic problems of the 1970s. The neocorporatism dialogue was the attempt to reconcile capitalist economy with mass democracy. Collective national political and institutional arrangements were used or created to remedy problems whose origins lay, more often than not, at the international level. The essential element of neocorporatism is that government grants a monopoly of representation to certain peak associations in exchange for their cooperation in developing policy. Also, government intervenes substantially in the economy in order to achieve particular goals. One central goal is to develop an income policy; that is, the attempt to control inflation by influencing wage bargaining and the prices of goods and services.

Empirically speaking, both labor and employer's organizations are included in free collective bargaining. Unions and employers are to set the terms of employment between themselves, under legal immunities, protection, and facilitation. This situation of political exchange is the basis for a situation where unions give up their attempt to replace the state, government refrains from direct wage setting, and employer's organizations accept to sit with both the state and the unions to bargain over economic policy. The unions increasingly refrain from striking as a political action repertoire, and both employers and labor organizations were considered legitimate monopolistic interlocutors by the state. It was the particular context of the 1970's economic crisis that relaunched the political and academic debate on traditional corporatism. The state was confronted with contradictory demands in a situation of stagflation in which it progressively increased its prerogatives in economic politics. In order to legitimate these prerogatives, the state associates the social partners more closely. Thus, confronted with increasingly international competition, the concentration mechanisms described by neocorporatist scholars are means to resolve or at least calm down the class conflict at the national level.

According to the theoretical definition developed by Schmitter, neocorporatism is a system of representation in which individuals are part of a limited number of economic organizations, where membership is compulsory. These organizations are structured differently according to the economic sector they belong to. Their status is recognized or even established by the state. It allows for a monopolistic status in a given economic field in exchange for a certain control by the state over the choice of their leaders and the demands they can formulate. Some groups are by definition stronger than others and might gain control over public policy domains, thus representing the phenomenon of policy capture that pluralists feared. Large groups based on social class structures tend to bureaucratize. They develop a more or less efficient organizational structure, based on expertise in a specific policy field. Based on this know-how, the state may thus transfer a certain number of decision-making and implementation powers to these organizations.

Contrary to pluralist approaches, however, not all cleavages have the same value. Thus, "market participants" can be differentiated from "policy takers." Class organizations belong to the first category, representing either the offer or the demand side of the labor market or services: business organizations or trade unions but also consumers or banking associations. These organizations exercise pressure in order to enlarge their part of the market. They are able, despite their more or less important position in the political system, to influence governmental policies and to have a destabilizing effect on the political, social, and economic order of the state. This destabilizing capacity assures that they enjoy a central role in a political system compared to other groups. Organizations belonging to the second category, on the contrary, are

subject to the effects of these policies. While they also participate in a political market, this market has no direct influence on the stability of the political order. Automobile or student associations are examples of these groups, which participate in the public debate, influence government, but are rarely the cause of political upheaval.

If the state delegates power in the two cases, it does so for different reasons. Thus, in the case of class organizations, the objective is to restrain and to discipline the organization members in order to achieve a higher predictability of behavior patterns in the case of conflict. In the case of pluralist groups that obtain public status and thus gain the right of self-administration, the principal motive is delegation, devolution, and the transfer of political debates to an arena that does not directly affect the stability of the central government or the ruling parties. This type of delegation reduces, on the contrary, the overload of the state.

Structural and Functional Aspects of Neocorporatism

Differentiating between the structural and the functional aspect of interest representation with regard to neocorporatism and pluralism clarifies the definition further. Whereas the structural aspect concerns the organization of group interests in established intermediary associations (logic of membership), the functional aspect refers to the political coordination between interest associations and the state (logic of influence). Thus, in structural terms, pluralist theory most commonly conceives of interest politics as free competition among a variety of groups in a market for political representation, whereas in corporatist systems, selected organizations enjoy a representational monopoly. But the state also intervenes directly in the internal affairs and structures of these organizations, favoring a particular leader, depending on who is expected to be more reasonable from the perspective of the actual state actors. With regard to the functional aspect, under pluralist theory, private interests are only tamed by competition and public regulation, whereas under corporatism the state offers incentives

for interest groups to cooperate. Moreover, corporatist theory blurs the boundary between the state and civil society, as the state shares authority with interest groups not only in the decision-making process but also in the implementation phase. Moreover, as interest groups assume the responsibility for compliance of their members, they help the state to make its decisions accepted.

From an empirical point of view, Sweden, the Netherlands, Austria, Germany, France, and Great Britain are classified as neocorporatist countries, in rather different terms, however. Whereas Germany belongs to the category of strong corporatist states, just after Sweden, the Netherlands, and Austria, the United Kingdom seems to have both neocorporatist and pluralist elements. It has only sometimes been classified as "medium corporatist," at least with regard to agricultural policies. British politics after World War II are considered to be Keynesian, with a pluralist bias. France is categorized as a weak corporatist state in some policy areas, in particular agriculture. Economic policies, however, follow a statist pattern. It is important to note that in a normative debate, the French political system is often called "corporatist" in a classical sense. Thus, specific professions, such as teachers, are thought to be similar to guilds as they cling to their old prerogatives. The German system has both defenders among pluralist scholars with regard to associations and social movements, as well as neocorporatist analysts researching business and trade union patterns. However, the latest studies seriously question the neocorporatist label for Germany.

The Empirical and Theoretical Limits of Neocorporatism

At the end of the 1980s, Schmitter came to a rather negative and pessimistic conclusion with regard to neocorporatist patterns in Western Europe. Globalization, the development of welfare state arrangements, and the level of unemployment are leading to the end of neocorporatist arrangements based on equality. Full employment cannot be assured anymore in highly independent economies and, thus,

wage moderation cannot be "bought" any longer. Therefore, it is the end of organized capitalist systems. The tendency leads to micronegotiations at the firms level; mesocorporatism continues to exist only in specific or sheltered policy sectors.

However, the short life of neocorporatism should not conceal the fact that this approach has allowed new analytic frames to develop to study the relationship between the economy, politics, and society. It has contributed to the development of other types of research, in particular studies on comparative capitalism (varieties of capitalism) and middle-range theories on the socioeconomic organization of states. Furthermore, whereas corporatism was originally used to characterize entire societies in terms of their being more or less corporatist, the reflection on the micro- and mesolevels of policies allowed for a new sociological approach to corporatism. Associations active in a corporatist system used both corporatist and pluralist strategies in pursuit of their objectives.

Finally, corporatism and neocorporatism have also found new applications in political theory, particularly through the concept of associative democracy. Associative democracy links elements of pluralism and neocorporatism in underlining the freedom to associate, as well as the policy implementation tasks associations performed in political systems. It stresses new forms of responsibility and accountability at the local level, reducing the role of the central state. Associations seek a "dispersed centralized democracy" that combines individual choices of liberalism with the public provision of collectivism. In the logic of this argument, the abnormalities of the classic model of collective representation can be considered as modern forms of democratic systems. As in consensual systems, the central decisions are taken unanimously, and the political process is more generally characterized by a consensual approach rather than by a search for majorities. To guarantee citizens' participation in these consensual and corporatist systems, one must take into account two options: on the one hand, the strengthening of interest groups' organizational capacities to control political power and, on the other hand, institutional checks and balances. The model of associative democracy, by binding the

neocorporatist agenda to the requirements of the theory of liberal democracy, assumes that associations can be at the same time instruments to improve the efficiency of policy making and assure citizens' participation. In situations where political parties do not supply adequate access to citizens to allow them to participate in the decision-making processes, interest groups can offer opportunities for such participation.

While the neocorporatist approach was conceived to analyze as well as theorize the increasing interdependence of economies in the 1970s, it is also this particular interdependence that is responsible for the decline of the approach, as it has difficulties to include the limited autonomy of nation-states in its research patterns. However, neocorporatism has generated a large number of comparative studies in political economy and has helped classify the organizations of sectoral interests in Western Europe. Its social bias, that is, this interest in class groups, is, nevertheless, problematic today as these differentiations seem to lose their explanatory character. Here, the normative approach of associative democracy might be able to use elements of neocorporatism in its research design. Finally, it is also at the international level that neocorporatism shows its limits. Transnational pluralism seems to be the majoritarian pattern linking societal groups to state actors. However, "islands of corporatism" can still be observed in a number of policy sectors.

—*Sabine Saurugger*

See also Association; Consociationalism; Interest Group; Market; Political Exchange; Social Democracy; State Capture

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CORRUPTION

Corruption can be defined as the paying and receiving of bribes for preferential treatment. At the most basic level, the fees demanded and paid are used to subvert normal processes for the procurement and provision of public-sector goods and services. At more sophisticated levels, payments are used to secure undue access to, and influence over, policymakers whose decisions affect economic outcomes. But the line that separates undue influence and legitimate policy advocacy is often blurry. Money can buy favors as surely as it finances legitimate policy advocacy.

Where legitimate advocacy ends and bribery begins is partly a matter of definition, determined by culture, values, political systems, and institutional arrangements. Traditionally, responsibility for defining the rules has resided with national (and sometimes local) law- and rule-making bodies. Globalization changes that. Competing values now easily seep across borders, challenging traditional authority, customs, and governing institutions. Rule-making powers that were previously the exclusive province of nation-states are now partly invested in supranational bodies. Moreover, the technology infrastructure that facilitates global finance makes it easy for the fruits of corruption to travel across borders to be laundered. Money laundering and corruption go hand in hand.

An incentive for corruption is created when public officials have discretion over factors that influence private-sector costs or benefits. The magnitude of the impact, the probability of discovery, and the severity of punishment are likely determinants of the extent of actual corrupt behavior.

Beyond the traditional payment/extortion model that covers transactions between public and private actors, new variants have begun to emerge. Officials of international governmental organizations (IGOs) may dispense illegal favors to national government officials, either for private gain or to secure preferred policy outcomes. For instance, smuggling of arms, weapons of mass destruction precursors, illegal drugs, currency, and other contraband is sometimes directed by governments for strategic purposes. For policy reasons, or in return for financial incentives, officials of IGOs may turn a blind eye to cross-border illegal activity or may actively aid national government officials in circumventing treaties, covenants, regimes, and other obligations.

The demarcation between public and private responsibility is further blurred by the fact that national governments have increased reliance on private actors, including nongovernmental organizations (NGOs), to set standards and police behavior. For instance, many governments require banking officials to report suspicions of money laundering to the authorities. Chief financial officers and accounting firms sometimes have an affirmative duty to report financial wrongdoing. Consequently, private-sector actors face corruption incentives analogous to the ones traditionally faced by public officials.

Types of Corruption

The three most common types of corruption are: paying to receive a benefit, paying to avoid a cost, or paying to secure a government position. Governments can create tiered markets in which some customers receive favorable prices, while others are required to transact at market prices. Similarly, preferential treatment may be given to favored individuals or groups when governments lease property, sell assets, award contracts, or hand out subsidies. Circumstances like these create incentives to bribe public officials in exchange for preferential treatment.

Bribes are also paid to avoid the imposition of costs or to shift costs onto competitors. Governments

can impose substantial costs on private actors when they act (or sometimes fail to act) to levy taxes, implement regulations, and enforce the criminal law. As compliance costs rise, so does the incentive to avoid them. Firms are more likely to consider bribery worth the risk of getting caught when compliance costs are high and penalties for noncompliance are low. Moreover, when compliance costs are high, it is economical to pay large bribes to avoid them. As the scale of bribery increases, so does the incentive for bribe seeking.

Public-sector employment is a source of corrupt practice when pay scales vary significantly from the private sector. Pay scales that are too high create an incentive to pay bribes to secure public-sector jobs. Pay scales that are too low make public employees more easily susceptible to bribe offers. Low-paid public-sector employees may assume that taking payments to grease the skids is tacitly accepted and expect bribes as a perquisite of the job.

The issue is more subtle at the higher reaches of public policy-making organizations. It concerns access. Large donors are more likely than others to gain access to present their case to high-level decision makers. Senior policymakers also gain exposure to powerful networking opportunities. Even without an explicit *quid pro quo,* senior level officials may, nevertheless, be tempted to use their offices to ingratiate themselves with people and industries they regulate, hoping the favor will be returned at some later time. However, the revolving door between high-level regulators and executive positions does not necessarily signify corrupt practice. Senior regulators, cabinet ministers, and elected officials may possess specialized knowledge (and contacts) that private-sector firms find extremely valuable. Consequently, they may be recruited for high paying positions in private industry without corrupt intent or result.

Finally, criminal organizations, terrorist organizations, and rogue states use corruption as a weapon to further strategic aims. International terrorist organizations have set up nominal charities whose actual function is to direct and fund terror around the globe. Traditional criminal organizations have bought and corrupted banks have been used as vehicles to launder criminal proceeds. For instance, the Bank of Credit & Commerce (BCCI) had, at its core, a massive international money laundering enterprise. It involved the illegal purchase of a U.S. banking company, facilitated by a former U.S. defense secretary. It reportedly made payments to prominent politicians in many of the countries in which it did business and it illicitly acquired deposits from third-world central banks.

The Globalization of Corruption

Technology has transformed corruption from a local affair into a global problem. Highly sophisticated criminal enterprises run international businesses, motivated by financial gain, that depend on corruption for their survival. Trafficking in people and illicit rare animals, trading in illegal drugs, bootlegging software, and distributing weapons on the black market are highly profitable activities. They thrive on lax enforcement by, and corruption of, border guards, customs officials, law enforcement, and banking officials.

Globalized corruption depends on the international banking system to launder its criminal proceeds. Money laundering, which seeks to remove the taint of crime from ill-gotten cash, is the *sine qua non* for economic crimes. To evade detection and grow, criminal organizations need the ability to hide the source of their money and then reintegrate the proceeds back into the above-ground economy. Once dirty cash is deposited in the banking system, it is well on its way to being cleansed.

The emergence of easily accessible global financial markets makes money laundering comparatively easy. By conservative estimate, upwards of US$500 billion per year is laundered through global money markets. The effect is to increase the returns to crime in general, and corruption in particular, by reducing its costs and risks. Strict bank secrecy laws, usually found in tax havens, protect the identities of account holders, thus making it difficult for law enforcement authorities to follow the money trail left in the wake of illicit transactions.

The ease of electronic transactions exacerbates the problem and illustrates its complexity. It is no longer necessary to bribe public officials using envelopes

stuffed with cash; a bank account using a fictitious name in almost any bank will do. A deposit in a New York bank can easily be withdrawn from a Paris branch with an ATM card. The electronic transfer system allows proceeds of corruption to be sent effortlessly to jurisdictions where depositors' identities are hidden; where the underlying behavior may not be regarded as criminal, and where the money is easily cleansed.

It should also be noted that the technology that sends trillions of dollars around the globe daily may also make it easier for law enforcement to monitor and prosecute the money laundering on which corruption depends. There is a paper trail for each transaction. The main question centers on its availability to law enforcement agencies, both domestic and international. But corrupt political regimes are unlikely to acquiesce to opening their books.

The Costs of Corruption

The costs of corruption are both financial and political. Corruption distorts market prices, leading to resource misallocation. It increases production costs and lowers returns, thus stifling investment. Unchecked corruption challenges the legitimacy of the state, its institutions, and its claim to a legal monopoly on the use of violence.

Corruption's costs are inherently difficult to measure. Some states deemed to be corrupt have had high levels of economic growth. On balance, however, the research suggests that corruption has serious adverse economic consequences. Corruption tends to penalize investment, reduce economic growth, and reduce a nation's expenditure on education. Because corruption tends to reward inefficiency, it is likely to result in inferior provision of public services. Further, large capital projects, such as roads and bridges, whose true costs are hard to measure, provide relatively easy opportunities for public officials to seek bribes. Consequently, public infrastructure is likely to be inferior and more costly than necessary. In addition, the ease of extracting bribes from these projects makes it more likely that public officials will opportunistically promote them at the expense of better uses of public funds.

Contracts acquired through bribery are unlikely to produce the best results most efficiently. The results seen are increased taxes, reduced services, and increased public cynicism, particularly with respect to certain subsets of public goods. Though its pervasiveness varies widely, survey data indicate that customs, tax, and police departments are the most vulnerable to the enticements of corruption.

Economic efficiency is not the sole criterion for analyzing corruption. Widespread corruption leads to cynicism, impinges on market efficiency, erodes social trust, and undermines the rule of law. Trade depends on trust and the belief that customers and competitors are playing by the rules. When bribery tilts the playing field, honest players may withdraw for more inviting venues, leaving behind a vacuum filled by corrupt players.

Corruption can be pervasive and deep rooted or episodic. Petty corruption takes place at the level of the bureaucracy; grand corruption involves high government officials. Either way, it is corrosive when left unchecked and undermines the foundations of civil society. Judicial independence and the rule of law are challenged by drug and war lords (often the same), who buy immunity from prosecution and whose armies and militias put them beyond the reach of civil authorities. The collapse of legitimate state authority under the weight of corruption financed by drug traffickers presages the real possibility of the birth of lawless narco-states.

States that have succumbed to pervasive corruption (or are about to) threaten the security of their more law-abiding neighbors. Globalization makes it increasingly difficult to isolate the policy actions of one state from spilling over into the entire state system. Lawless and corrupt states, dominated by warlords and narcotics traffickers, provide safe havens for terrorists, gangsters, and illegal arms markets that include ingredients necessary for weapons of mass destruction.

Global Anticorruption Policies

Early efforts to reduce corruption in international business dealings centered on the United States

Foreign Corrupt Practices Act (FCPA), signed into law by President Jimmy Carter in 1977. The FCPA makes it illegal for U.S. firms to pay bribes to foreign government officials. In response to U.S. business firms, who argued that the FCPA put them at significant competitive disadvantage in international markets, Congress passed the 1988 Omnibus Trade and Competitiveness Act. The 1988 Act sought to reduce FCPA compliance costs for American businesses, and it called on the president to negotiate an agreement with other OECD states to make bribery illegal. (At the time, some OECD countries allowed domestic companies to treat bribes of foreign officials as tax-deductible business expenses). By 1996, the OECD declared that tax deductibility of bribes to foreign public officials should be banned and the practice criminalized.

In 1994, the justice ministers of member states of the Council of Europe determined that corruption was a serious threat to democracy, the rule of law, and human rights. Accordingly, the ministers formed a Multidisciplinary Group on Corruption, with the aim of drafting an international program to combat corruption. By 1997, the Committee of Ministers of the Council of Europe adopted a twenty-point program of guiding principles in the fight against corruption. These included criminalization of corruption, the promotion of ethical behavior, steps against money laundering, and eliminating tax deductibility for bribery. By 1999, the Group of States against Corruption (GRECO) was set up to monitor progress among member states through peer pressure and mutual evaluation.

The Organisation for Economic Co-operation and Development (OECD) has similarly taken action against corruption. In 1997, through its Working Group on Bribery in International Business Transactions, the OECD placed priority on examining five related issues: the foreign bribery of political parties, benefits promised in anticipation of becoming a foreign political official, bribery of foreign officials as a predicate offense for money laundering legislation, the role of foreign subsidiaries in the bribery of foreign public officials, and the role played by offshore tax havens in bribery transactions.

The OECD determined that foreign bribery of public officials raised serious moral and political concerns, that it undermined good governance and economic development, and that it distorted competition in international markets. Accordingly, the OECD established an antibribery convention that entered into force February 15, 1999. The convention has been signed by all thirty members of the OECD as well as four nonmembers.

The OECD convention stresses the importance of transparency in the procurement of public goods. The convention calls for eliminating the tax deductibility of bribes paid to public officials and makes bribery a predicate for money laundering. The OECD's Committee on Fiscal Affairs conducts self-evaluations of member's implementation of antibribery regulations. The chief implementation tools include monitoring domestic law to see if it meets agreed-upon standards, mutual evaluations among signatories, and mutual legal assistance. Standards and implementation processes against corruption and money laundering are now firmly established in OECD countries.

Recent attempts to minimize corruption have sought to emphasize best practices and good governance. Transparency in campaign finance, the award of contracts by competitive bidding, auditing of public agencies, and simplified tax codes are among the remedies suggested.

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See also Governance; Nongovernmental Organizations; Organisation for Economic Co-operation and Development; Political Exchange; Rent Seeking; State Capture; Transparency

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CORRUPTION PERCEPTIONS INDEX

The corruption perceptions index (CPI) is a measure created and used by Transparency International, an international nongovernmental organization established in 1993 with the aim of bringing together business, civil society, and government structures to combat corruption. The CPI rates countries on a scale from 0 (highly corrupt) to 10 (clean). The index was first used in 1995, and it covers a growing number of countries in annual surveys, growing from 41 in 1995 to 146 in 2004.

The index is based on the surveys of domestic and international businessmen, financial journalists, and risk analysts. Therefore, it reflects the perceptions of experts and business elites and not of the general public. The index represents average scores from several polls and surveys for each respective country from the two years prior to its release and the year of release (e.g., CPI 2004 is based on sources from 2002, 2003, and 2004). The minimum number of surveys used for each country is three, while some countries are evaluated with the use of as many as fourteen to fifteen surveys.

The CPI focuses on the public sector and evaluates the degree of corruption among public officials and politicians. Corruption is defined as an abuse of public position for a private gain, which in practice usually means bribe taking. Because in corrupt countries the quality and independence of judiciary and media are usually low, official statistics on the corruption exposure and prosecution underestimate the level of corruption in more corrupt countries. The CPI, being based on evaluations, is a valuable alternative source of information about the degree of illegal practices among civil servants and politicians in a given country.

There are some methodological problems related to CPI data reliability and comparability. While the information about the cross-national levels of corruption is compiled annually using a number of reliable and established sources, such as the World Bank and European Bank for Reconstruction and Development's (EBRD) *Business Environment and Enterprise Performance Survey,* the Economist's *Country Risk Service and Country Forecast,* or Freedom House's *Nations in Transit,* the exact set of sources used for a country's evaluation, as well as the wording of the questions put to experts, vary from year to year, making an actual net change in the levels of perceptions of corruption difficult to precisely estimate. Second, large differences in values given to a country by different sources (which is reflected by a high standard deviation of a CPI score), especially combined with a low number of surveys used for a country, signal a low reliability of an estimate. However, great care is taken to ensure the highest possible quality of sources and methodology used. Therefore, CPI is a reputable index widely used by academics, economists, journalists, and businessmen.

The results consistently show that countries with the highest scores (9 or higher) are predominantly rich countries, while countries with lowest scores are also the poorest ones. This relationship between country's level of economic development and its level of corruption has lead Transparency International to conclude that corruption is one of the key obstacles to sustainable development.

—*Natalia Letki*

See also Accountability; Corruption; Governance Indicator; Transparency

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Transparency International: http://www.transparency.org/

COSMOPOLITANISM

Cosmopolitanism is a school of thought in which the essence of international society is defined in terms of

social bonds that link people, communities, and societies. Derived from the term *cosmopolis,* it sees a natural order in the universe (the cosmos) carried through to human society, exemplified by the *polis.* More broadly, it presents a political-moral philosophy that posits people as citizens of the world, rather than of a particular nation-state.

In this regard, cosmopolitanism represents a spirited challenge to more traditional views that focus on age-old attachments of people to a place, customs, and culture. Cosmopolitan emphasis on social bonds rather than nation-states lays the foundation for its view of society ultimately evolving toward harmony and away from conflict. This relatively benign outlook stands in stark contrast to the analytic framework used by the dominant schools of thought in world politics: realism and liberalism.

The Dominant Schools of Thought

For both realists and liberals, Westphalian nation-states are the dominant actors in world politics. Both see states as internally sovereign over their own territory, possessing a legal monopoly on violence. To exercise internal sovereignty, states need to be free from externally imposed constraints. For liberals and realists alike, this implies that the international system—a society of states—is structurally anarchic. Domestic and world politics are clearly differentiated. This framework clearly delineates domestic and international politics. Domestic politics is law and administration; world politics is defined by power, struggle, and accommodation. States are Janus-faced, looking inward toward domestic society and outward at the anarchy of world politics.

For both realists and liberals, the state is the organizing unit of the international system. They agree that state behavior is rational and comprehensible. Realists go on further to argue that states are unitary actors that seek power both as a means and as an end. For realists, the "high" politics of security dominates the "low" politics of social welfare. Peace is the time between wars. States are autonomous and self-reliant. Cooperation among states is rare because there is little reason for it. International institutions, lacking independent authority, are powerless to shape state behavior.

Liberals share the realist assumption that the international system is state centric and structurally anarchic, but liberals find room for cooperation. For them, world politics is not a zero-sum game. It is partly distributive and partly productive. It is a Smithian world of trade and commerce in which mutual benefit creates an incentive for cooperation and coexistence. Realists, pointing to states' constant preparation for war, see conflict as the norm. Liberals view conflict as atypical, a result of misunderstanding or miscalculation. They stress the need for institution building.

How Cosmopolitanism Differs

Cosmopolitanism differs from realism and liberalism in its resistance to the idea of the semiautonomous sovereign state, with an exclusive right of self-government. In the realist view, states (in pursuit of their own interests) are locked in a struggle for survival. Conflict is inevitable because states have differing interests and there is no external sovereign to constrain behavior or mediate disputes.

Not only do they reject the conception of world politics as necessarily rooted in interstate conflict, cosmopolitan theorists do not draw a distinct line between domestic and international politics. They argue that states are bound by rules, norms, and the imperatives of law. Relations between people are not always and everywhere subsumed by interstate conflict.

Cosmopolitanism and liberalism both accept power as an important aspect of human existence but reject the idea that it is all encompassing. Many factors influence interstate relations: economic, cultural, technological, and military. Not only do many factors influence state behavior; their relative importance varies with circumstance, in part because of easy mobility of people and capital, which constrains the power of the state, whose power is limited by geographic borders.

At the nexus of power and geography, liberals and cosmopolitans begin to part company. Liberalism (unlike cosmopolitanism) accepts the primacy of the territorial state, both in domestic and world politics. Although liberals see the territorial state as the

fundamental organizing unit of politics, they believe conflict between states can be mediated by international institutions. International policy regimes can soften differences and coordinate policy where states have joint, but not identical, interests.

Beyond Liberalism

Cosmopolitanism moves beyond liberalism. Like liberalism, it sees international institutions and policy regimes as useful. But for cosmopolitans, international institutions are steps down on the evolutionary road toward full sovereignty being vested in people rather than states. Over time, the society of states will evolve into societies of people. States are not the law; they are bound by it. Politics and law are thus denationalized.

Rising interest in cosmopolitanism is coincident with the emergence of transnational organizations and epistemic communities, brought about partly by the technology revolution that allows nonstate actors to organize and coordinate behavior across borders. Global mobility of capital and labor makes states more accountable to markets, empowers nonstate actors, and challenges state capacity. The spread of networks as substitutes for hierarchies further reduces state power. Claims of universal jurisdiction by national courts have likewise weakened internal sovereignty. And international organizations have become increasingly adept at holding governments accountable to international norms of behavior, challenging the notion of the autonomous sovereign state.

The emergence of powerful nonstate actors on the global stage lends some credence to the cosmopolitan notion of an evolutionary process leading from the sovereignty of the state toward the sovereignty of people. What remains to be seen is whether cosmopolitanism is simply another variant of Western universalism, an important question in a world filled with intense religious and cultural rivalries.

—Joseph F. Benning

See also Democratization; Globalization; Liberal Internationalism; Liberalism; Nationalism; Realism and Neorealism

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COST-BENEFIT ANALYSIS

Cost-benefit analysis is an analytical decision support tool for defining and comparing costs and benefits. Cost-benefit analysis shapes a framework for decisions. It requires a formal reporting process and several evaluation techniques. Cost-benefit analysis, sometimes called benefit-cost analysis, is the process of weighing the total expected costs versus the total expected benefits of one or more products, actions, or programs in order to choose the most profitable option. Often, this process involves monetary calculations of initial expense versus expected return.

A cost-benefit analysis finds, quantifies, and adds all the positive factors. These are the benefits. Then it identifies, quantifies, and subtracts all the negative factors, the costs. The difference between the two indicates whether the planned action is advisable. In a cost-benefit analysis, all the costs and all the benefits need to be included and properly quantified. For example, a product manager may compare expenses to projected sales for a proposed product, and only decide to produce it if the expected revenues will eventually recoup the costs.

Cost-benefit analysis may be viewed as a way to calculate society's "return on investment" from an activity or program perspectives. These analyses attempt to calculate the actual costs of delivering services and the monetary value of improving particular

outcomes for society, and to measure whether the benefits exceed the costs, for example. Cost-benefit analysis is often used at a macrolevel to compare programs that achieve different outcomes (for example, deciding whether to fund a HIV/AIDS prevention program or a program to reduce youth violence) or to measure the value of a particular program's outcomes.

To do a cost-benefit analysis, programs must first accurately calculate their costs. Programs also must establish a causal relationship between the program and particular outcomes (benefits) through an outcome evaluation. Cost-benefit analyses then attach dollar values to those benefits. The program's costs can then be compared to its benefits. If benefits exceed costs, the program has established an economic justification for continuing these services.

The term *cost-benefit analysis* is widely used for planning, decision support, program evaluation, proposal evaluation, and other purposes in organizations of all kinds. A cost-benefit analysis will, on the one hand, attempt to quantify every benefit and cost for inclusion in the financial analysis, even the so-called intangible costs and benefits. On the other hand, it will not omit discussion of important nonquantified benefits and costs. Cost-benefit analyses usually represent incremental costs and benefits. This is because cost-benefit analysis is usually undertaken for decision support purposes. The objective, after all, is to understand the net effect of a decision.

—Naim Kapucu

See also Efficiency; Knowledge Management; Policy Analysis

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COUNCIL FOR MUTUAL ECONOMIC ASSISTANCE

The Council for Mutual Economic Assistance (COMECON) was an organization created to foster economic and technical cooperation between communist countries in Eastern and East Central Europe (USSR, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, East Germany, with Albania leaving in 1961), and, later, a number of Soviet allies in the third world (Mongolia in 1962, Cuba in 1972, and Vietnam in 1978). It served for four decades as the principal means of economic cooperation and coordination in the communist world before being disbanded in 1991 on the disintegration of the communist regimes of Eastern Europe.

COMECON was coordinated by an extensive hierarchy of institutions and organization. It was headed by the Session of the Council for Mutual Economic Assistance, consisting of high-ranking representatives of each member state (up to the prime minister), which set the agenda for and the tone of future economic integration and coordinated the activities of subordinate offices. The most important supervisory organ was the Executive Committee of the Council, responsible for overseeing the implementation of policy initiatives. Below this were some thirty advisory committees, conferences, sectoral commissions, and specialized research centers.

COMECON was established as a loose set of arrangements designed to share experience, technical expertise, and mutual aid among members, at the time struggling not only to rebuild their shattered economies but, moreover, to chart a previously unmapped path of economic development through the establishment of central planning. Following the death of Stalin, and later as a reaction to the establishment of the European Economic Community (EEC), interest in new forms of regional forms of economic cooperation emerged.

COMECON's charter was established in 1959, and with it the scope of activities began to expand, and its goals became more ambitious. Plans to further tighten integration were stepped up, and in 1971 COMECON

members adopted the Comprehensive Program for the Further Extension and Improvement of Cooperation and the Further Development of Socialist Economic Integration. The Comprehensive Program initiated the development of a set of increasingly complex institutions, coordination mechanisms, and planning strategies that covered trade (external as well as intra-COMECON), investment and production patterns, monetary relations, pricing procedures that facilitated closer tracking of world market prices, and plans to enhance research and development.

Therefore, despite a commitment to what it now described as socialist economic integration and an international socialist division of labor, many analysts and economic historians consider the evolution of COMECON as tacit acceptance that failure to use market price signals as a mechanism of allocating scarce resources, coordinating policy, and developing cost-effective production specialization in the pursuit of enhanced economic interdependence would result in failing to meet the overriding goal of economic modernization.

Mikhail Gorbachev's election to the position of General Secretary of the USSR marked the realization of the looming and deep economic crisis, symptoms of which included extensive shortages of essential goods, large-scale corruption and a flourishing black market, poor productivity, inability to meet consumer demands, high energy inefficiency and pollution levels, research and development failures, and a persistent and increasing technological gap.

Hence, in 1985, COMECON initiated the Comprehensive Program for Scientific and Technical Progress up to the Year 2000. The program was a broad-based plan to move in the direction of tighter economic integration, increasingly seen as necessary if the slide behind the Western economies was to be halted. However, as Western economies boomed following the recession of the early 1980s, the communist crisis deepened, and Gorbachev's attempts to reform the system stalled, largely because they failed to address the root cause of the crisis. With the failure of Gorbachev's reform initiatives clear by 1990, the disintegration of communism and the regimes it had cemented together was sealed, and COMECON,

whose rationale had essentially dissolved, was quietly disbanded early in 1991.

—*Stuart Shields*

See also Communism; Economic Governance; European Governance; Regionalism

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COUNCILS OF GOVERNMENTS

Councils of governments (COGs) are regional planning bodies that exist throughout the United States. Councils of governments (also called regional councils) are associations that consist of elected public officials that come from the major local governments within an urban or metropolitan area. They were developed during the 1970s and the 1980s as an appropriate tenet of public governance concerning local/regional issues. Their purpose is to establish a consensus between the needs of the concerning area and actions in order to solve local and interlocal problems.

COGs constitute voluntary associations that represent governments, but they are not governments themselves. They are voluntary because local units cannot be forced to join these associations and they can resign at any time. The council membership is drawn from the county, city, and other government bodies within its area. Councils of governments lack general government authority in that they are not directly elected, they do not have direct taxation powers, and they do not have police powers or regulatory authority.

COGs were created in order to develop consensus regarding metropolitan or regional needs and actions to be taken in solving area problems. COGs benefit the state by planning, coordinating, and overseeing the administration of the state and federal programs, assisting local governments in handling tasks set by

the state regulations, providing a flexible network for effective regional action and fostering cooperation that helps avoid duplication of efforts and thus helps take advantage of economies scale. A typical council is defined to serve an area of several counties and addresses issues such as regional planning, water use, pollution control, and transportation. Nevertheless, the nature and extent of the programs vary, depending on local needs and the priorities of the board that governs the operation of the individual council.

In 1960, there were only a half-dozen voluntary regional councils of elected officials. In the late 1960s and early 1970s, emphasis was increasingly placed on the need for long-range planning and closer coordination of program activities by governments at all levels. Federal requirements for planning in areas such as transportation, the environment, and human services furthered this need. The establishment of COGs emerged as the preferred approach to this need in many areas. Therefore, the number of COGs soared to over 660 by 1980 as a result of federal requirements and massive increases in federal aid to state and local governments between 1957 and 1977. Most regional planning commissions were converted to COGs during this period. With the advent of the Reagan administration and, over time, the reduction in federal aid to local governments, the number of COGs decreased to approximately 530.

To conclude, these councils consist of elected officials drawn from the local governments in metropolitan areas, or, in some cases, for more rural areas, they constitute a public attempt of local/regional governance developed in the United States in order to efficiently resolve local problems and to satisfy the regional needs increase in the 1970s. They are multicounty planning and development agencies serving different areas of the state. However, these regional bodies have provided a small measure of regional political leadership and policy-making authority.

—*Antonios Vlassis*

See also American Governance; Local Governance; Substate Regionalism

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CRISIS MANAGEMENT

Crisis management pertains to all activities aimed at preventing, mitigating, and terminating crises. We speak of crisis when a community of people—an organization, a town, or a nation—perceives an urgent threat to core values or life-sustaining functions, which must be urgently dealt with under conditions of deep uncertainty.

Crisis and the Modern Society

Public authorities face a variety of crises, such as natural disasters and environmental threats, financial meltdowns and terrorist attacks, epidemics and explosions, infrastructural dramas and information and communication technology (ICT) failures. Crises are not routine events (such as fires or traffic accidents). Crises are inconceivable events that often take politicians, citizens, and reporters by complete surprise.

These dramatic events create tough challenges for public authorities and their organizations. Critical decisions must be made and implemented under considerable time pressure and in the absence of essential information about causes and consequences. Even if the conditions for effective action are severely impeded, citizens expect governmental leaders and public authorities to safeguard them from the threat at hand.

Two factors make it increasingly hard for these organizations and their leaders to meet this expectation. First, the qualities that increase welfare and drive progress in modern societies make these societies vulnerable to crises. Second, citizens and politicians alike have become at once more fearful and less tolerant of major hazards to public health, safety, and prosperity.

The combination of these factors explains why relatively small disturbances can rapidly develop into deep crises and why the effects of crisis management are inherently limited.

Modern society has become increasingly complex and integrated. Complexity makes it hard to fully understand the manifold activities and processes that take place. As a result, emerging vulnerabilities can long go unrecognized; attempts to deal with them often produce unintended consequences (fueling rather than dampening the crisis). Tight coupling between a system's component parts and with those of other systems facilitates the rapid proliferation of disturbances throughout the system. Crises may, thus, have their roots far away (in a geographical sense) but rapidly snowball through the global networks, jumping from one system to another, gathering destructive potential along the way.

All this makes it hard to recognize a crisis before its consequences materialize. When a crisis begins to unfold, policymakers often do not see anything out of the ordinary. Everything is still in place, even though hidden interactions eat away at the pillars of the system. It is only when the crisis is in full swing and becomes manifest that policymakers can recognize it for what it is. Once a crisis has escalated into view, authorities can only try to minimize its consequences.

The contested nature of a crisis further complicates the situation. A crisis rarely, if ever, "speaks for itself." The definition of a situation is, as social scientists say, the outcome of a subjective process. In fact, we might say that crisis definitions are continuously subjected to the forces of politicization. One man's crisis is another man's opportunity.

For public authorities, this spells trouble: Many seemingly innocent events can be transformed into crises. Western citizens have grown impatient with imperfections; they have come to fear glitches and have learned to see more of what they fear. In this culture of fear—sometimes referred to as the "risk society"—the modern mass media plays an amplifying role.

Even if consensus would exist that a serious threat is emerging, the status of this new problem is far from assured. Governments deal with urgent problems everyday; attention for one problem takes away attention from another. For a threat to be recognized as a crisis, it must clear firmly entrenched hurdles.

Challenges of Crisis Management

Crisis management has two dimensions. The technical dimension pertains to the coping capacity of governmental institutions and public policies in the face of emerging threats. But there is also a political dimension: Crisis management is a deeply controversial and intensely political activity. A combination of these dimensions translates into five critical challenges of crisis management: sensemaking, decision making, meaning making, terminating, and learning.

Sensemaking

A crisis seems to pose a straightforward challenge: Once a crisis becomes manifest, crisis managers must take measures to deal with its consequences. However, reality is much more complex. Most crises do not materialize with a big bang; they are the product of escalation. Policymakers must recognize from vague, ambivalent, and contradictory signals that something out of the ordinary is developing. They must appraise the threat and decide what the crisis is about.

Crisis managers often have a hard time meeting this challenge. The bewildering pace, ambiguity, and complexity of a crisis can easily overwhelm normal modes of situation assessment. Stress may further impair sensemaking abilities. Organizational pathologies produce additional barriers to crisis recognition.

Some categories of people are known for their ability to remain cool and to stay clear headed under pressure. They have developed a mode of information processing that enables competent performance under crisis conditions. Veteran military officers, journalists, as well as fire and police commanders are known for this. Some organizations have developed a proactive culture of "looking for problems" in their environment. These so-called high-reliability organizations have somehow developed a capacity for thorough yet fast-paced information processing under stressful

conditions. The unresolved question is whether organizations can design these features into existing organizational cultures.

Making Critical Decisions

During a crisis, governments and public agencies must decide on critical issues. These can be of many kinds. Scarce resources may have to be prioritized. This is much like politics as usual, except that in crisis circumstances, the disparities between demand and supply of public resources are much bigger, the situation remains unclear and volatile, and the time to think, consult, and gain acceptance for decisions is highly restricted. Crises also confront governments and leaders with issues they do not face on a daily basis, for example, concerning the deployment of the military, the use of lethal force, or the radical restriction of civil liberties. Crisis decision making is making hard calls, which involve tough value trade-offs and major political risks.

An effective response requires interagency and intergovernmental coordination. After all, each decision must be implemented by a variety of organizations; effective implementation requires that these organizations work together. Getting public bureaucracies to adapt to crisis circumstances is a daunting—some say impossible—task. Most public organizations were originally designed to conduct routine business in accordance with such values as fairness, lawfulness, and efficiency. However, the management of crisis requires flexibility, improvisation, redundancy, and the breaking of rules.

Coordination is not a self-evident feature of crisis management operations. The question of who is in charge typically arouses great passions. In disaster studies, the "battle of the Samaritans" is a well-documented phenomenon: Agencies representing different technologies of crisis management find it difficult to align their actions. Moreover, a crisis does not make the sensitivities and conflicts disappear that governed the daily relations between authorities and others before the crisis.

A truly effective crisis response is, to a large extent, the result of a naturally evolving process. It cannot be managed in linear, step-by-step, and comprehensive fashion from a single crisis center, however full of top decisionmakers and stacked with state-of-the-art information technology. There are simply too many hurdles that separate a critical decision from its timely execution in the field.

Meaning Making

In a crisis, leaders are expected to reduce uncertainty and provide an authoritative account of what is going on, why it is happening, and what needs to be done. When they have made sense of the events and have formulated a strategy, leaders must get others to accept their definition of the situation. If they are not successful, their decisions may not be understood or respected.

Public leaders are not the only ones trying to frame the crisis. Their messages coincide and compete with those of other parties, who hold other positions and interests, who are likely to espouse various alternative definitions of the situation and advocate different courses of action. If other actors succeed in dominating the meaning-making process, the ability of incumbent leaders to decide and maneuver is severely constrained.

It is often difficult for authorities to provide correct information right away. They struggle with the mountains of raw data (reports, rumors, pictures) that are quickly amassed when something extraordinary happens. Turning them into a coherent picture of the situation is a major challenge by itself. Getting it out to the public in the form of accurate, clear, and actionable information requires a major public relations effort. This effort is often hindered by the aroused state of the audience: People whose lives are deeply affected tend to be anxious if not stressed. Moreover, they do not necessarily see the government as their ally. And preexisting distrust of government does not evaporate in times of crisis.

Terminating a Crisis

Crisis termination is twofold. It is about shifting back from emergency to routine mode. This requires some form of downsizing of crisis operations. At the strategic level, it also requires rendering account for

what has happened and gaining acceptance for this account. These two aspects of crisis termination are distinct, but in practice often closely intertwined. The system of governance—its rules, its organizations, its power holders—has to be (re)stabilized; it must regain the necessary legitimacy to perform its usual functions. Leaders cannot bring this about by unilateral decree, even if they possess the formal mandate to terminate crises in a legal sense. Formal termination gestures can follow, but never lead the mood of a community. Premature closure may even backfire: Allegations of underestimation and cover-up are quick to emerge in an opinion climate that is still on edge.

Accountability debates can easily degenerate into blame games with a focus on identifying and punishing culprits, rather than discursive reflection about the full range of causes and consequences. The challenge for leaders is to cope with the politics of crisis accountability without resorting to undignified and potentially self-defeating defensive tactics of blame avoidance.

Crisis leaders can be competent and conscientious, but that alone says little about how their performance will be evaluated when the crisis is over. Policymakers and agencies that failed to perform their duties prior to or during the critical stages may manage the crisis aftermath well, thus preventing losses to their reputation, autonomy, and resources. Crises have winners and losers. The political (and legal) dynamics of the accountability process determines which crisis actors end up where.

Learning

A crisis offers a reservoir of potential lessons for contingency planning and training for future crises. One would expect all those involved to study these lessons and feed them back into organizational practices, policies, and laws. This does not always happen, however. Lesson drawing is one of the most underdeveloped aspects of crisis management. In addition to cognitive and institutional barriers to learning, lesson drawing is constrained by the role of these lessons in determining the impact that crises have on a society.

Crises become part of collective memory, a source of historical analogies for future leaders. The depiction of crisis as a product of prevention and foresight failures would force people to rethink the assumptions on which preexisting policies and rule systems rested. Other stakeholders might seize upon the lessons to advocate measures and policy reforms that incumbent leaders reject. Thus, leaders have a big stake in steering the lesson-drawing process in the political and bureaucratic arenas. The crucial challenge here is to achieve a dominant influence on the feedback stream that crises generate into preexisting policy networks and public organizations.

—*Arjen Boin*

See also Decision Making; Emergency Powers; Governance Failure; Groupthink; High-Reliability Organization; Leadership; Legitimacy Crisis; Normal Accident Theory; Organizational Learning; Peace Process; Post-9/11; Risk; Risk Society; Security

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CRITICAL POLICY ANALYSIS

See INTERPRETIVE POLICY ANALYSIS

CRITICAL THEORY

The term *critical theory* generally refers to the philosophy developed by Max Horkheimer, Theodor Adorno, and Herbert Marcuse, and later by Jürgen Habermas, as part of the *Institut für Sozialforschung—* the Institute for Social Research, founded in 1923 as an affiliate of the University of Frankfurt. Its parameters are imprecise, but critical theory gradually developed its own identity as a distinctive restatement and reinterpretation of Marxist thought through the common themes of the diverse and original writings that emerged from the institute. In recent years, however, agreement on what constitutes critical theory has become somewhat fragmented.

The term *critical theory,* although its theoretical orientation and spirit owe much to Kant, Hegel, and Marx, appears to have first been used by Horkheimer in his 1937 essay titled "On Traditional and Critical Theory." Horkheimer wanted to define critical theory as a radical, emancipatory form of Marxian theory distinct from the model of science put forward by logical positivism and also separate from what he and his colleagues perceived as the covert positivism and authoritarianism of orthodox Marxism and communism. Horkheimer contended that traditional theory focused on deriving generalizations about the world, whether these generalizations were derived deductively (as with Cartesian theory), inductively (as with John Stuart Mill), or phenomenologically (as with Husserlian philosophy). However, Horkheimer argued, the social sciences were different from the natural sciences: Generalizations could not easily be made from so-called experiences because the understanding of experience itself was being fashioned from ideas that were in the observer. The observer is simultaneously part of what he or she is observing and inextricably caught up in the historical context where contemporary ideologies shape one's thinking. Thus, theory would be conforming to the ideas in the mind of the observer rather than the experience itself.

In *Dialectic of Enlightenment,* Horkheimer and Adorno abandoned this interdisciplinary materialist approach with its emphasis on cooperation with the social sciences. Adorno and Horkheimer did not want to deny the achievements of the Enlightenment, but instead wanted to show that it had self-destructive tendencies that its specific social, cultural, and conceptual forms realized in modern Europe. Since Adorno and Horkheimer planned to offer a positive way out of the dialectic of Enlightenment at the time they wrote these words, this reversal was by no means considered inevitable. In avoiding the reversal of Enlightenment, it is not enough simply to reconstruct rational content of modernity. Philosophical and social theory must also acknowledge its self-critical and emancipatory capacity.

At the heart of critical theory is an aversion to closed philosophical systems and pretensions to absolute truth. It differs from "traditional" social theory in its societal function. Traditional theory allows existing society to reproduce itself, but critical theory was designed to bring the basic contradictions of capitalist society to light by placing itself outside the confines of the existing structure. Traditional social theory draws from the Cartesian separation of subject and object, relying on "scientifically" accumulated evidence to analyze society "objectively." Critical theory proceeds from the view of mankind as the creator of history and society; it seeks a society of free actors that transcends the tension between, and abolishes the opposition to, the individual's purposefulness, spontaneity, and rationality and the results of his or her labor. Critical theory offers a critique of other social theories from a standpoint that derives its ethical impulse and methodological framework from Marxism.

One of the most original contributions of first generation critical theory was the integration of Marxian and Freudian theories. The association of political orientation and sociopsychological processes was, for the founders of the Frankfurt School, an undeniable and vital linkage.

Early critical theory professed to be an instance of enlightened revolutionary praxis. Eventually, however, resignation set in, resulting in political abstinence. Most first generation members of the institute were also members of the academic intelligentsia with high bourgeois backgrounds. Their attraction to

radical theory resulted from a philosophical revulsion against capitalism's oppression and hypocritical denial. Their greatest strength—their theoretical framework—also became their greatest liability, in that the theory developed was so radical it was irreconcilable with praxis. The role of philosophy became one of voicing protest, unmasking reason, and articulating human suffering, but not effecting change.

Jürgen Habermas

The so-called second generation of critical theorists, led most notably by Jürgen Habermas, has attempted to find alternative endings to the intellectual cul-de-sac that paralyzed the earlier school. Habermas began by critiquing advanced capitalism, a condition in which the state intervenes to regulate the market, ending liberal capitalism, in which the state assumes a more neutral role. In advanced capitalism, he argues, the market remains the primary steering mechanism and investment decisions are still made on the basis of profit, but the state replaces the market mechanism in instances where it creates and improves the conditions for the accumulation of capital. When the state no longer functions merely to secure the general conditions for production, but in fact actively engages in production, it becomes politicized and must be relegitimated. This is done by instituting a system of formal democracy that elicits diffuse mass loyalty, but which discourages participation. Political abstinence is, in fact, encouraged, because substantive democracy would bring awareness of contradictions to the fore. The shift from liberal capitalism has left behind bourgeois ideologies (the belief in science, universalistic value systems) that are now dysfunctional, but have no replacements. As the motivation patterns necessary for capitalism break down, legitimation becomes impossible. Advanced capitalism has created new needs that it cannot satisfy.

Habermas's central contribution to critical theory became the analysis of communication and its role in democratic society. Against this skeptical predicament of the first generation of critical theory, it could be said without exaggeration that Habermas's basic philosophical endeavor from knowledge and human

interests to the theory of communicative action has been to develop a more modest, more fallible, empirical account of the philosophical claim to universality and rationality. This more modest approach rids critical theory of its vestiges of transcendental philosophy and identifies more specific forms of social scientific knowledge that help in developing an analysis of the general conditions of rationality manifested in various human capacities and powers. Habermas calls for sciences whose aim is to render theoretically explicit the intuitive, pretheoretical know-how underlying such basic human competences as speaking, understanding, judging, and acting. These sciences yield knowledge that is not necessary but hypothetical, not a priori but empirical, not certain but fallible. They are, nevertheless, directed to universal structures and conditions and raise claims to an account of practical reason. In this way, Habermas undermines both of the traditional Kantian roles for philosophy and brings them into a fully cooperative relation to the social sciences.

Such an approach can be applied to normative features of democratic practices. Rather than only providing a set of explicit principles of justification and institutional decision rules, democracy is also a particular structure of free and open communication. Ideology restricts or limits such processes of communication and undermines the conditions of success within them. Ideology as distorted communication affects both the social conditions in which democratic discussion takes place and the processes of communication that go on within them. The theory of ideology, therefore, analyzes the ways in which linguistic-symbolic meanings are used to encode, produce, and reproduce relations of power and domination, even within institutional spheres of communication and interaction governed by norms that make democratic ideals explicit in normative procedures and constraints. As a reconstruction of the potentially correct insights behind Marx's exaggerated rejection of liberalism, the theory of distorted communication is, therefore, especially suited to the ways in which meanings are used to reproduce power, even under explicit rules of equality and freedom.

Democratic norms of freedom can be made explicit in various rights, including civil rights of

participation and free expression. Such norms are often violated explicitly in exercises of power for various ends, such as wealth, security, or cultural survival. Besides these explicit rights, such coercion also violates the communicative freedom expressed in ignoring the need to pass decisions through the taking of yes or no attitudes by participants in communication. For example, powerful economic groups have historically been able to attain their agency goals without explicitly excluding topics from democratic discussion but by implied threats and other nondeliberative means. Similarly, biases in agenda setting within organizations and institutions limit scope of deliberation and restrict political communication by defining those topics that can successfully become the subject of public agreement.

This theory of ideology as distorted communication opens up the possibility of a different relation of theoretical and practical knowledge than Habermas has suggested so far. His approach uses formal pragmatic philosophy to reflect upon norms and practices that are already explicit in justifications in various sorts of argumentation or second-order communication. Such reflection has genuine practical significance in yielding explicit rules governing discursive communication (such as rules of argumentation), which in turn can be used for the purpose of designing and reforming deliberative and discursive institutions. It is easily overlooked that such rules are only part of the story; they make explicit and institutionalize norms that are already operative in correct language use. Such implicit norms of well-formed and communicatively successful utterances are not identical with the explicit rules of argumentation.

These claims about norms raise two difficulties. First, there is a potential explosion of rules, because explicit rules require further rules to apply them. Second, this approach does not capture or evaluate the manner in which norms are often implicit only in practices. Making such implicit norms explicit is, therefore, a potential source of social criticism; it is then the task of the participant-critic in the democratic public sphere to change them. Finally, as in the case of ideological speech, the reconstructive sciences

also note deviant cases and through this indirect authority acquire a critical function as well.

Contemporary Critical Theory

As previously noted, there is little agreement about what constitutes critical theory today. The influence of critical theory can be seen in a number of fields ranging from anthropology to library science, and information sciences to public affairs.

- Critical social scientists believe that it is necessary to understand the lived experience of real people in context. Critical theory shares the ideas and the methodologies of some interpretive theories.
- What makes critical scholarship different from interpretive scholarship is that it interprets the acts and the symbols of society in order to understand the ways in which various social groups are oppressed.
- Critical approaches examine social conditions in order to uncover hidden structures. Critical theory teaches that knowledge is power. This means that understanding the ways one is oppressed enables one to take action to change oppressive forces.
- Critical social science makes a conscious attempt to fuse theory and action. Critical theories are thus normative; they serve to bring about change in the conditions that affect our lives.

—*Lisa A. Zanetti*

See also Deliberative Democracy; Gramscian Theory; Interpretive Theory; Marxism

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Culture Governance

Culture governance refers to a specific, top-down steering mechanism designed to improve elite control over the outputs of highly complex systems, like the modern democratic welfare state. Where once effective governance was a matter of a hierarchical, bureaucratic state exercising control, the demands placed on postindustrial governments require that their constituents perceive themselves as stakeholders to assure the continued functioning of the system. Consequently, leaders and managers create associations that span the traditional divide between state and civil society to draw in the knowledge and participation of citizens and groups at all levels in order to shape it into forms most disposed to their continued control. Strategies like "The Third Way" and "EU Good Governance" are examples of attempts at culture governance.

The rise of culture governance is a response to the challenges to modern political systems posed by the effects of globalization. Transnational and subnational political entities pull from above and below, respectively, eroding state sovereignty. The increasing integration of national economies into a world market has undermined the capacity of these systems to carry out expected responsibilities like public spending, welfare, and other social services. The rapid and free flow of people and ideas undermines traditional conceptions of identity based on nationality or location. Within this environment, there is a growing recognition that given their complex and highly differentiated nature, modern political systems can no longer govern in a coherent and effective manner only by means of commands, directives, warnings, or patriotic appeals. Instead, they must actively empower, mold, and incorporate the ideas and values of citizens and civil society into the governing process. By expanding the role of self and cogovernance among the populace, systems can more effectively deliver expected services and increase the legitimacy of their decision making.

While more cooperative and inclusive than traditional, hierarchical authority, culture governance is still an elite-directed steering tool. Citizens are empowered and courted, but for the sake of the system, not their own. Consequently, culture governance poses a unique challenge to the foundations of representative government. Culture governors seek to connect with the polity down to the individual level through new, dedicated networks to make it amenable to their policy directions. By bypassing established mechanisms like national parties and big interest groups, elites undermine the authority of traditional political institutions. Moreover, the efforts to preprogram public reasoning, even at the most basic level, imperil the necessarily spontaneous and freewheeling nature of political association at the grassroots level. As such, culture governance threatens to supplant the politics of the ordinary by coopting even the most mundane political discourse with an underlying imperative to maintain and improve the existing system.

—*Johnny Holloway*

See also Governmentality; Hollow State; Interpretive Theory; Steering

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Customs Union

See Economic Integration

Cyberspace

Cyberspace is the amorphous, supposedly "virtual" world created by links between computers, Internet-enabled phones, personal digital assistants, servers, routers, fiber optic cables, and wireless links throughout

the world. As opposed to the Internet itself, cyberspace is the place produced by these links existing, from the perspective of some, apart from any particular nation-state. The term *cyberspace* was used first by Canadian author William Gibson in 1982 in an *Omni* magazine story and then in his book *Neuromancer.* In this science fiction novel, Gibson described cyberspace as the creation of a computer network in a world awash with artificial intelligence beings and the demise of the nation-state. *The Matrix,* a film released in 1999, included references to *Neuromancer* in its depiction of our reality as false and the creation of intelligent machines of the future.

In the popular culture of the 1990s, cyberspace as a term was taken on to describe the "location" in which people interacted with each other while using the Internet. This is the place in which online games occur, the land of chat rooms, and the home of instant messaging conversations. In this sense, the location of the games or the chat room itself can be said to "exist" in cyberspace. Cyberspace has also become an important location for social and political discussion, with the popular emergence in the late twentieth and early twenty-first century of Web-based discussion boards and Internet Weblogs, or blogs. Blogs are typically produced by an individual who includes his or her personal writing and often offers running commentary and links to other locations on the Web they deem of interest. With the emergence of "blogging" software, even those people unfamiliar with software programming for the Web can create their own Weblog. Thus, blogs can be seen as offering an opportunity for public discussion in cyberspace that is not available in the offline world.

Early in the evolution of the Internet, in the middle of the 1990s, many users believed and argued that the world of cyberspace should be free from the regulations of any national government. John Perry Barlow's "A Declaration of the Independence of Cyberspace" proposed that current national governments should play no role in the governance of cyberspace. He argued that the community existing in cyberspace would create its own rules and manage conflicts apart from the laws and judiciary of any

particular country. Particularly important was the protection of free expression and exchange among the "bodiless" personalities of cyberspace. This perspective would be particularly relevant if it was possible to hide the physical location and identity of a person participating in an activity "in cyberspace."

Since the emergence of the Internet, however, national governments and their analysts have shown both the relevance of national regulations and international agreements on the character of cyberspace. Those bodiless actors in cyberspace must access this other realm through their corporeal form, and thus continue to be constrained by the laws governing their physical location. The Chinese government maintains strict controls on who is able to access the Internet and what content is available to them. The U.S. government limits certain online activities, such as the sharing of digital data, through the Digital Millennium Copyright Act. In addition, the United States has developed a strategy for the security of cyberspace in order to prevent and respond to attacks on the Internet infrastructure. The control of cyberspace is thus important not only because of the actions of individual participants, but because the infrastructure of cyberspace, the network linking everyone together, which is now fundamental to the functioning of national and international security systems, trade networks, emergency services, basic communications, and other public and private activities. Because national governments see potential threats to the security of their citizens and to the stability of their regimes arising within cyberspace, they act to control both access and content.

The Electronic Frontier Foundation (EFF), of which John Perry Barlow is a cofounder, and other organizations continue to make an effort to protect the opportunity to use cyberspace as a location for free sharing of knowledge, ideas, culture, and community. The EFF pursues this goal through a variety of activities, including opposition of legislation it sees in conflict with free use of technology, the initiation of court cases to preserve people's rights, and publicity campaigns to inform and engage the public on issues of cyberspace and technology. Organizations outside of

the United States are also acting to balance the efforts by governments to control cyberspace with movements to ensure people's opportunity to communicate and trade via networked technologies.
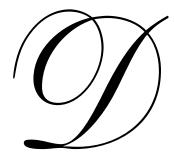
The development of cyberspace serves as an important example of the ways in which new technologies can produce unexpected governance questions. There are no established guidelines for how to regulate interactions in a virtual realm, and this has forced governments to analyze the characteristics of the technology and negotiate across borders in order to develop viable regulatory systems for interactions and commerce in cyberspace. These regulations play a large role in defining the boundaries of cyberspace activity, even when they are put into place to restrict activities that are already occurring. As a result, while some may argue that cyberspace should be free from government intervention, governments have responded by developing new regulatory models to ensure that the technologies that support cyberspace

and the activities they enable are tightly connected to existing governance structures.

—Jennifer Bussell

See also E-Democracy; E-Government

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Data Protection

Data protection is a species of privacy law that controls access to information relating to the individual. Typically, data protection provides an individual with the right to see data held about himself or herself and to require their correction. Beyond that, data protection determines how organizations holding data may—or may not—process them, and, in particular, it regulates access to personal data by third parties. Data protection regimes are customarily overseen by independent regulators with the power to impose penalties on organizations misusing data. Exemptions from the regime, of varying scope, are provided for such purposes as law enforcement and national security.

Data protection was originally promoted as a protection against tyranny in postwar Europe, and it should be understood as one expression of the desire to safeguard an individual's family and personal life (as enshrined in the European Convention on Human Rights). This concern was coupled with a growing awareness of the power of computers—in public and private sectors—to process and manipulate data about individuals. The 1980 Organisation for Economic Co-operation and Development (OECD) Guidelines on the Protection of Privacy and the Council of Europe's 1980 Convention on the Automatic Processing of Personal Data should be seen as products of this mindset.

The adoption of the European Union (EU)'s Data Protection Directive (95/46) gave added impetus to this emerging international legal regime. The directive established a comprehensive (and extremely complicated) system of information privacy whose impact was soon felt far beyond the EU itself. Mindful of the transfer of personal data across international boundaries, the EU has sought to police the handling of data in third-world countries. Its influence can be seen in Australia's Privacy Amendment Act 2000—which is modeled on the European principles—and in the 2000 personal data safe-harbor agreement between the EU and the United States.

In many countries, data protection systems now exist alongside freedom of information regimes. The latter are restricted to the public sector, whereas the former may or may not take in the private as well as public sector. The junction between the two regimes has proved problematic for legislators. Canada provides a relatively unusual example of an integrated regime; others have grafted one system onto another, with results that are difficult for the lay observer—or the specialist—to understand (see, for example, the United Kingdom's 2000 Freedom of Information Act).

Data protection will remain one of the most significant instruments regulating the global Information Society. The progressive extension of regulation to the private sector has proved contentious in a number of jurisdictions. Equally controversial has been governments' desire to share data between public-sector

agencies—to improve service delivery or to strengthen their fight against organized crime and terrorism. In reaction to these pressures, reformers have sought a system that is less burdensome and that is easier for all parties to understand.

—*Andrew McDonald*

See also Electronic Records; Freedom of Information; Information Access Laws; Open Government; Organisation for Economic Co-operation and Development

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Decentered Theory

To "decenter" is to analyze knowledge and practices as fragmented and complex products of individual activity. Decentered theory rejects the notion that there is a single, natural, or incontestable reading of a text, institution, or series of events. The theory asserts that we do not hold a mirror up to the world but, rather, employ a kaleidoscope of sometimes contrary, sometimes harmonious, but always contingent, individual viewpoints to construct our worlds. Hence, it implies that we cannot reduce beliefs and actions to social facts about people, but instead need to craft aggregate concepts out of the contingent beliefs, desires, and actions of individuals. Instead of seeking one core explanation or the facts of a matter, a decentered approach garners people's interpretations of events from multiple standpoints, and then offers an interpretation of these interpretations.

Decentered theory, like other interpretive approaches, lends itself to bottom-up studies. Governance is the contingent product of politicians, bureaucrats, and citizens—all formulating, implementing, and responding to policies in accord with their multiple, clashing beliefs. Indeed, a decentered theory of governance does not define governance as some kind of social fact apart from these clashing beliefs and actions. Theorists seek, instead, to reveal how governance is socially constructed both as a concept and a practice. Forms of governance can be unraveled by interpretations of the diverse beliefs of the policymakers, bureaucrats, service providers, or citizens who variously construct the meaning of policy language and events from their respective individual standpoints, and so encounter and react differently to the demands of these events. The course of governance, in practice, is the ungovernable outcome of the interactions of these various actors with their diverse beliefs.

According to decentered theory, there are no objective social facts because actions are based on contingent subjective beliefs. We understand forms of governance not as natural or inevitable with a fixed content but, rather, as the historical products of such actions. We explain these actions through interpretations of the relevant beliefs, which we can access by various strategies, most notably ethnographic ones. We then explain these beliefs by means of historical narratives that locate them against the background of relevant traditions and dilemmas. Decentered theory suggests, therefore, that political science is an interpretative discipline underpinned by hermeneutic philosophy rather than positivism. Indeed, a decentered approach disputes that there is a "science" of politics; it suggests, to the contrary, that all explanations, including those that deploy statistics and models, are best conceived as narratives.

Mark Bevir and R. A. W. Rhodes provide a detailed philosophical foundation for a decentered theory of governance. They argue that decentered theory pivots around the idea of situated agency: Institutions, practices, or socialization cannot determine how people behave, so any course of action is a contingent individual choice. People's actions are explained by their beliefs (or meanings or desires); any one belief is interpreted in the context of the wider web of a person's beliefs, and these beliefs are explained by traditions and modified by dilemmas. A tradition (or episteme or paradigm) is the set of theories against the background of which a person comes to hold beliefs and perform actions. A tradition is a first influence upon people—a set of beliefs that they inherit and

then transform in response to encounters with "dilemmas" (or problems or anomalies). A dilemma arises whenever novel circumstances generate a new belief that forces people to question their previously held beliefs. Change occurs through encountering such dilemmas: Although individual responses to dilemmas are grounded in traditions, they then modify just those traditions.

It follows that the role of political scientists is to use (a) ethnography to uncover people's beliefs and preferences and (b) history to uncover traditions as they develop in response to dilemmas. The product is a story of other people's constructions of what they are doing, which provides actors' views on changes in government, the economy, and society. So, for example, a political scientist may select a part of the governance process, and then explain it by unpicking various political traditions and how actors within these traditions encounter and act to resolve dilemmas. Governance is thus understood as the contingent and unintended outcome of competing narratives of governance.

Decentered theory has a growing number of practical applications. Bevir and Rhodes have applied the theory mainly to British governance. They highlight Tory, Liberal, Whig, and Socialist traditions as the background to competing patterns and narratives of civil service reform. They have also applied decentered analysis to Whitehall under Prime Minister Blair, the reform of the National Health Service, and police reform. Elsewhere Henrik Bang and Eva Sørensen interpret Danish actors' accounts of the meaning of their political engagement. Bang and Sørensen thereby identify "everyday makers" who eschew ideologies, party politics, and hierarchical government, and, in their own view, drop in and out of active political engagement in immediate day-to-day problems at the local level. The outcome is a decentered, bottom-up, opportunistic form of network governance based on the contingent mediation of difference through negotiated consent. Bang then uses the term *culture governance* to describe a type of sovereignty that has no fixed outcomes because it is an indirect rule that encourages self-generated self-governance through a decentered differentiated unity.

When compared with a traditional, hierarchical, top-down approach, a decentered theory of governance is anarchic, radical, and lawless, and revels in the uncertainty of contingency while embracing the ideal of bottom-up political empowerment through situated agency. Decentered theory draws predictable criticisms from positivist, institutionalist, and structuralist approaches. But these criticisms are deflected by its strong theoretical underpinnings.

1. The critics say decentered theory is concerned with beliefs, discourses, and understanding at the expense of actions, practices, and explanation, but decentered theory implies that these are false dichotomies because, for instance, actions embody beliefs.

2. Critics complain that power and social structure are sidelined by decentered theory; but a decentered theory's concept of tradition incorporates a concept of power, whereas the concept of social structure seems to neglect situated agency.

3. Critics say that decentered theory ignores quantitative data, but the theory actually allows that data can be derived from any method—what matters is that all data are treated in accord with the theory.

4. Critics dismiss decentered theory as "postmodern" or "relativist," but decentered theorists developed their concept of situated agency in opposition to postmodernism, and, far from being relativist, the theory encourages us to compare rival narratives and judge them against agreed facts.

5. Critics argue that decentered theory is not policy-relevant, but decentered approaches allow political scientists to make informed conjecture rather than all or nothing predictions, and policy advice can take the form of rules of thumb (or proverbs) to direct managerial practices.

6. Critics say that if governance is reducible to manifold, contingent constructions open to multiple interpretations, then we may question whether governance exists at all as an object in itself, but for a decentered theory of governance, this is entirely the point.

—*Claire Donovan*

See also Bottom-Up Approach; Differentiated Polity; Dilemma; Everyday Maker; Interpretive Theory; Local Reasoning; Situated Agency; Social Constructivism; Tradition

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DECENTRALIZATION

In recent decades, decentralization has come to be regarded as an essential element of democratic governance and most Western states as well as some non-Western states have implemented decentralization reforms. There are, however, several distinct ways of understanding decentralization. We can distinguish between political, administrative, and economic types of decentralization. Political decentralization refers to processes where the power of political decision making and certain functions are transferred from a higher level of government to a lower one. This can be from the level of the central state to lower levels such as the meso (regions, provinces, or counties) and the local (communes or municipalities). It can also refer to the transfer of political decision-making powers and functions from the mesolevel—a region, for example—to the municipal level. Both kinds of political decentralization can be seen in the Spanish case, where a first wave of decentralization, following the transition to democracy in 1976 to 1978, involved transferring powers from Madrid to the Autonomous Communities (ACs). Although this decentralization is still not complete, a recently begun second wave of decentralization involves the transfer of competences from the ACs to the municipalities. In some political systems, such as in France and Sweden, there is no hierarchical relation among the levels of government below the national level. Administrative decentralization means the transfer of a number of tasks and functions from central departments to lower levels of the administration. This may take different forms. It might simply mean increasing the tasks of lower branches of the same department, which remains a central department. Or it might involve transferring tasks to different territorial administrations (that is, to a separate territorial civil service) as in France after the 1982 decentralization reforms. It may just be a dispersal of branches of the administrative system in provincial towns away from the capitol as happened in the United Kingdom where, for example, passport agencies or social security offices are found in different parts of the country, or as is happening currently in Ireland where the Irish government is shifting a number of administrative offices outside of Dublin. Finally, economic decentralization means the attempt to move industrial and other economic activities to the regions. This happens for two reasons. First, it reduces the industrial congestion and therefore high costs in centers such as London or Paris. Second, it is a part of regional policy aiming to bring jobs to the workers. These different forms of decentralization are not intrinsically related to each other although some forms imply the others. Administrative decentralization can take place without a corresponding political decentralization, although effective political decentralization will usually decentralize administrative resources as well. Among these resources are fiscal powers to enable the decentralized bodies to carry out the tasks that are assigned to them. Economic decentralization can occur without political decentralization although some administrative decentralization may be necessary if the central state is involved in the policy. Today, however, this form of decentralization is less common than in the 1980s and 1970s. Finally, decentralization is related to, but not identical with, regionalization. First, there can be decentralization, even of the political kind, without regionalization in the sense that local government may be strengthened through decentralization without setting up elected regional assemblies or even administrative regions. Second, regionalization is a form of political decentralization, but regions themselves might be highly centralized, as in the Flemish regions and communities or in Catalonia. In this sense, we can speak of Jacobin regionalism.

Recently, the term *devolution* has become prominent in political discourse because of the United Kingdom's devolution reforms instigated after the 1997 Labour Party victory led by Tony Blair. This vast program of reform has involved granting a parliament to Scotland, assemblies to Wales and Northern Ireland, and an assembly to the greater London area, all directly elected. In other languages, however, the term *devolution* is used in a different sense. In French, *la dévolution* is a legal term that refers to the transfer of possessions from one owner to another, as in the estate left in a legacy, or from one monarch to another. An example is the Guerre de Dévolution when Louis XIV went to war with Spain in support of the claim of his queen Maria Theresa to the Low Countries. The English term *devolution* is more accurately translated into French as *la decentralisation politique,* whereas administrative decentralization should be translated as *la déconcentration administrative.* In Italian, however, although the original meaning of *la devoluzione* was similar to the French, there has been an adoption of the English word, thanks to Umberto Bossi, the head of the Northern League, who used it to mean the "federalization" of the Italian state.

Periodization

Decentralization also has distinct meanings depending on the period of history in which it is used. During the period of the Trente Glorieuses, the thirty years of the welfare state (1945 to 1975), the state was in continual expansion as it sought to manage the postwar economic boom and to respond to the ever-increasing needs and aspirations of the population with expanding policy programs. This entailed a high degree of centralization and uniformity across the state's territory. Unitary states such as the United Kingdom, France, and Italy, as well as federal states such as Germany and the United States experienced such centralization. Regional and local governments even in states with a strong tradition of local government, such as the United Kingdom, tended to become local administrations. Central-local relations were marked by a principal-agent relationship in which the central state was the

principal one, and regional and local authorities were the agents whose task was to implement a number of welfare services on behalf of the state. During this period, decentralization mainly took the form of administrative decentralization, which left intact the role of the center in political decision making. This was true even for the so-called decentralized unitary states of Scandinavia and the Netherlands, where, although local government had an important role in implementing the welfare state programs, there was still a high degree of regulation by the central government or, in the Swedish case, the parliament.

The welfare state period was built on a consensus between the main political forces of the Left and Right as part of the general postwar reconstruction. Nonetheless, some political groups on both the Left and Right mounted significant critiques of the welfare state. Political decentralization became one element of these wide-ranging critiques. Among the Left were neo-Marxist thinkers from the Frankfurt School, such as Herbert Marcuse, who criticized the stifling bureaucracy of the state, which hindered the full development of individual freedom. In France, Michel Crozier attacked the French state and society for using the tools of organization theory, and the autonomy advocated by politicians such as Michel Rocard was under stress. These demands from the New Left in France and elsewhere became part of new social movements described by Alain Touraine—regionalist, feminist, and environmentalist groups. On the Right of the political spectrum, economists such as Milton Friedman and Friedrich von Hayek, philosophers such as Robert Nozick, and political scientists such as William Niskanen mounted a systematic critique of the welfare state, which implied reducing or even abolishing some of the powers of the central state. This led to the New Right, or neoliberal school approach, which became the basis of the political ideology of Ronald Reagan and Margaret Thatcher. Both these schools of thought advocated a form of political decentralization in the sense that they both wanted to reduce the power of the central state, but they clearly meant different things by the term.

These two critiques of the welfare state were effective in different ways. The Left-wing critique

found expression in the student revolts of the 1960s whose effects were mainly cultural, affecting values and lifestyle. This became known, retrospectively, as the neoliberal policy and administrative approach of the New Right, however, and had a deeper political impact. When the welfare state entered into crisis in the late 1960s and early 1970s, the ideas of the New Right came to the fore with the arrival to power of Thatcher in 1979 and Reagan in 1980. These ideas were put into practice as a way of responding to the crisis. There was now a systematic attempt to reduce the interventionism of the Keynesian and Beveridgian state through privatization and deregulation as well as separating functions that had previously been the responsibility of the state to private firms and to semi-independent agencies. This was a kind of political decentralization, although it was not necessarily a way of promoting local democracy. On the contrary, under Thatcher, the United Kingdom became, in certain respects, more centralized than it had ever been and the powers of local government were seriously reduced. On the other hand, there was a growth of governmental semi-autonomous agencies that operated at arm's length from central government although they were nominally under the control of the central departments. The Thatcherite notion of democracy was a consumer democracy. The neoliberal reforms had their greatest impact in the United Kingdom, but variations of them were carried out in almost all other developed states. In Denmark, for example, there were neoliberal type reforms even before Thatcher came to power in the United Kingdom. Furthermore, Thatcherism became popular in the states of Latin America and in the new democracies of the former Soviet Bloc.

The emergence of the neoliberal approach to policy and administration coincided with the "relaunch" of European integration in the mid-1980s. The events were related in that both were responses to the crisis of the old welfare state paradigm and to the challenges of globalization. What is important from the point of view of decentralization is that the strengthening of European integration also meant the introduction of the principles of subsidiarity and partnership. These were first introduced as principles of governance with the successive reforms of the Structural Funds. These principles were finally given full legal recognition with the Treaty on European Union signed at Maastricht in 1992. At the same time, the single market project was in line with Thatcher's neoliberal approach. The neoliberal reforms of the 1980s and 1990s were continued by Center-Left politicians such as Tony Blair in the United Kingdom, Gerhard Schroeder in Germany, and Lionel Jospin in France, each of whom developed a distinctive third way that attempted to combine the basic ideas of neoliberalism with the values of social democracy.

Tendencies Toward Decentralization

The movement toward political decentralization intensified in the 1980s. During this period, all of the large Western states, with the exception of the United Kingdom, and many of the smaller ones carried out decentralization reforms. In Spain, after the death of Franco in 1976, the Spanish Constitution of 1978 linked democratization, Europeanization, and decentralization in the form of the *Estado autonomico*. France launched major decentralization reforms in 1982. In 1993, Belgium made the final transition from its form of a Jacobin unitary state to a highly decentralized federal state. The Scandinavian states, although already described as decentralized and unitary, embarked in the late 1980s on a series of reforms as a self-regulating municipality designed to reduce some of the regulatory burdens, which impeded the municipalities. In the 1990s, Italy experienced a constitutional crisis that swept away at least part of the old corrupt political class and embarked on important reforms that strengthened the regions and local authorities. Accelerating European integration also encouraged at least administrative decentralization in the form of the establishment of administrative regions in small, traditionally highly centralized states such as Greece, Ireland, and Portugal.

The Codification of Regional and Local Democracy

Decentralization is today regarded as an essential element of good governance and of democratic practice,

and a number of international organizations have worked to establish this practice. One of the most important is the Council of Europe, one of whose key tasks is the promotion of democracy. The Council played, for example, an important role in overseeing the transition to democracy of the former communist states, most of which became members. The Congress of Local and Regional Authorities of Europe (CLRAE), a branch of the Council of Europe, has the task of promoting regional and local democracy. Already in 1985, the CLRAE promulgated the European Charter of Local Self-Government, which has since been signed and ratified by forty-one of its forty-six member states, and two others have signed but not ratified it. The charter describes some of the conditions for the exercise of local autonomy, seen as an essential element of democracy. It is currently working to produce a similar charter on regional self-government, although reaching agreement is proving more difficult. At the same time, the CLRAE has made a number of declarations approving the development of regional government. In the case of the transition countries of the former Soviet Bloc, the CLRAE ensured that regional and local democracy became enshrined in their constitutions and the design of their states. These had previously been highly centralized and the local level completely dominated by the ruling communist parties. In this way, political decentralization has become an essential element of democratization and regional and local democracy are now seen as essential elements of democracy itself. This perspective has also been adopted by the United Nations (UN) Habitat Program, which, in 2004, adopted a Declaration of Principles of Effective Decentralization, largely inspired by the European Charter of Local Self-Government. We have also noted that among the principles of governance of the European Union (EU), as expressed in the Maastricht Treaty on European Union, are subsidiarity and partnership.

Liberal representative democracy has been closely associated with the emergence of the nation-state as the primary form of state organization. Democracy has been understood as *national* democracy—democratic legitimacy is grounded on the decisions of assemblies that represent the nation—and the theory of democracy has been built on this assumption. As a result of the trends outlined previously—the actual decentralization reforms of most advanced states and the codification of decentralization by bodies such as the Council of Europe, the European Union, and the United Nations—the theory of democracy must now include a consideration of regional and local democracy (and also transnational democracy) and decentralization can be considered an instrument to achieve as well as a condition of its existence.

—John Loughlin

See also Center-Local Relations; Confederalism; Constitutionalization; Coordination; Devolution; Executive; Fiscal Federalism; Localization; State-Society Relations

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Decision Making

Individual-level decision making provides the microfoundations for organizational behavior and national policy. Different models of decision making lead to dramatically different analyses and predictions. Decision-making theories range from objective rational decision making, which assumes that individuals will make the same decisions given the same information and preferences, to the more subjective logic of appropriateness, which assumes that specific institutional and organizational contexts matter for the decisions that individuals make.

Rational Decision Making

In modern Western societies, the most common understanding of decision making is that it is rational—self-interested, purposeful, and efficient. During rational decision making, individuals will survey alternatives, evaluate consequences from each alternative, and finally do what they believe has the best consequences for themselves. The keys to a decision are the quality of information about alternatives and individual preferences. Modern economics is built on this understanding of how individuals make decisions.

Rational decision making becomes efficient when information is maximized and preferences are satisfied using the minimum of resources. In modern societies, rational decision making can occur in markets or firms. Both assume that individuals will act rationally, maximizing self-interest, but each works most efficiently under different conditions. Markets are most efficient when both buyers and sellers exist, when products or services are discrete so that the exchange can be one time, when information about a product or service (such as its technology or means of evaluation) is broadly understood, and when there are enforced penalties for cheating.

Lacking these conditions, consensual exchange cannot occur, and rational individuals will try to cheat others to maximize their gain. In these cases, a hierarchical organization is more efficient. Max Weber described how modern factories and bureaucracies became dramatically more efficient through growing technical expertise, and more importantly, a new division of labor, which divided work, specialized expertise, and coordinated individuals in a rule-based hierarchy. Bureaucracies decomposed complex technologies into manageable pieces, then allowed individuals to specialize and master a defined skill set. Using a clear hierarchy in which each position is controlled and supervised according to a stable and non-arbitrary system of rules, each individual's work and expertise could be coordinated to achieve organizational goals, ranging from winning wars to making dresses.

Satisficing and Bounded Rationality

In the 1940s, organization theorists began to challenge two assumptions necessary for rational decision making to occur, both of which were made obvious in cases where markets failed and hierarchies were necessary. First, information is never perfect, and individuals always make decisions based on imperfect information. Second, individuals do not evaluate all possible alternatives before making a choice. This behavior is directly related to the costs of gathering information because information becomes progressively more difficult and costly to gather. Instead of choosing the best alternative possible, individuals actually choose the first satisfactory alternative they find. Herbert Simon labeled this process satisficing, and concluded that human decision making could at best exhibit bounded rationality. Although objective rationality leads to only one possible rational conclusion, satisficing can lead to many rational conclusions, depending upon the information available and imagination of the decisionmaker.

Simon argued that otherwise irrational individuals can behave rationally in the right context, particularly within a formal organization. Organizations can structure, or bound, individuals' decisions by manipulating the premises on which decisions are made. Organizations can filter or emphasize information, bringing facts to an individual's attention and identifying certain facts as important and legitimate. Individuals in hierarchies can take most of what happens around them for granted, concentrating only on a few key decisions. Hierarchies are efficient because they ensure that the correct information gets to the correct decisionmakers, and that the correct person is making the decisions. At the same time, hierarchical organizations can socialize individuals to refrain from cheating by creating value decision premises that underlie decisionmakers' judgments on what is right or good to do. These values, beliefs, or norms can come from family, from school, or from within the organization, but the organization can structure environments so that the most desirable value will be most salient at the time of decision.

Hierarchical organizations can structure factual and value decision premises so that the range of action becomes so narrow that only one alternative remains: the rational choice. Structuring decision premises can be done by directly managing information, selectively recruiting members, training members, and creating closed promotion patterns.

Organizations become rational in pursuing their missions through what Simon called ends-means chains. Leaders set the organizational mission, find a set of means for achieving the mission, take each of these means as a subgoal, and then find means for the subgoals and so on, until goals exist for every member of the organization. Leaders thus create a hierarchy of goals, in which each organizational level's goals is an end relative to the levels below it and a means relative to the levels above it. Each individual's work thus becomes a small part of accomplishing the organization's mission.

Intra-Organizational Political Decision Making

Turning Simon's bounded rationality on its head, organization theorists such as Richard Cyert and James March saw organizations not as purposeful, cohesive actors but as a groups of competing coalitions made up of individuals with disparate interests. Individuals do not represent organizational interests; organizations represent individuals' interests. Cyert and March argued that organizations have no missions. Instead, organizations have goals set by a temporarily dominant coalition, which itself has no permanent goals and whose membership is subject to change. Members of the dominant coalition make decisions by bargaining, negotiating, and making side payments. Organizational decision making is the product of the game rather than a rational, goal-oriented process. Individual decision making is rational in the narrow sense that individuals pursue individual, self-interested goals, though this cannot always be accomplished directly. Individuals must pick their fights and use their influence carefully.

To understand and possibly predict what organizations will do, it is necessary to uncover and analyze the membership of dominant coalition. The formal organization chart is not a reliable map of organizational power. Instead, analysts must discover authority. Individuals gain authority by being able to resolve uncertainty. Individuals that can unravel technical problems, attract resources, or manage internal conflict demonstrate their usefulness to the rest of the organization and gain power. Working in concert with others who can perform similarly valuable functions, they become part of the dominant coalition. The size and composition of the dominant coalition depend on the types of environmental, technical, or coordinating uncertainty that must be resolved for the organization to survive. More technically complex, larger organizations in rapidly changing environments will tend to have larger dominant coalitions.

Incremental Decision Making and Routines

For rational decision making to occur, an individual must gather information and analyze potential choices by devising alternate and complete sets of ends-means goals for all members of the organization. If a single individual cannot do this, then the leadership must complete this planning function so an organization can be rational. Leaders must create logical ends-means chains, as well as set out clear subgoals supported by appropriate factual and value decision premises. Scholars such as Charles Lindblom believe the task is impossible. No group, no matter how clever or technically competent, can create subgoals and coordinate efforts at a place like IBM or the New York Public School System. The contexts and environments change too quickly, technology is too complicated and contingent, and the organizations are too large and unwieldy for leaders to effectively imagine and evaluate complete alternative plans of action for the entire organization.

If overall coordination and top-down guidance is impossible, then how do regular members make decisions? Lindblom argued that when faced with change, individuals will tend to continue doing what they already know how to do. Decisions are repetitive and similar because the guide to future action is past action. Bureaucrats are content to use the same procedures and forms, comfortable in their routines. If that regular behavior produces a result that they perceive as failure, individuals will adjust to avoid the failure. Change is reactive and incremental. In cases where feedback to individuals lags or no feedback exists at all, change may never occur. Bureaucracies exhibit incredible inertia, and reform is a mammoth undertaking, usually with modest results.

Other organization theorists such as March and Johan Olsen explained in more theoretical detail why individuals will tend to repeat decisions and follow routines. They argue that humans make sense of the world by using routines that frame experiences to make them intelligible. These informal routines absorb uncertainty, making it possible for humans to function by allowing them to focus on just a few important decisions. Formal organizations, especially hierarchical organizations, exaggerate this tendency toward routine and use it to achieve organizational rationality. As Simon noted, organizations focus individuals' attention and decompose complex tasks and problems so that one person can handle them. Practically speaking, organizations accomplish this by creating standard operating procedures. Although standard operating procedures allow individuals to function and cooperate at a high level, they also create the organizational inertia that Lindblom noted. Routines put blinders on individuals, absorbing uncertainty but also reducing the information they receive and perceive. Routines and particularly formal routines such as standard operating procedures often become disconnected from the actual requirements of the job at hand and even from individuals' immediate self-interest because individuals become so accustomed and dependent on their routines that they literally cannot imagine doing without them. What used to be rational decision making becomes irrational in new circumstances.

Appropriate Decision Making

Moving to the opposite end of the theoretical spectrum from rational decision making, a more sociological approach emphasizes social context over economic rationality as the key to decision making. According to the logic of appropriateness, individuals consider their situation, evaluate their role in that situation, weigh actions according to which is most appropriate, and finally do what is appropriate. Rational decision making assumes that individuals will act to maximize their preferences and engage in self-interested behavior, but the logic of appropriateness assumes that individuals will conform to external rules—norms,

routines, procedures, and roles—often without consciously realizing they are making a decision. Individuals tend to do the right thing.

Appropriate decision making emphasizes the fit between the context, especially social norms and roles, and individuals' perceptions, especially their self-perceptions. Behavior follows from how individuals fit the nested contexts and roles they inhabit. Predicting behavior is complicated because individuals inhabit many, many contexts and many roles. In any given situation, an individual must decide, even if subconsciously, which of several competing roles and related rules to apply. The key criterion is how appropriate the rule is to the situation.

March and Olsen showed how the logic of appropriateness inverts the causal logic of rational decision making. Individuals form opinions and make decisions to be appropriate in their surroundings, to fit in with those around them. This means that context precedes preference, and social interaction is more important than abstract self-interest. Instead of liking those we trust, we trust those we like. Instead of choosing our friends on the basis of what they value ("I like Carolyn because we both voted Democrat"), we choose our values to match with those we like ("I voted Democrat because I like Carolyn and she voted Democrat"). Of course, all decisions cannot be socially appropriate, and all preferences are not socially derived. But the first cause is social, rather than innate preference. Timing is important. Social contexts matter more when preferences are weak, as in childhood, or shaken, as during a crisis. Behaviors and structures will tend to replicate themselves, as new members are socialized and internalize the preferences, values, norms, beliefs, and ideas of those around them.

Temporal Decision Making

Finally, some scholars studying organizations and observing real decision making saw so much disorder and randomness that they came to believe there is little consequential, logical order to decision making. Instead, scholars such as Michael Cohen, March, and Olsen saw temporal order. Studying universities, they found problems, solutions, decisionmakers, and

choice opportunities coming together as the result of being simultaneously available. Timing is key. Decisions are produced by happy accidents, when all the necessary ingredients can be combined.

In what Cohen, March, and Olsen called garbage can processes, problems, solutions, opportunities, and decisionmakers swirl around independent of each other within organized anarchies, which act only to contain them. Organizations are organized anarchies when they have problematic preferences, unclear technology, and fluid participation. In other words, in organized anarchies, members are unclear and inconsistent about what they want to do, how they are supposed to do it, and who should make which decisions. As a result, people, solutions, and problems are independent, and a decision is only made when the four are connected by timing and attention. Attention is the key resource because most decisions are left unmade because no one is paying attention. Solutions search for problems, as people with pet ideas wait for the opportunity to spring them.

Evaluating Decision-Making Models

Some models are more appropriate to certain situations than to others. Universities will tend to be garbage cans, but armies will tend to be rational hierarchies. The nature of the task, the technology, the personnel, and the context provides clues about what type of decision making will occur. The more specific the goal, the better understood the technology, the less professionalized the personnel, and the more stable the context, the more likely rational decision making will occur.

The different models, however, reflect different fundamental assumptions about human interaction and behavior. Each has strengths and weaknesses. Rational decision making is an elegant and powerful model. But it also fails to accurately describe almost all actual decision making. Tinkering with it to accommodate psychology or politics makes it more realistic, but the model also loses elegance and analytic power, producing more description than prediction. The logic of appropriateness and temporal sorting may have the most intuitive appeal, but systematically applying

them can be difficult, and producing confident predictions is nearly impossible.

Decision-making models have real implications for strategy and policy making. For example, arguments for school vouchers in education rest on the assumption that parents are rational decisionmakers and will choose to send their children to the best schools. If Simon is right and they are satisficers, however, parents need substantial assistance with researching and evaluating schools if they are to make rational choices. If parents actually use logic of appropriateness, the experts' opinion of the best schools will not matter as much as their friends' and neighbors' opinions, which may have more to do with the basketball team or location than academics. Finally, if parents simply follow routines or are not paying attention, they will do nothing because they will not receive any penalty for not exercising school choice. Vouchers will only benefit those who are already paying attention: parents who send their children to private schools or home school their children.

—Keith A. Nitta

See also Bounded Rationality; Bureaucratic Politics Approach; Crisis Management; Groupthink; Logic of Appropriateness; Optimal Decision Making; Problem Structure; Revealed Preference; Satisficing Behavior

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DEINSTITUTIONALIZATION

Most theorists conceive of an institution as a set of rules or norms that shape individual or group behavior. Deinstitutionalization describes the weakening of the norms and rules that previously dictated individual and group behavior within organizations or, more generally, in the political arena. Institutions are often reinforced by a concrete set of formal organizations or procedures. When deinstitutionalization occurs, these formal organizations or procedures may breakdown as they lose broad support, funding, and other resources. Writing on deinstitutionalization falls into three broad categories: (1) studies of the breakdown of rational-legal institutions, (2) studies of the decline of formal organizations, and (3) studies of how and why norms change or weaken.

Certain scholars use the term *deinstitutionalization* to refer to the displacement or breakdown of the rules and formal procedures that Max Weber identified as the basis for the modern state. Weber argued that in modern states, formal procedures rather than personal prerogative govern state action because the state is organized around a set of rules embodied in law and bureaucratic procedure. Deinstitutionalization of a modern state, therefore, entails the breakdown of formal, impersonal rules and procedures and their replacement by a personalized or an informal system of governance. For example, the Senegalese bureaucracy today is being deinstitutionalized as civil service laws are being pushed aside in favor of recruitment based on personal contacts, and public policies are increasingly dictated by presidential prerogative rather than by bureaucratic policy-making procedures.

A second category of scholars equates an institution with a formal organization that plays a fundamental role in structuring political activity, such as a political party. For these scholars, deinstitutionalization refers to the weakening of specific organizations and their increasing irrelevance to political and social life. This concept of deinstitutionalization is used, for example, to describe the increasing political impotence of labor unions in Latin America.

Finally, scholars of organizational theory concentrate on institutions as shared sets of values that structure activity. As such, their concern with deinstitutionalism has primarily been with explaining under what circumstances values change and norms disappear.

Because there is no consensus about the definition of deinstitutionalization, it is difficult to hypothesize what causes it. Deinstitutionalization of a specific organization may be caused by endogenous forces such as a performance crisis or technological change, but most scholars agree deinstitutionalization likely comes from exogenous forces, such as large-scale economic, demographic, or social change. Latin American labor unions, for example, were deinstitutionalized in part because neoliberalism caused a change in the composition of the labor force. Why rules and norms weaken is difficult to assess. Some scholars use large-scale exogenous change to explain deinstitutionalization. Others see moments of crisis, learning, or technological innovation as sources of institutional change.

—*Martha C. Gning*

See also Institution; Institutionalization

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DELIBERATIVE DEMOCRACY

Deliberative democracy is a movement in political theory that claims that political decisions should be the product of fair and reasonable discussion and debate among citizens. In deliberation, citizens should exchange arguments and consider different claims that are designed to secure the public good. Through this conversation, citizens come to an agreement about what procedure, action, or policy will best produce the

public good. Deliberation is a necessary precondition for the legitimacy of democratic political decisions. Rather than thinking of political decisions as the aggregate of citizens' preferences, deliberative democracy claims that citizens should arrive at political decisions through reason and the collection of competing arguments and viewpoints. In other words, citizens' preferences should be shaped by deliberation in advance of decision making, rather than by self-interest. With respect to individual and collective citizen decision making, deliberative democracy shifts the emphasis from the outcome of the decision to the quality of the process.

Deliberation in democratic processes generates outcomes that secure the public or common good through reason rather than through political power. Deliberative democracy is not based on a competition between conflicting interests, but on an exchange of information and justifications supporting varying perspectives on the public good. Ultimately, citizens should be swayed by the force of the better argument rather than by private concerns, biases, or views that are not publicly justifiable to their fellow deliberators. In contrast to an agonistic view of democracy, deliberative democracy attempts to adjust for inequalities in social and economic power by emphasizing that all citizens are equal in their capacity to reason and participate.

Early Influences

Two of the early influences on deliberative democratic theory are John Rawls and Jürgen Habermas. Rawls advocated the use of reason in securing the framework for a just political society. For Rawls, reason curtails self-interest to justify the structure of a political society that is fair for all participants in that society and secures equal rights for all members of that society. These conditions secure the possibility for fair citizen participation in the future. Habermas claimed that fair procedures and clear communication can produce legitimate and consensual decisions by citizens. These fair procedures governing the deliberative process are what legitimate the outcomes.

Features of Deliberation

Deliberative theorists tend to argue that publicity is a necessary feature of legitimate democratic processes. First, issues within a democracy should be public and should be publicly debated. Second, processes within democratic institutions must be public and subject to public scrutiny. Finally, in addition to being provided with information, citizens need to ensure the use of a public form of reason to ground political decisions. The public nature of the reason used to ground political decisions generates outcomes that are fair and reasonable, but subject to revision if warranted by new information or further deliberation.

Some deliberative theorists claim that the deliberative process of exchanging arguments for contrasting viewpoints can and should produce a consensus. Others think that disagreement will remain after the deliberative process is completed, but that deliberation can produce legitimate outcomes without consensus. Even when the exchange of reason, arguments, and viewpoints does not seem to produce a clear outcome, many deliberative theorists suggest that the dissent produced, and the continuing debate, enhances the democratic process.

Because the deliberative process requires that citizens understand, formulate, and exchange arguments for their views, norms of clear communication and rules of argumentation are important to formulate. Citizens must be speaking the same language, both literally and figuratively. Citizens must be able to present their claims in understandable and meaningful ways to their fellow deliberators. These claims must also be supported by argumentation and reason that makes these views publicly justifiable to differently situated deliberators.

Most theories of deliberative democracy hold that the maximum inclusion of citizens and viewpoints generates the most legitimate and reasonable political outcomes. In addition to improving the level of discussion and accounting for the most arguments, more-inclusive deliberative processes are fairer because more people have their views considered. Whether or not a citizen's view is present in the outcome, it has at least been figured into the debate by fellow citizen deliberators.

Challenges to Deliberative Democratic Theory

Many theorists consider the following possible problems with theories of deliberative democracy. If only certain modes of expression, forms of argument, and cultural styles are publicly acceptable, then the voices of certain citizens will be excluded. This exclusion will diminish the quality and legitimacy of the outcomes of deliberative processes. Further, deliberation assumes the capacity of citizens to be reasonable, cooperate, unify, and shape their views based on rational debate and the views of others. Some argue that this may be more than human beings are capable of either because of human nature or because of already existing social inequalities and biases. Social conditions, such as already existing structural inequalities, pluralism, social complexity, the increasing scope of political concerns, and the impracticality of affected citizens having forums in which to deliberate are also reasons why some are skeptical of the viability of a deliberative form of democracy.

Deliberative democratic theory brings ethical concerns into the realm of democratic decision making. The ultimate aim of deliberative democratic practices is increased citizen participation, better outcomes, and a more authentically democratic society.

—Jennifer L. Eagan

See also American Governance; Communicative Rationality; Consensus Democracy; Critical Theory; Democratic Theory; Dialogic Public Policy; E-Democracy; Legitimacy; Participatory Democracy; Representative Democracy

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DEMOCRATIC DEFICIT

The notion of a democratic deficit refers to an insufficient level of democracy in political institutions and procedures in comparison with a theoretical ideal of a democratic government. The expression democratic deficit may be used to denote the absence or underdevelopment of key democratic institutions, but it may also be used to reflect the pathologies of how these institutions function (e.g., lack of transparency and accountability, technocratic decision making, inadequate participation of citizens in policy making). Evaluations of the level of democratic deficit focus on the procedural aspects of democracy, reflected in the mechanisms of representation and decision making. Therefore, it denotes distortions to the flow of influence from citizens to government, and as such, it is closely associated with the issue of democratic legitimacy.

Although any democratic system may potentially suffer from a democratic deficit, the concept is most often used in the context of supranational institutions, and the European Union (EU) in particular. The most popular criticism of the EU's levels of democracy refers to the dispossession of national institutions that is not sufficiently compensated for at the EU level. In particular, the EU structure has been criticized for an inadequate level of parliamentary control over decision-making processes. First, unlike in the EU's member-states, the role of European Parliament (EP) is marginal because the executive branch of government (the Council of Ministers and the Commission) plays a key role in the legislative process. Second, because of its size, the EU is criticized for being too far removed from the ordinary citizens to adequately support democratic deliberation and participation in decision making and to effectively represent their interests. Another criticism points to the activities of EU institutions, arguing that they lack coordination and that the focus of EU politics remains dominated by the national-level procedures and cleavages. Therefore, the EU is accused of being undemocratic mainly because the office holders are not directly dependent and accountable to their constituents, whose preferences are therefore unlikely to be reflected in the decisions made.

However, these negative assessments of the democratic character of the EU have recently been challenged by scholars who point out that a parliamentary model of European democracy is not a suitable benchmark for assessing democracy at the EU level because it is, like federalist states, a nonmajoritarian institution. Some scholars also argue that the level of the general public's satisfaction with their influence on the EU-level political processes is difficult to establish because the idea of European integration is still contested by a number of EU citizens. Moreover, democratic legitimacy in Europe is strongly linked to welfare issues, and because the models of welfare state vary radically across European states, it is impossible for the EU to take these welfare functions over and use them as a base for its democratic legitimacy. Therefore, although the increasing influence of the EU is recognized as a positive development, the conclusions about a democratic deficit in the EU seem to depend largely on the benchmarks used.

—Natalia Letki

See also Accountability; Effectiveness; European
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DEMOCRATIC THEORY

The history of democratic theory reaches back for thousands of years. There is no single democratic theory but, rather, a collection of approaches to democratic theory that have a small set of common values: participation, representation, popular elections, citizenship, and the ability to choose freely among political options or alternatives. The enactment of democratic theory into practice, however, has been problematic and uneven because disagreement persists regarding the exact meanings of these common terms.

Most Western philosophy, as well as practice, has emphasized maximum liberty over commitment to some form of the common good. This perspective does not mean that there are no common values; rather, the things that make us distinct as individuals are valued more highly than the elements that unite us, and our political systems reflect this.

Classical Democracy: Greece

The meaning of the ancient Greek word *demokratia* was somewhat ambiguous. Literally, it meant "people-power" or "people-rule"—but it was not entirely clear whether "people" meant only qualified citizens, or all persons (the masses). The Greek word *demos* could mean either.

By the time of Aristotle (fourth century BCE), there were hundreds of Greek democracies. Greece was not a single political entity but, rather, a collection of some 1,500 separate *poleis* or city-states. Not all city-states were democracies; some were oligarchies—where power was concentrated in the hands of the few richest citizens—whereas others were monarchies (classified as "tyrannies" if the sole ruler had taken power by force rather than inheritance). Of the democracies, the oldest, most stable, and most notable was found in Athens.

The origin of the Athenian democracy can be traced back to Solon, around 600 BCE. Although he was not a democrat, Solon's constitutional reform package laid the basis upon which democracy was pioneered one hundred years later by the progressive aristocrat Cleisthenes. Under this political system, Athens successfully resisted the Persian attacks of 490 and 480 through 479 BCE, most notably at the battles of Marathon and Salamis. Those successes in turn encouraged the poorest Athenians to demand a greater say in the running of their city, and in the late 460s BCE, Ephialtes and Pericles engineered a political shift that balanced power among economic classes. This democratic Athens laid the foundations of Western rational and critical thought.

Athenian democracy was not, however, universally inclusive. Slaves, foreigners, and women were barred from participation. Political power lay in the assembly,

to which all male, freeborn citizens belonged. The assembly made all major decisions and legislation. Rational, dispassionate thought did not always prevail, however; in many instances, the assembly would be dominated by a charismatic individual whose influence derived from his oratorical prowess or force of personality rather than his talent for governing. Democratic governments, in other words, were quite capable of making foolish and ill-conceived decisions. One theory speculates that the word *demokratia* was coined by the enemies of democracy—members of the aristocratic elite who did not want to be outvoted by commoners.

One interesting and distinctively Athenian democratic practice that generated particular criticism was the practice of ostracism. This was a kind of reverse election to decide which leading politician should be exiled for ten years. At least 6,000 citizens had to "vote" for an ostracism to be valid, and all the major politicians risked being "fired" in this arbitrary and unceremonious way. For nearly one hundred years, ostracism served the purpose of containing serious civil unrest. At the end of the fifth century, ostracism was replaced by a legal procedure administered by the jurors of the people's courts.

Representative Democracy

After the decline of Greece, the idea of democracy was abandoned until the Italian Renaissance and the age of the Italian city-states. Democracy was refined during the Age of Reason and European Enlightenment, culminating in the experiment that would become the American political system. Thomas Hobbes, John Locke, and Jean-Jacques Rousseau laid the foundations of social contract theory. Montesquieu elaborated a theory of separation of powers, and Jeremy Bentham, John Stuart Mill, Adam Smith, and Thomas Malthus explored the concepts of markets and utility. Within the broad practice known as representative democracy are two primary currents: republicanism and liberalism.

Republicanism

Republicanism is best defined as a commitment to the principle that there is a public element (*res publica*)

that can only be legitimately interpreted by the citizens at large. An influential, if irregular, stream of Western political thought since the city-states of ancient Greece and the Roman empire, republicanism is devoted to the development of political structures based on the participation of citizens at large demonstrating a willingness to undertake political action on the basis of commitment to the common good. Political activity based on individual self-interest, it follows, is doomed to degenerate into tyranny.

There are two broad kinds of republicanism. One is narrower, more protective, and found in smaller communities. Although the rule of law prevails and freedoms of speech, expression, and association are honored, participation is achieved through representatives to councils or other governing bodies. Historically in such communities, women, laborers, and dependents would have been excluded from citizenship and participation. Competition between groups could become quite intense. This form of republicanism prevailed in the Italian city-states of the Renaissance.

A second form of republicanism was more developmental. Citizens strove to enjoy political and economic equality so that none could become master of another and all could benefit from self-determination toward the common good. Property ownership is diffuse. Citizens participate directly in public meetings, and these meetings constitute the legislature; executive functions are in the hands of separate administrators either elected or chosen by lot. This form of republicanism is most closely associated with Rousseau.

The language of republicanism was widely spoken during the years of the American Revolution and is resurgent in much of the contemporary communitarian literature. Drawing on sources such as Lycurgus, Thucydides, Aristotle, Polybius, Cicero, Montesquieu, Richard Hooker, John Milton, James Harrington, Algernon Sidney, John Locke, Hugo Grotius, and Samuel Pufendorf, the American colonists emphasized three common elements: a commitment to republican (representative) government, a cyclical theory of corruption, and a belief in republican virtue. American colonists used these themes as foundations for a government structure theoretically capable of

ensuring justice and maximizing the general good of the entire community. Recognizing the tendency for republics to degenerate into corruption based on self-interest, American theorists tried to balance individualism and community to provide the independence necessary for virtue while maintaining commitment to the whole that excessive individualism corrodes. Active citizenship would keep corruption at bay.

A review of American antifederalist literature yields several themes consistent with the republican tradition: a belief in the dignity of the individual citizen, a focus on the public good, a desire for popular control of government, an insistence on equality as an ideal for society, an understanding of the importance of civic virtue, and participatory democracy. The history of compact, contract, and covenant traditions reflected an assumption that individual citizens are entitled to offer consent on the grounds of political equality.

Contemporary communitarian literature reflects these themes. The insistence on finding shared common virtues and the search for "deep community" and "thick democracy" reflect a rejection of atomistic human nature and the liberal belief that the conditions that separate us come before those that join us together as social beings. The notion of ethical citizenship incorporates commitment to the public good, popular control of government, some meaningful degree of substantive (material) equality, acceptance of civic virtue, and commitment to active participation by the citizenry in government. Some theorists have argued that ethical citizenship was eclipsed in the early twentieth century as government became increasingly professionalized.

Liberalism

Liberalism, argued by many to be the most pervasive "language" of democratic theory spoken in Anglo-Western (particularly American) political discourse, is also the most challenged and criticized. Appearing in Lockean, utilitarian, and Kantian varieties, liberalism promotes the most aggressive form of self-interest. At the same time, liberalism has been defined as primarily the rights of the individual that we have come to take for granted.

Liberalism exhibits an attachment to individual freedom as the preeminent value. At the heart of the liberal position is the idea that each individual is free to identify and pursue his or her own destiny in a pattern of freely configured, rationally determined choices. What is evoked is a collection of individuals, essentially unknowable to one another except as they act on each other, exercising their free will to find satisfaction. The closest understanding of common purpose is, as Adam Smith wrote, a "concord," not a union.

Historically, however, various liberal theorists have defined the individual differently, and it is unclear whether "personhood" was to be contingent upon ownership of property, the capacity to reason, or biblical injunction. Recent liberal theory has offered two primary strains of liberalism—one utilitarian, the other Kantian. Following John Stuart Mill, utilitarian liberals call for maximizing the general welfare and allowing individuals to pursue their own life preferences as long as this pursuit does not interfere with the freedom of others or deprive others of their happiness, however defined. In many respects, utilitarianism fits well with liberal purposes because maximizing utility does not involve the judging of others' choices. Theoretically, it allows room for a general will to emerge, along with the clearly undesirable possibility of a tyrannical majority, as put forth by James Madison.

Kantian critics of liberalism, such as John Rawls, reject utilitarianism in favor of an approach that gives individual rights more precedence. This interpretation of liberalism begins with the presumption that separate individuals necessarily and properly possess different conceptions of what constitutes the good life. To preserve the fundamental importance of certain liberties and rights, without dictating a particular vision that might compromise our ability as free moral agents to make our own choices (consistent with similar liberties for others), liberals of this persuasion seek a fair framework within which individuals and groups can choose their own values and ends, consistent with a similar liberty for others.

Reliance on free-market economics has pervasively influenced liberal interpretations of politics. From its inception, Lockean liberalism was appealing

because it dovetailed nicely with the growing numbers of the middle class seeking to make their own fortunes in a society increasingly free from its feudal past. Alexander Hamilton used the foundations of liberal philosophy to promote the growth of manufacturing and provide an engine of economic growth for an infant nation, producing citizen-capitalists whose enterprise and energy would help the republic to thrive.

Regarding citizenship, the liberal moment has produced what is often referred to as legal interpretations of the concept. The refusal of liberals to identify a purpose to society outside of allowing maximum individual liberty has led necessarily to a focus on process and institutions as the only neutral ground. But such a focus on process over substance seems by definition to preclude participatory, active, ethical components of citizenship.

Technocratic Democracy

In the twentieth century, new variations on democratic theory and practice arose to address contemporary challenges. One of the most compelling changes was the evolution of the technocratic, bureaucratic, or administrative state. Growing out of rationalist theories of efficiency and division of labor, the purpose was to recruit a cadre of public administrators that was professional and technocratic in its orientation and that would apply its expertise to furthering the public good.

Technocratic democracy was a response to the increasingly complex business of government. As Woodrow Wilson famously said, once America's democratic experiment was firmly entrenched, the challenge was "running" the Constitution. Although many countries had had a civil service, the key difference was to be found in the method of selection in a technocratic regime: merit, rather than social standing, became the determining factor.

Technocratic approaches to democracy and governance emerged in industrial societies with fragmented patterns of social and political conflict. Some range of differences of opinion was tolerated within the political culture, however. Even though extended or universal voting rights generally prevailed, the electorate was

often poorly informed or easily manipulated using an appeal to the emotions. Rival political elites or political parties competed for votes, and, despite a generally strong executive branch, legislative bodies were dominated by party politics.

A strong administrative branch became a check on the excesses of party power. Because public administrators were chosen on merit and often protected in their positions, they were empowered to act against party bosses and minority interests when necessary. Toward the end of the twentieth century, however, this system was generally agreed to have broken down. Instead of being technocratic and innovative, public administrators were perceived as inefficient and rule-bound. This breakdown fueled the rise of neoliberalism, described next.

Neoliberalism

A general characteristic of neoliberalism is the desire to intensify and expand the influence of market values. The emphasis on property in classic and market liberalism has been replaced by an emphasis on contract. In addition, the contract period is reduced, especially on the labor market, and so the frequency of contract is increased—especially visible on the labor market. Even within a contract period, an employee will be subject to continuous assessment. New transaction-intensive markets are created on the model of the stock exchanges—electricity exchanges, telephone-minute exchanges. New forms of auction are another method of creating transaction-intensive markets. Neoliberals now see these as the only valid method of making such allocations.

This expansion of interactivity means that neoliberal societies are network societies, rather than the open societies of classic liberals. Formal equality and access are not enough: They must also be used to create links to other members of the society.

Neoliberalism is not simply an economic structure. It is also a philosophy with particularly visible attitudes to society, the individual, and employment. Neoliberals tend to see the world in terms of market metaphors. Referring to nations as companies or to citizens as consumers is typically neoliberal, rather than

liberal. In such a view, Deutschland GmbH competes with Great Britain Ltd., BV Nederland, and USA Inc. However, when this is a view of nation-states, it is as much a form of neonationalism as neoliberalism. The view also looks back to the preliberal economic theory—mercantilism—which saw the countries of Europe as competing units. The mercantilists treated those kingdoms as large-scale versions of a private household, rather than as firms. Nevertheless, their view of world trade as a competition between nation-sized units would be acceptable to modern neoliberals.

The market metaphor is applied among cities and regions as well as among nations. In neoliberal regional policy, cities are selling themselves in a national and global marketplace of cities. They are considered equivalent to an entrepreneur selling a product, but the product is the city (or region) as a location for entrepreneurs. The successful sale of the product is the decision of an entrepreneur to locate there, rather than simply the sale of land or factories.

Democratic Theory and Governance

In the contemporary era, many theorists argue that the democratic state has become increasingly hollow. Accountability of elected representatives to the citizenry has worn thin. The involvement of most citizens is reduced to the act of voting, if that. Winner-take-all election rules have resulted in permanently marginalized minorities that cannot overcome financial barriers and manipulated voting districts.

Neoliberal criticisms of technocratic governance spurred the emergence of new governance, which contrasts with old governance in its focus on reducing rules and allowing expanded space for entrepreneurial activity in the public sector. New public management, privatization, and corporate management dominate thinking in this field.

Deliberative democracy, also sometimes called discursive democracy, is used to refer to any system of political decisions based on some tradeoff of consensus decision making and representative democracy. In contrast with the traditional economics-based theory of democracy, which emphasizes voting as the central institution, theorists of deliberative democracy argue that legitimate lawmaking can only arise from the public deliberation of the citizenry.

Deliberative democracy often recognizes tensions or conflicts of interest between the citizen participating, those affected or victimized by the process being undertaken, and the group or entity that organizes the decision-making process. For these reasons, deliberative democracy often involves extensive outreach efforts to include marginalized, isolated, and ignored constituencies, and to extensively document dissent, grounds for dissent, and future predictions of consequences of actions. Deliberative democracy focuses as much on the process as the results.

Alternatively, many practitioners of deliberative democracy attempt to be as neutral and open-ended as possible, inviting (or even randomly selecting) people who represent a wide range of views and providing them with balanced materials to guide their discussions. Examples include national issues forums, study circles, deliberative polls, and the 21st Century Town Meetings convened by America*Speaks*, among others. In these cases, deliberative democracy is intended to create a conversation among people of different philosophies and beliefs.

Although no major theorist sees deliberative democracy as supplanting representative democracy, little systematic attention has been paid to the conditions under which "deliberative complementarities" could improve democratic institutions and civic culture. Deliberative theory can tend to privilege speech that is too narrowly rationalistic and argumentative, and hence, marginalize those groups (women, minorities) whose styles of discourse might differ. Deliberative practice, by contrast, tends to be much more sensitive to variety in discourse, using storytelling, art, music, and expressions of hurt, anger, injustice, and healing.

The problems of voting are rarely addressed by theories of deliberative democracy. Yet some theorists have advocated mechanisms such as the deliberative opinion poll to apply deliberative democracy to real-world decision making. A deliberative opinion poll gathers a statistically representative sample of a group (from a small community to a country), polls that group on a particular issue or issues, and uses the poll's results to recommend future action.

Both the liberal and republican "moments" of democracy have coexisted in an uneasy dialogue with one another. At various historical points, one or the other would appear ascendant, in correlation with other social and economic events. Yet, for most of the past century, there has been growing recognition that Western frames of reference have been shifting. This shift has been termed *postmodernism*.

In addition to the problem of commodification, the situation in which everything becomes a commodity available for sale, postmodernism presents a dilemma for governance in that, as a philosophy, postmodernism is anti-subject. How can a concept of governance, which suggests identity and membership, survive without a sense of subjectivity?

Those postmodernists, often labeled skeptics, offer an image of the individual whose existence and constitution is a textual creation. Intentionality is dissolved in the liquor that is the text. The self has no referential status other than the text, and the familiar hallmarks of the Enlightenment—knowing, naming, and emancipation—are rejected or abandoned. The purpose is to suspend the good-bad moral hierarchy implied by the distinction between subject and object.

Although some postmodernists do attempt to envision a postmodern individual, this is a tricky task, for it must be accomplished within an antihumanist philosophy. But eliminating the subject has troubling implications for causality, intentionality, and agency. Disposing of the subject paves the way for a denial of any basis for critical judgment and moral responsibility. It suggests an exaggeration of the classic liberal position—taking the concept of negative liberty to a disturbing extreme, and turning the social contract into a caricature of itself. In its celebration of negative freedom, this postmodernism can only tear down a world; it cannot build it back up. The political consequence is a Hobbesian version of society as a war of all against all. The ethical consequence is a moral individualism incapable of challenging the ordering principles of modern society. The practical consequence is an atomistic, disengaged citizenry.

—*Lisa A. Zanetti*

See also Consensus Democracy; Deliberative Democracy; E-Democracy; Equity; Legitimacy; Participatory Democracy; Pluralist Democracy; Polyarchy; Public Sphere; Representative Democracy; Rule of Law; Self-Government; Social Democracy

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DEMOCRATIZATION

Democratization has established itself as perhaps the most normatively persuasive and contested concept in current political discourse. Both as a process and a concept, democratization draws on a long history. The intellectual origins of the concept of democracy stretch back to Athenian ideals of city governance and Roman republicanism. During the 1700s, the notion that sovereignty lay with the people, which emerged from Athens and Rome, became coupled with the modern ideologies of the Enlightenment, especially liberalism and socialism. The emergence of modern nation-states and capitalist social relations created the conditions under which ideals of citizenship, governmental accountability, and civil society established themselves as the common sense of Europe and later America. Democratization, then, might be most

readily understood as a concept that encapsulates the expansion of a set of related political ideals with different intellectual vintages that gain public prominence during the emergence of capitalist modernity. Relatedly, democratization is also a process in which various social groups have made claims on the state through protests, riots, strikes, and lobbies. The discourse of democracy had infused many struggles against monarchical absolutism, working class struggles, and the suffragette movement.

Out of this complex intellectual and political history has emerged a commonly accepted and simple formula that is closely associated with democratization: universal franchise, or "one person, one vote." Other aspects of democratization include the rise of a multiparty constitution, rights of expression and assembly, and mandated periodic elections.

But democratization is not just a story of political change in "the West"; rather, it has become a key reference point in understanding political change throughout the world. Some of the most prominent questions discussed in global politics today rely on the purchase of democratization as a concept; for example, how globalization might be regulated, whether countries have achieved democratic consolidation, or whether democratization enhances the prospects for peace. In essence, democratization contains at its core two distinct but closely related aspects: a process by which political life changes, and a normative view of political life making statements about how political communities should behave.

Defining is always closely related to understanding. Although democratization has currently accrued a widely held and relatively straightforward definition, this has not closed off theoretical or analytical controversy. There is no space to deal with this fully, but we can review some key points of departure here to reveal the different emphases and nuances that can be given to the meaning of democratization.

Democratization as the End of History

Francis Fukuyama, following his interpretation of G. W. F. Hegel, argues that liberal democracy constitutes

the historic victory of a metaphysical Idea over its contenders in the modern age. The Idea of individual rights, a product of liberal theories of the eighteenth century, has won out over its historic rivals, notably fascism and communism. Although Fukuyama has revised his judgments, democratization here is seen as the historic ascendance of an uncontested concept for thinking about the political good.

Democratization and Capitalism

Vladimir Lenin famously coined democracy as the best "political shell" for capitalism. Marxists have often tried to understand democratization as a political accompaniment to the establishment of a capitalist economy; democracy might even fulfill certain functions for capital, for example creating legitimacy for a certain social order, or removing certain aspects of social life from the political sphere and renaming them as private. Perhaps the best-known Marxist understanding of democratization has derived from Antonio Gramsci. Liberals have also associated democratization with capitalism, stressing the centrality of the emergence of the middle classes.

Democratization and State Building

Historical sociologists have identified the ways in which democratization has unfolded as part of the emergence of modern nation-states. Most important here are the following processes. As states introduced routine centralized personal taxes, people have demanded some influence over the way the public purse was used: no taxation without representation. As nation-states consolidated, people began to identify their interests with the sovereignty of the state as well as their local polities: National newspapers and wars between nation-states produced new formulations of the national interest in which the actions of one's state became of relevance to all.

Democratization and Liberalism

Liberals have understood democratization as the achievement of a society that treats each person as

endowed with basic political rights. Through a process of political discourse and persuasion, liberal societies move toward democracy as a way of respecting and realizing the rights of all to participate in a polity, subject to some basic conditions. In this theorization, democratization is expressed as the realization of an immanent human nature, whether acting in a republican or rational utilitarian spirit.

Intellectual interest in democratization has continued to grow throughout the last century, and shows no sign of stopping. It is striking that a great deal of the intellectual discussion of democratization and the political ferment that created historic democracies has been located in a small geopolitical space, namely Europe and North America. And yet, in the present day, many states have recently democratized or have democratization as their principal compass for the future. Democratization is associated with security, legitimacy, political order, and good relations between states. Democratization has grown from a political ideal engaged in the experiences of Western modernity to a kind of universal good.

Consequently, a significant body of literature on democratic transitions, or "transitology," has emerged. Perhaps the best-known starting point here is Samuel Huntington's waves of democratization approach. Samuel Huntington identifies three waves of democratic transition (1828–1926, 1943–1962, 1974–present) during which certain states (and their elites) gained the wherewithal of dealing with popular pressures on the state by democratizing. The true test of this transition is the "two turnover" test, which means that an incumbent party is voted out of office, then its successor is also voted out of office without a collapse in the democratic constitutional order. Whether or not Huntington's model stands up to scrutiny, the idea of an ever-expanding wave of democratization remains at the heart of much political analysis.

Multiparty politics has indeed coursed through formerly nondemocratic regions of the world: the retreat of military regimes during the 1980s in Latin America, the cautious democratization of East Asia, the holding of multiparty elections through Sub-Saharan Africa during the 1990s, and the adoption of multipartyism in the former Soviet Union and aligned states in eastern Europe. Few states have succeeded in avoiding the democratic waves altogether, and these states are increasingly represented as aberrations or even pariahs.

Democratization has never been a straightforward affair, and its current unprecedented global reach has only added to the questions that people have brought to bear on the world's most prominent language of political change and the prospects for democratization. Here, we can only note a selection of issues.

It is easy to define a certain kind of imperialism in the globalization of democratization. Western states condition aid on democratization, strongly condemn and ostracize (some) nondemocratic regimes, and sometimes ostensibly intervene coercively with a view to establishing multiparty constitutions in certain states. This produces two paradoxes: First is that democratization has become a project of powerful international actors that impose democratization on other parts of the world. Second, democratization is posed less as a choice for societies and increasingly as the presiding orthodoxy, outside of which little exists. However, there might be a range of alternative claims to democratization, embedded in other historic and cultural milieus: Islamic democracy, socialist democracy, or some forms of communitarianism.

Relatedly, perhaps the globalization of democratic discourse is ushering in a more ambitious period for democratization. Globalization has created the need not merely for the expansion of democratization to all states, but also a democratization above the nation-state: the creation of global civic constituencies, the democratization of multilateral organizations, perhaps even a global constitution. Some of these ideas are fleshed out in the concept cosmopolitanism.

Democratization's expansion has been accompanied by an increasing formalism. What historical sociologists had understood as a profound change in the nature of a society has been rendered more a matter of formal constitution building. All sorts of more substantive politics might work beneath the periodic organization of elections, ranging from unreconstructed authoritarianism to new forms of populism.

Furthermore, democratization—even if implemented more substantially—does not solve all the ills of all societies. Political economists have highlighted how democratization can avoid dealing with drastic economic inequalities and a wide range of forms of discrimination and oppression within the market and the workplace. This is part of the story of South Africa's transition from 1994. More radical commentators have seen the globalization of democracy as the circulation of elites, or low-intensity democracy that principally legitimates a free-market international order.

Finally, democratization is not solely an issue for countries outside the West. Despite their self-representations as bastions of democracy, all Western states have violated tenets of the liberal democracy ideal. This is all the more obvious and contentious since 9/11.

All these points combine strongly to suggest that democratization is best understood as a process, not an endpoint. Unless the democratization process itself is in some sense owned by the people, its prospects of moving toward what transitologists dub consolidation would appear to be drastically reduced.

—Graham Harrison

See also Authoritarianism; Constitutionalization; Cosmopolitanism; Empowerment; Industrialization; Polyarchy

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DEPARTMENT

See GOVERNMENT DEPARTMENT

DEPENDENCY

Dependency describes a process of economic development that is conditioned by external relations of domination. These relations are rooted in historical and ongoing processes of capitalist internationalization that concentrate economic and political power in the more developed countries. Developed countries actively perpetuate a state of dependency in less-developed countries through policies and initiatives that limit their developmental autonomy. They enforce these policies, sometimes by means of economic sanctions or military invasion and control, but mostly through the rules of international trade and commerce. The dependency perspective implies that the further internationalization of capital through globalization will reproduce structures of power that maintain and reproduce dependency and underdevelopment in the third world.

Dependency, Interdependence, and Dependence

Many people say that, as a result of the increasing internationalization or globalization of capital, the entire world is now economically tied together by complex webs of interdependence; consequently, and in virtually all states, the influence of international forces and factors on the operation of domestic economies has increased in importance relative to internal ones. However, dependency is neither similar to, or an outcome of interdependence, nor is it meant to describe a situation of external reliance, or dependence. These terms refer to interactions among well-integrated nation-states, whereas the outcome that dependency describes results from the interaction of less-developed, less-homogeneous states with well-integrated nation-states.

Because of their essential inequality, dominant states are able to determine the position of the less-developed countries in the global division of labor and to limit their developmental choices and autonomy, and thus their capacity for setting their own developmental course. This has produced a characteristic set of socioeconomic and political structures and

patterns of change in the less-developed countries: dualism and monopoly; a lack of internal structural integration; dependency on outside capital, labor, and markets; inequality; cultural distortions; national disintegration; and formal but inauthentic democracy.

Dependency Theory and Underdevelopment

This notion of dependency is at the center of a body of research and writing on underdevelopment called dependency theory. The core ideas and themes of dependency theory were first elaborated by an economist, Raul Prebisch, who served as secretary-general of the UN Economic Commission for Latin America and the Caribbean (ECLAC) and was the founding secretary-general of the UN Conference on Trade and Development (UNCTAD). Prebisch attributed the persistence of third-world poverty to the operation of international capitalism. He argued that the capitalist world economy was characterized by a center-periphery relationship among nations, in which third-world nations were producers of raw materials for first-world manufacturers and consequently locked into a peripheral and dependent position in the world economy. Prebisch developed, in collaboration with the economist Hans Singer, the thesis that the terms of trade for primary products tend to deteriorate over time because the prices of manufactured goods bought by the periphery were rising faster than were the prices of raw materials, cash crops, and foodstuff sold by the periphery to the center. Consequently, the structure of trade ensured the persistence of dependency and created an unbalanced process of development. These arguments became the basis of what became known as dependency theory.

Dependency theory explains underdevelopment as an outcome of the global division of labor and a process of synchronous regional differentiation. According to this perspective, in the global political-economic system that emerged beginning in the sixteenth century, some countries in the core were able to specialize in industrial production of manufactured goods because the peripheral areas of the world that they colonized provided the necessary primary goods, agricultural and mineral, for consumption in the center. Contrary to the assumptions of liberal economic theory, this international division of labor did not lead to parallel development through comparative advantage. The states at the center gained at the expense of the peripheral states. Thus, underdevelopment does not represent a phase in development through which the countries of the third world must pass on their way to becoming developed, as liberal theories maintain; rather, it is a consequence of the development of the core states and is continually being recreated and reproduced through the operation of the international economy.

Though a variety of schools of thought developed within dependency theory, all agreed that monopolistic control of the international market by developed countries enables them to extract the economic wealth of underdeveloped countries for their own use and that, because of this, international market structures perpetuate backwardness and dependency in the South and encourage dominance by the North. However, different views emerged about what would bring about a nondependent process of growth and the end of dependence. Relatively liberal and reformist theorists, like Prebisch, argued for a strategy of import-substitution, enabled by government policy and some degree of protectionism in trade, that would allow states, first, to achieve greater domestic industrial diversification, and then to export previously protected manufactured goods as economies of scale and low labor costs made domestic costs more competitive in the world market. However, neo-Marxist theorists argued that, because underdevelopment in third-world countries was the outcome of their subordinate position in the world capitalist system, underdevelopment would persist for as long as they remained part of that system. Neo-Marxist theorists, therefore, called for a self-reliant development based on the creation of counter-structures, policies, and values.

Dependency and International Structures of Power

Though international structures of power are seen as the primary element in the chain of causation that produces underdevelopment, conceptions of how these structures are constituted and maintained vary. One view sees states and interstate institutions as constituting the

world economy. This implies that a more equitable distribution of benefits within the international economy requires changes in the trade, aid, and development practices of powerful states and interstate institutions. Consistent with this view, the demand for a New International Economic Order (NIEO), an initiative presented by developing countries in the UN General Assembly in 1974, called for restructuring power relations between the North and the South through a reduction in northern trade barriers, an increase in foreign aid to developing countries, and a larger role for third-world states in the decision-making process of international economic organizations such as the World Bank, the World Trade Organization, and the International Monetary Fund. Another view sees international structures as constituted and maintained by dominant states and by elites in the dependent states. In this view, the relationship between external and internal forces forms a complex whole, with structural links forged on coincidences of interests between local dominant classes and international ones. What emerges from these theorizations is that the uneven pattern of growth throughout the world is most likely reproduced by a structure of power that is constituted and maintained by states and interstate institutions, but that represents the interests of an essentially transnational capitalist class.

—Sandra Halperin

See also Collaborative Governance; Development Theory; Hegemony; Import Substitution Industrialization; Interdependence; Neocolonialism

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DEREGULATION

See LIBERALIZATION

DERIVATIVE

A derivative is a set of financial instruments that includes futures, forwards, options, warrants, and swaps. A derivative is a financial product that could, conceivably, take any form whatsoever. There are only two constraints on the creation of such products: the willingness of market-makers to innovate in areas outside their technical expertise, and the willingness of market participants to be persuaded that new products offer greater advantages than established ones. The term *derivative* has a literal meaning. The price at which a derivative contract is traded is derived from the price of the underlying commodity, security, index, or event to which it is related. Derivatives are traded on secondary markets, which, under the influence of purely passive hedging strategies, respond solely to price changes exhibited by the underlying asset in the primary market.

There are two main reasons for the development of markets in derivative products. The first is that they provide opportunities for investors to reduce their risk exposure by hedging their position in a primary market with a countervailing investment in the related secondary market. This enables investors to protect the value of their existing asset holdings without recourse to regulatory devices whose origins are external to the market mechanism. Governments have been keen to promote derivatives markets that are used in this way. The hedging strategies that derivatives markets make possible provide a means of stability and self-governance for the financial system.

The second reason for the development of derivatives markets presents rather more governance dilemmas for public authorities. The demand for a derivative product is a derived demand for the characteristics embodied in it. One obvious characteristic of a new product is that it exists in an unregulated environment.

Given the potential for permanent innovation in the provision of financial instruments, regulators will always be one step behind the innovators. Whenever secondary markets have regulatory devices imposed on them, it is possible to create alternative products, which are identical in composition to the newly regulated products, offering the same investment opportunities, but which escape regulation.

One example relates to market regulation enacted through the tax system. Different rates of tax have historically been imposed on different sources of income. Derivatives have been used to translate the return from one income-bearing asset into the return from another. In particular, they have been used to transmute higher-taxed forms of income into lower-taxed forms of income. This has important implications, inter alia, for the likely success of a Tobin tax on short-term currency transactions. Any such tax is likely to be met with concerted financial innovation, whereby it becomes possible to avoid the tax by using a newly created derivative product, which bears all the economic characteristics of short-term currency transactions, but that is untaxed.

—Matthew Watson

See also Futures Market; Global Market; Hedging; Tobin Tax

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DETERRENCE

Deterrence uses the anticipation of force to prevent an adversary from taking a particular action. The threatened force will increase the cost of the adversary's behavior and thus diminish the incentive for taking it. Deterrence is most likely to succeed when the threat is clearly conveyed, and when the actor does not allow itself an opportunity for exit, so that the adversary only has to make one choice.

The likelihood that a strategy of deterrence successfully prevents the adversary from taking an action is determined by the credibility of the threat. Credibility, in turn, is a function of the actor's capability, willingness, and reputation. The adversary must conclude that the actor can carry out the threat, that the actor will incur the cost associated with carrying out the threat, and that the past behavior of the actor presents a reputation for having the necessary capability and willingness.

Much of deterrence involves the actor attempting to convince the adversary of its capability and willingness while the adversary assesses the probability that the actor will carry out the threat. A successful strategy of deterrence requires a rational adversary that can assess the capability and willingness of the actor and calculate the cost of the threat versus the benefit of the particular action. However, much of the literature on deterrence qualifies rationalist analysis by invoking assumptions from cognitive psychology. These works argue that the assessment of credibility is affected by the fundamental attribution error, wherein the actor consistently perceives the adversary to be threatening while assuming the adversary perceives the actor's intentions as benign.

The advent of nuclear weapons elevated the importance of deterrence as a strategy for state security. The nature of nuclear weapons does not allow the state to defend its borders, and their use would irrevocably harm the spoils of conquest, leaving the threat of use as their only means of enhancing state security. Understanding the causal mechanisms of deterrence has dominated scholarship in international relations since 1945 and was central to the security strategy of the United States for most of the ensuing sixty years.

Contemporary challenges to the study and implementation of deterrence arise from the end of bipolarity, the growing significance of nonstate actors, and the proliferation of state's possessing nuclear weapons. The nature of these new actors challenges the rationality assumption and thus challenges the efficacy of deterrence as a strategy of national security. Regarding the new nuclear states, is it still

possible to communicate commitments credibly? Can an actor still assume that an adversary will not take an action where the costs are higher than the benefits? Regarding nonstate actors, is it possible to increase the cost of their behavior—how do you punish them?

—Zachary Zwald

See also Arms Control; Coercion; Game Theory; Rationality

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DEVELOPMENT ASSISTANCE COMMITTEE

Acting under the auspices of the Organisation for Economic Co-operation and Development (OECD), the Development Assistance Committee (DAC) collects and analyzes development data and provides a forum where the world's major bilateral aid donors meet to discuss, review, and coordinate aid policy with the objective of expanding the volume and effectiveness of official resource transfers to developing nations. The DAC does not disburse aid but seeks to harmonize and encourage the development assistance policies of its members.

Originally conceived in January 1960 as the Development Assistance Group, the organization was reconstituted as the DAC following the creation of the OECD in 1961. As of 2004, membership of the DAC comprises twenty-two member states (Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States) and the European Commission. The World Bank, International Monetary Fund (IMF), and United Nations Development Program (UNDP) hold

observer status. Thus, although all DAC members belong to the OECD, not all OECD members belong to DAC.

The DAC's main achievement has been the evolution of codes of best practice that member countries are expected to observe in the framing and implementing of official development policy. Adherence to these guidelines is monitored through triennial peer reviews of donor countries' performance. These reviews examine, inter alia, the volume of aid, the general configuration and trajectory of national development policies, and the organizational coherence of national development strategies; they also make recommendations for improvement. Most of the DAC's work is undertaken by committees and working groups composed of officials from national capitals. The DAC also relies on the support of the OECD's Development Cooperation Directorate (DCD). This directorate, consisting of approximately forty officials, is split into four divisions: The Review and Evaluation Division, which supervises the process of peer review and provides ongoing monitoring of the aid programs of DAC members; the Policy Coherence Division, which examines the differing dimensions of poverty and their relationship; the Policy Coordination Division, which evaluates aid effectiveness and the connections between different policy areas; and the Statistics and Monitoring Division, which is responsible for collating and disseminating data on official development assistance.

The DAC has been criticized because it does not provide an official voice for developing countries and the persistent failure of most of its members to meet the target, initially set by United Nations Conference on Trade and Development (UNCTAD) in 1968, of allocating 0.7 percent of their GDP for official development assistance. Moreover, the role of the DAC is increasingly compromised by competition from other multilateral institutions and the growing significance of private capital flows to developing nations.

—Richard Woodward

See also Organisation for Economic Co-operation and Development; United Nations Conference on Trade and Development

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DEVELOPMENT THEORY

The use of the term *development* to refer to national economic growth emerged in the United States beginning in the 1940s and in association with a key American foreign policy concern: How to shape the future of the newly independent states in ways that would ensure that they would not be drawn into the communist Soviet Bloc. Motivated by this concern, the United States enlisted its social scientists to study and devise ways of promoting capitalist economic development and political stability in what was termed the developing world. Development theory refers to the research and writing that resulted from this effort.

As will be discussed later, there are different conceptions of development and, consequently, disparate approaches to the subject. However, all approaches are concerned with the relationship between development and governance: Development is usually seen as crucially determined by structures of governance; governance is interpreted through and shaped by the goal of development. Most development theory equates development with national economic growth and sees the state as its primary agent; consequently, one of its central concerns is to understand and explain the role of the state in development and the nature of government-market relations. Because these explanations relate development outcomes to the extent and form of the state's role in development, there is a close relationship between development theory and practice. It is not surprising, therefore, that

an identifiable development community and discourse has emerged from the interaction of academic and nonacademic consultants and researchers, and the staffs of government ministries, multilateral aid agencies, financial institutions, and nongovernmental organizations (NGOs).

Development theory has changed over time with changes in ideology and the international environment, and as it does, so do its conceptions of development and governance and how they are related. Changing conceptions of governance and its relation to development can be traced through the major perspectives on development that have emerged since World War II, as represented by theories of modernization and growth, dependency and world systems theories, the resurgence of neoclassical theory, and an array of newer critical perspectives.

Theories of Modernization and Growth

Development involves innumerable variables, including economic, social, political, gender, cultural, religious, and environmental factors. But though development theory integrates concepts and perspectives from a range of disciplines, it was highly influenced by economic thought from the start. Early theoretical models of development equated development with economic growth and industrialization, and theorists saw countries that had not yet achieved these as being at an earlier or lower stage of development relative to Europe and North America. The most influential proponent of this view was the American economic historian Walt W. Rostow. His 1960 book, *The Stages of Economic Growth: A Non-Communist Manifesto,* elaborated a linear-stages-of-growth model that defined development as a sequence of stages through which all societies must pass. This conception of the nature and process of development became the basic blueprint for modernization theory.

Modernization theory emerged following World War II to address the issue of how to shape the economies of states emerging from European colonization. Its implicit aim, as the subtitle of Rostow's book makes clear, was to shape the development of these

countries along capitalist lines. Modernization was, thus, conceived of as the relations of production and standards of living characteristic of Western Europe and the United States. In line with Rostow's model, modernization theorists treated underdevelopment as a stage common to all developing countries and a result of weaknesses in the various factors of production—land, labor, and capital. Theorists emphasized increased savings and investment as the key to development, and argued that international trade in products particularly suited to national factor endowments would enable more efficient resource allocation and greater earnings, and these could be translated into savings and then used to promote development. Theorists envisioned that, by disseminating technology, knowledge, managerial skills, and entrepreneurship; encouraging capital inflow; stimulating competition; and increasing productivity, foreign trade, together with foreign investment and aid, would be the engine of growth for developing countries.

Dependency and World Systems Theories

Modernization theory claimed that once developing societies come into contact with Western European and North American societies, they would be impelled toward modernization and, eventually, would achieve the economic, political, and social features characteristic of the nations of Western Europe and the United States. However, by the 1960s, it was apparent that the third world was not passing through a stage of underdevelopment, as envisioned by modernization theory, but remaining underdeveloped. Thus, a counterclaim was advanced—that developing countries today are structurally different from the advanced countries and so will have to develop along different lines. This claim became the core of the structuralist thesis developed by intellectuals from Chile, Argentina, Brazil, and Peru brought together by the UN Economic Commission for Latin America (ECLA; today known as Economic Commission for Latin America and the Caribbean, ECLAC). The main theoretical tenet of ECLA's approach was that former colonies and non-industrialized nations were structurally different from

industrialized countries and, therefore, needed different recipes for modernization. ECLA argued that colonization restructured former colonies' economies so that they specialized in producing raw materials, cash crops, and foodstuff for export at low prices to the colonizers' home countries. These structures created a dynamic that was continuing to impoverish former colonies and to thwart their modernization. According to ECLA, the international division of labor created by colonization had separated the international economy into a center, consisting of the industrialized countries, and a periphery that included all the rest of the countries around the world outside of the socialist camp. Because the prices of manufactured goods bought by the periphery were rising faster than those of raw materials, cash crops, and foodstuff sold by the periphery to the center, international trade ensured the persistence of an unbalanced process of development. Thus, in contrast to modernization theory, which emphasized the benefits of free trade, foreign investment, and foreign aid, these theorists argued that free trade and international market relations occur in a framework of uneven relations between developed and underdeveloped countries and work to reinforce and reproduce these relations.

This perspective formed the basis of what came to be known as dependency theory. Dependency theory rejects the limited national focus of modernization theory and emphasizes the importance of understanding the complexity of imperialism and its role in shaping postcolonial states. Its main tenet is that the periphery of the international economy is being economically exploited (drained) by the center. Building on ECLA's perspective, dependency theorists argued that colonialism recast economies in the third world in a highly specialized export-producing mold, creating fundamental and interrelated structural distortions that have continued to thwart development. Once this reshaping was accomplished, market forces worked to perpetuate the relationship of dominance and exploitation between center and periphery.

In the 1970s, theorists delineated a variety of alternative paths possible to capitalist development in the periphery, including the dependent, associated-dependent, and unequal paths. During this decade, there

also emerged a perspective that elaborated an account of capitalist exploitation of the periphery from the perspective of the system's core. This theoretical enterprise became known as world systems theory. It typically treats the entire world, at least since the sixteenth century, as a single capitalist world economy based on an international division of labor among a core that developed originally in northwestern Europe (England, France, Holland), a periphery, and a semi-periphery consisting of core regions in decline (e.g., Portugal and Spain) or peripheries attempting to improve their relative position in the world economy (e.g., Italy, southern Germany, and southern France). The division of labor among these regions determined their relationship to each other as well as their type of labor conditions and political system. In the core, strong central governments, extensive bureaucracies, and large mercenary armies enabled the local bourgeoisies to obtain control of international commerce and accumulate capital surpluses from this trade. The periphery, which lacked strong central governments or was controlled by other states, exported raw materials to the core and relied on coercive labor practices. Much of the capital surplus generated by the periphery was expropriated by the core through unequal trade relations. The semi-periphery had limited access to international banking and the production of high-cost, high-quality manufactured goods, but did not benefit from international trade to the same extent as the core.

Dependency and world systems theories share a common emphasis on global analysis and similar assumptions about the nature of the international system and its impact on national development in different parts of the world, but they tend to emphasize different mechanisms of governance. Dependency theorists tend to focus on the power of transnational classes and class structures in sustaining the global economy, whereas world systems analysts have tended, at least until recently, to focus on the role of powerful states and the interstate system.

Initially, the logic of these perspectives supported a strategy that came to be known as import substitution industrialization (ISI). The ISI strategy was to produce internally manufactured goods for the national market instead of importing them from industrialized countries. Its long-run objective was to first achieve greater domestic industrial diversification, and then to export previously protected manufactured goods as economies of scale and low labor costs make domestic costs more competitive in the world market. In the 1950s, 1960s, and 1970s, ISI strategies were pursued by countries such as Chile, Peru, Brazil, Mexico, Argentina, Ecuador, India, Pakistan, Philippines, Indonesia, Nigeria, Ethiopia, Ghana, Zambia, South Korea, Taiwan, and Japan. The strategy ultimately foundered because of the smallness of the domestic market and, according to many structuralist theorists, the role of transnational corporations in this system. These theorists concluded that ISI, carried out in conditions of capitalist relations of production dominated by the economic empires led by the United States, was a recipe for further colonization, domination, and dependency. Thus, beginning in the 1970s, theorists and practitioners heralded an export-oriented strategy as the way out of dependency. This strategy gives priority to the growth of manufacturing production aimed at world markets and the development of a particular comparative advantage as a basis for success in world trade. The strategy is based on lower wages and levels of domestic consumption (at least initially) to foster competitiveness in world markets, as well as to provide better conditions for foreign investment and foreign financing of domestic investment. By the 1980s, however, many countries that pursued this strategy ended up with huge foreign indebtedness, causing a dramatic decrease in economic growth. Though the theorization of types of peripheral development and their connection with the international system continued to undergo refinement in the 1980s and 1990s, structural theorists were never able to agree about what would end dependence and how a nondependent growth could be achieved.

The Neoclassical Counterrevolution

In the 1980s, a neoclassical (sometimes called neoliberal) counterrevolution in development theory and policy reasserted dominance over structuralist and other schools of thought in much of the world. The emergence of this counterrevolution coincided with

the abandonment by the developed countries of social democratic and Keynesian economic policies and, in particular, the policy of controlling capital movements, as well as the post–World War II trading regime. Critics have pointed out that this counterrevolution also coincided with and seemed to offer justification and support for a wave of market-oriented interventions by the World Bank and International Monetary Fund (IMF), and efforts to forge a unified global market regulated only by institutions reflecting the interests of transnational capital.

The neoclassical or neoliberal perspective represents a modification and further elaboration of modernization theory. However, in contrast to modernization theory, neoclassical theorists see development as the outcome, not of strategic state action, but of the action of market forces. The central claim is that failure to develop is primarily the result of too much government intervention and regulation of the economy. Neoclassical theory emphasizes the beneficial role of free markets, open economies, and the privatization of inefficient public enterprises. Its recommended strategy for development is to free markets from state control and regulation, so that capital, goods, and services can have total freedom of movement, and there can be greater openness to international trade. This is the basic blueprint for what has been termed *good governance.* The notion of good governance has been elaborated, in part, through a component of the neoclassical counterrevolution called the new institutionalism. The basic premise of this perspective is that development outcomes depend on institutions such as property rights, prices and market structures, money and financial institutions, firms and industrial organization, and relationships between government and markets. The essence of good governance is to ensure the existence of these institutions and their proper role and functioning, as seen from the perspective of neoliberal theory. According to neoliberal thought, good governance requires freeing the market from state control and regulation; reducing government expenditures for social services like education and health care; maintaining roads, bridges, the water supply, and so forth; and privatizing state-owned enterprises, goods, and services (including

banks, key industries, railroads, toll highways, electricity, schools, and hospitals) by selling them to private investors.

As evidence of the soundness of these policy prescriptions for the developing world, proponents point to the experience of the four Asian "Tigers": South Korea, Taiwan, Singapore, and Hong Kong. These were the most successful cases of the export-led industrialization strategy adopted by many countries in the 1970s. All were able to achieve economic growth based on export industries with comparative advantage in cheap but skilled labor. All have maintained high rates of domestic savings and investment (with correspondingly lower levels of consumption). However, many people point out that, in contradiction to the anti-statist, market-oriented reforms prescribed by neoliberal theory, this national development strategy in all the Tigers except Hong Kong has been planned and executed through the institutions of a centralized authoritarian state.

Critical Perspectives

A number of critical perspectives emerged in the 1970s that highlighted the cultural and ethical dimensions of development. Most prominent among these were the postmodern, postcolonial, and subaltern critiques of Western knowledge systems, their basis in Eurocentric and nationalist historiography, and their relationship to the exercise of Western power. Postmodern writing challenged grand narratives of the modern era—narratives of the inevitability of progress, the triumph of individuality, and the primacy of scientific truth—as oversimplified, oppressive, or tyrannical. Postcolonial theory focused on the legacy of colonial rule, and especially the difficulties faced by former colonial peoples in developing national identity. Working within this general perspective, subaltern studies sought to rethink history from the perspective of the subaltern and, in this way, bring to light and assert the value of alternative experiences and ways.

These critiques succeeded in drawing attention to the ethnocentric basis of the idea of what constitutes development and the potential limitations inherent within this development, the tension between universal

theories and a diverse developing world, the treatment of gender in conventional development theory, and the political content of economic development strategies as pursued by national governments, encouraged by international institutions and NGOs, and concealed behind the notion of aid. Eventually, these critiques helped focus attention on the need to broaden the concept of development to include a social development and human security dimension. One notable result has been the United Nations Development Program (UNDP)'s conceptualization of human development, which includes the capacity of people to lead long and healthy lives, acquire knowledge, and have access to the resources needed for a decent standard of living.

So far, the notion of human development has influenced development theory in at least two ways. First, it has clarified the inadequacy of theories that focus on whole nations or societies and that use macroeconomic factors to explain differences in development conditions and to measure development: These tell us nothing about whether the wealth and material well-being generated nationally are widely enough distributed to provide the conditions for human development. Second, the notion of development as human development reemphasizes the importance of the state. It assigns the state a major role in protecting and advancing sustainable human well-being and argues the need for just the socially oriented state policies that neoliberalism proscribes—policies that improve access of all people to human resource investments, productive assets, credit facilities, information flows, and physical infrastructure and protect the legitimate interests of producers, consumers, workers, and vulnerable groups in society. Thus, alongside the neoliberal call to dismantle public ownership, statist planning, and government regulation of economic activities, there is a perspective that reinvigorates the call for a larger state role in development. These contending perspectives will likely continue to inform political debates about growth and governance and, in particular, what constitutes good governance in the new global context of development.

The growing field of globalization studies is likely to play an important role in shaping the future of development theory. Under its impact, development theory is likely to focus increasingly on interactions and encounters that are varied and worldwide and, drawing on the insights of world historians, to extend this focus backward in time. Eventually, evidence of cross-setting similarities in processes and outcomes of growth in world history may dissolve conventional views of Western and non-Western historical development, and of developed and developing worlds, and give way to a notion of one world, both in history and in the contemporary world. The study of global development, the development of all regions in interaction with each other, may then generate new theories of governance as well as of development.

—*Sandra Halperin*

See also African Governance; Asian Governance; Caribbean Community; Caribbean Governance; Common Market for Eastern and Southern Africa; Dependency; Import Substitution Industrialization; Liberalism; Neoliberalism; Poverty Reduction; Sustainable Development; United Nations Conference on Trade and Development; Washington Consensus

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Devolution

Devolution is defined as the transfer of power from higher to lower units of any system. In its broad form, devolution resembles decentralization, but is often regarded as being more complete and permanent than decentralization. Most frequently, devolution is used with reference to the transfer of responsibilities and authority from central to subnational (or regional to local) levels of government. Beyond this minimal definition, the understanding of what devolution includes and excludes and how it differs from other forms of delegating responsibilities varies across contexts. A general distinction can be made between devolution as an umbrella term for various ways of shifting down responsibilities and devolution as one specific mode of decentralization.

In the sense of the latter understanding, the World Bank distinguishes between deconcentration, delegation, and devolution as three distinct modes of administrative decentralization of the redistribution of authority, responsibility, and financial resources for providing public services. The three types are differentiated according to the degree of transfer, with deconcentration being the weakest form and delegation coming next. Delegation is referred to as the transfer of responsibilities to semi-autonomous bodies, such as executive agencies, public enterprises, regional development corporations, and so forth. Hence, devolution is regarded as the strongest mode of decentralization in the sense that powers are devolved to political entities with a separate corporate status, such as local or regional governments. Therefore, devolution is political in the twofold sense that the receiving end of devolution is directly legitimated by popular or indirect elections and that the devolution includes decision-making power rather than pure transfer of responsibilities for service delivery. That is why devolution is also referred to as political decentralization.

Although other international organizations (such as the Organisation for Economic Co-operation and Development) use devolution as an umbrella term (in the sense of decentralization used by the World Bank), devolution is more frequently used as a process of moving down political decision-making power rather than merely shifting administrative responsibilities downward. Motivations for devolution in that sense include the perception that devolved governments are best placed to develop and implement policies that exploit endogenous local or regional capabilities and are, hence, an appropriate reaction to increased competition between regions in a globalized economy. Although it is a matter of debate under which conditions devolution can deliver improved policies and enhance regional competitiveness, concerns against devolution are also connected to the positive effects of national uniform regulations and levels of taxation.

Devolved Systems

To qualify as a devolved system, the subnational levels of government should be legally established as institutions that exercise power within clearly recognizable geographical boundaries. Other criteria include democratic institutions such as popular elections and the existents of assemblies. Whether these criteria also include financial powers, such as the power of taxation (e.g., in the United Kingdom, taxation is excluded from devolution), is contested.

Given these criteria, a rather different meaning of devolution comes into focus. In many unitary countries, such subnational bodies did not exist or have not been developed to full-fledged political entities. In that context, devolution is less about transferring particular areas of responsibilities; instead, it is first about creating political authorities at the local or regional level. When used that way, devolution is associated with change at the constitutional level of a country and is frequently a reaction to demands to politically recognize ethnic or cultural diversity within a particular country rather than an exercise of administrative reform policy.

Devolution as a notion in this sense has been prominent in the UK context, where popularly elected authorities have been established in Scotland, Wales, and, although in a different context, Northern Ireland. Other examples of major political decentralization, including constitutional change, include Spain, Belgium, and Mexico. Devolution has transformed some of these countries—for example, Belgium—into fully fledged federal states. In other cases, such as the

United Kingdom or Spain, the process has, so far, resulted in a pattern of asymmetric devolution with different regions possessing different degrees of autonomy, and the final settlement of these ongoing processes remains an open question. Devolution therefore should not be regarded as an automatic process leading to federalism or confederalism.

Although devolution in the sense of creating devolved systems is a process of political reform linked to demands for local, regional, or ethnic self-government, it is also used in federal systems to indicate major shifting of responsibilities between levels of government in specific policy domains. In that sense, the substantial shifting of policy responsibilities in the welfare sector in the United States in the 1990s has been discussed as part of the wider devolution revolution.

Devolved Governance

What links the different dimensions of devolution is the perception that these trends give way to new forms of governance between levels of government. Given the weakened capacity for top-down governance, the hierarchical layering of levels of government is said to be replaced by increasing reliance on cooperative forms of interaction. Therefore, devolution is frequently regarded as part of the move toward multi-level governance—that is, a system, where different levels of government, including supranational levels (e.g., the European Union), simultaneously interact with each other without necessarily following the hierarchical chain of levels (e.g., regional government directly interacting with the European Commission).

Any analysis of governance in devolved systems has to consider the difference (and potential divergence) between the formal devolution of authority and responsibilities on the one hand and the actual balance of power between levels of government and the degree of autonomy of subnational levels of government on the other hand. Criteria for measuring administrative and political decentralization, as used by the World Bank and in the field of fiscal federalism, provide one way of assessing the degree of autonomy. However, from the perspective of the governance

literature, these criteria alone do not provide a complete picture. For example, Rod Rhodes' analysis in *Beyond Westminster and Whitehall* showed a considerable degree of dispersion of power in the United Kingdom long before devolution was pursued. At the same time, more recent analysis of the UK case shows that devolution goes hand-in-hand with diverse ways of controlling regional government activities, particularly based on the financial powers of central government. Correspondingly, research on the United States provides evidence that devolution in some domains has been accompanied by a significant flow of new federal regulations.

—Kai Wegrich

See also Center-Local Relations; Decentralization; Differentiated Polity; Fiscal Federalism; Glocalization; Intergovernmental Relations

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DIALOGIC PUBLIC POLICY

Dialogic public policy invokes the possibilities of a participatory democracy in which citizens are active partners with government throughout the policy

process. This form of participation emphasizes deliberation, joint learning, and building agreements toward mutually identified public goals. Dialogic public policy seeks to put greater control over policy in the hands of citizens where input is proactive and involved, rather than reactive and passive. As a result of increased globalization, complexity, and gradual shifts toward governing networks, involving citizens through dialog has become increasingly important to achieving workable and accepted solutions.

Dialogic public policy requires environments that are conducive to jointly forming and implementing policies. Such environments are town hall forums, citizen juries, and advisory groups. Dialogic public policy is iterative, meaning that even though consensus may not be evident at the outset of a policy process, dialog moves participants closer toward substantive agreement. As a result, individual interests are negotiated with the common good, as distinct from processes whereby interests are static and aggregated.

Dialogic public policy assumes that citizens and government take on roles not normally assigned in liberal schemes. It characterizes citizens as active, not passive; passionate, but not overly so. The foundation of a dialogic public policy process sets the conditions for joint learning, which generates shared meaning among citizens and government. As decisionmakers, participants are placed on an equal footing with experts, where diverse forms of knowledge are equally valid. When value is placed on shared decisions, relationships among members are increasingly important. These relationships facilitate habits of civic judgment, where citizens learn to negotiate their preferences in the context of the common good. The role of government in dialogic public policy is intended to facilitate citizen involvement in decisions where citizens act as co-learners in the process.

Dialogic public policy is not without its critics, who are chiefly concerned with its functionality and appropriateness of scale and capacity for solving problems in the public interest. Because of its heavy reliance on relationships, questions arise about the practicality of the concept at anything larger than the community level. At a national scale, certain policy decisions, such as national security, are inappropriate for mass input. Also, dialogic public policy assumes that all citizens have equal capacity to engage. The wide disparity in free time, education, and interest allows for the possibility that agencies will be captured by special interests that have the resources to steer decisions. Only a government that is willing to be creative about its techniques for involvement and is sincere about its willingness to share power can mitigate these dangers.

—Margaret E. Banyan

See also Civic Engagement; Deliberative Democracy; Participation; Participatory Democracy; Power Sharing; Second-Track Diplomacy

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DIFFERENTIATED POLITY

A differentiated polity consists of various interdependent governments, departments, and agencies. Political integration and administrative standardization are limited. Rule takes place through a maze of institutions and a complex pattern of decentralized functions. Governance is thus fragmented between organizations that cover different territories or deliver different functions. It occurs in and through networks composed of the relevant governments, departments, agencies, and other social and political actors. The groups within the networks are interdependent. Each relies on cooperative exchanges with the others to secure parts of its agenda. The networks themselves are often self-organizing. They have at least some autonomy from the center.

Beyond the Unitary State

Perhaps the main use of the term *differentiated polity* is to draw a sharp contrast with concepts of a unitary state. A unitary state is characterized here by the presence of an identifiable polity with clear boundaries and with a sovereign will that formulates law. In contrast, a differentiated polity is characterized by fuzzy boundaries and by the flow of power and authority downward, upward, and outward. It is often suggested that these flows of power have increased recently as a result of devolution, globalization, and contracting out.

The contrast between a differentiated polity and a unitary state is especially important for the Anglo-governance school. The Westminster Model portrayed the government of the United Kingdom in terms that privileged parliamentary sovereignty, cabinet government, executive authority, and a neutral civil service. The Anglo-governance school counters this portrait with one of the United Kingdom as a differentiated polity characterized by a hollow state, a core executive, and multiple networks. This school draws on theories of governance that arose in discussions of the European Union (EU) and the new public management. These theories inform an account of governance in which power is diffuse. Central government is just one of several public, voluntary, and private bodies involved in the policy process. Although the core executive typically has a preeminent place within networks, it rarely can dictate and control policy. Rather, the center tries to steer and regulate networks by means such as financial control, negotiation, and audit. This analysis of a differentiated polity draws attention to gaps between the Westminster model and the actual practice of governance in the United Kingdom. It highlights, for example, the importance of links between the EU and subnational authorities in the administration of structural funds.

Related Concepts

Concepts such as networked polity or disaggregated state closely resemble that of the differentiated polity. These other concepts are often used to describe emerging patterns of European and global governance. Hence, they refer to territories that few people ever imagined to be governed by a unitary state. The EU resembles a networked polity in that it relies on a complex web of committees and societal associations to advise, manage, and regulate varied aspects of governance. Similarly, global governance seems to resemble a disaggregated state in that it relies on various transgovernmental networks. States and nonstate actors collaborate here within diverse networks to address shared concerns. Although some global networks are composed of states and constituted by legal treaties, others are informal networks composed of, say, national regulators and the main private organizations they regulate. Indeed, transnational groups and corporations often generate private governance regimes of rules, norms, and principles that then guide their actions. Global governance consists partly of attempts to regulate and coordinate such private governance regimes.

Governance at the national, regional, and global levels can be described as differentiated, networked, and disaggregated. These descriptions combine to offer a vivid alternative to the idea of sovereign states located in a largely anarchical international society. They evoke instead a world that is composed of networks of networks. Individuals and groups organize themselves into multiple, overlapping, and interdependent networks to address common problems. States and international organizations are just groups within these diverse networks.

The Ambiguity of Differentiation

It is often unclear whether the differentiated polity represents a fundamental change in patterns of rule, a gradual process of change, or an abstract concept that seeks to rectify simplistic concepts of the state. We can distinguish here between two accounts of the differentiated polity according to their respective analyses of differentiation. On the one hand, differentiation can refer to a process based on functional differences. This concept of differentiation inspires accounts of governance as a complex set of institutions defined by their various social roles. The differentiated polity thus appears to be a recent outcome of the process of specialization within government: Institutions and the links between them have multiplied to serve

increasingly specialized purposes. On the other hand, differentiation can refer to the different interpretations, beliefs, or meanings that are often within an institution or practice. This concept of differentiation inspires decentered accounts of governance. Patterns of governance arise from contingent and competing actions inspired by distinct webs of belief. In this view, the differentiated polity is certainly not just a description of recent changes in the world. It is an abstract account of how we should think about all states, perhaps even all patterns of rule.

—Mark Bevir

See also Authority; Center-Local Relations; Citizenship; Core Executive; Decentered Theory; Devolution; Heterarchy; Hollow State; Policy Network

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DILEMMA

The term *dilemma* plays a significant role in political science in general and in theories of public governance. The objectives of public governance are numerous and multifarious, and this increases the potential for conflicts between policy objectives in the governing process. Hence, governors often face dilemmas in the performance of societal governance. Kenneth Arrow's famous impossibility theorem, which claims that public governance cannot at the same time be democratic and efficient and inexpensive, synthesizes what traditional political science has regarded as one of the most prominent dilemmas of public governance that constantly threatens to reduce the possibility of governing democratic societies. This idea that there exists a fundamental trade off between democracy, efficiency, and costs is closely linked to the idea that governments must find ways to adjust the democratic demands on the input side so that they do not exceed the output and outcome that the political system is capable of producing.

Governance theorists confront this view on dilemmas of public governance in two ways. First, they tend to give up the idea that the presence of a dilemma necessarily has a negative impact on the ability to govern. Mark Bevir and R. A. W. Rhodes in particular see dilemmas instead as a constructive driving force for change and innovation. People modify their beliefs and so actions in response to dilemmas whether these come from the environment or from their own reflection. Second, governance theorists give up the idea that there necessarily is a dilemma between the desire to enhance democracy and efforts to increase governance efficiency. They argue that a decisive input from stakeholders in many cases increases governance efficiency. Therefore, the relationship between democracy, efficiency, and costs might turn out to be a plus-sum game. This does not mean that governance theorists regard public governance as dilemma free. Rather, they regard the most pressing dilemma in processes of public governance to be of another sort.

Governance theorists claim that one of the most pressing dilemmas in public governance today is that we need both centralized governance and decentered self-governance. Governance theorists emphasize the considerable governance capacity of self-governing networks, groups, and organizations. When stakeholders are granted space to govern themselves, they develop a sense of ownership that transforms them from pressure groups to responsible, resourceful, and cooperating coproducers of public governance. However, this transformation will not take place unless the stakeholders are given a considerable amount of autonomy vis-à-vis government. But if self-governing networks, groups, and organizations gain too much autonomy,

there is considerable risk that the aggregated outcome of the governance process will become fragmented and chaotic. Accordingly, there is a pressing need for centralized governance of self-governance. Governance theorists regard this double need for centralized governance and self-governance as a basic dilemma in contemporary governance processes that cannot be overcome, but only handled and balanced more or less successfully. They suggest that this balance should be established through various forms of metagovernance. Metagovernance can be exercised in three ways: hands on through the facilitation of self-governance; hands off through political, financial, institutional, and discursive framing of self-governing networks, organizations, and groups; or indirectly through the presence of a strong shadow of hierarchy. This shadow has an indirect effect on the self-governing actors if they think that if they themselves do not find solutions to a given problem, government will take over. A core issue for governance theorists is the search for new forms of metagovernance that can contribute to handling the difficult dilemma between the need for centralized governance and the need for decentered self-governance.

—Eva Sørensen

See also Complexity; Decentered Theory; Interpretive Theory; Self-Government; Situated Agency; Tradition

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Dirigisme

The term *dirigisme* is derived from the French word *diriger* (to direct), which signifies the control of economic activity by the state. Preventing market failure was the intellectual basis of the planning syndrome. Dirigisme originated in France following World War II to promote industrialization and protect against foreign competition and was then mimicked in East Asia. Although still a capitalist economy, dirigiste policies often include centralized economic planning, directing investment, controlling wages and prices, and supervising labor markets. Even though countries with dirigiste political economies experienced some economic success, dirigisme has since been challenged.

Postwar planning became a widespread activity following economic stagnation before World War I and the Great Depression. In France, dirigisme took the form of indicative planning, which entailed government credit policies and subsidies, developing new technologies, and the regulation of employment overseen by a special planning commission, the Commissariat au Plan. The French government also embarked on ambitious projects, encouraging the formation of national champions in large industry groups, such as the transportation system. Long-term plans were guided by state technocrats composed of commission members, high-ranking civil servants in the ministries, and leaders of financial institutions and businesses. Furthermore, an elite university for public administration, the *École Nationale d'Administration,* was established to train future state planners.

Similar to France, state authorities in Japan also pursued dirigiste policies prioritizing selected sectors for rapid development and recruiting technocrats from the nation's elite schools for positions as planners in the state administration. Following the Japanese and French models, Korea promoted its version of national champions, the *chaebol,* providing long-term subsidized credit to a few industrial groups. In Taiwan, the government chose to support capital-intensive industries, such as shipbuilding and petrochemicals.

Many attribute the collapse of dirigisme to the increased complexities of a highly competitive and internationalized economy as strategic planning capacities of state technocrats became severely limited. Dirigisme flourished in the 1950s and 1960s in

France, but sour economic results, uncompetitive enterprises, and declining sectors forced the government to largely renounce dirigisme in the 1980s. Dirigisme was also largely blamed for the bursting of the Asian bubble economy in the late 1990s. Financial crisis and recession in Japan was seen to have been a result of its failure to change long-established institutional patterns of behavior. In Korea, state activism in the market economy was considered as crony capitalism. Although dirigisme has undoubtedly given way to more market-centered political economy in these countries, the state is still arguably active in various ways.

—*Rebecca Chen*

See also Liberal Market Economy; Planning; Political Economy; Strategic Planning

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DISCOURSE

There are various definitions of the term *discourse:* Discourse can refer to verbal expression between speakers, to a form of democratic dialogue in which all participants present their views in a forum free from political domination, or to a system of ideas or knowledge that make meaning in a particular context. The most prominent form of discourse theory today is perhaps that of the structuralists and poststructuralists. In this view, discourse is the way meaning is produced and organized in a particular social field: Discourse encompasses the language, meanings, and beliefs through which the world is constructed and becomes understandable. Such discourse theory builds on the linguistics of Ferdinand de Saussure to claim that language is constitutive of all human experience. In this structuralist model, reality is understood as an effect of the formal language systems used to explain the world. Discourse creates reality through processes of inclusion—delimiting what can be made intelligible in a social context—and exclusion—determining what cannot be said or cannot be understood in this context. Discourse is thus both a productive and a repressive form of meaning making. In the structuralist system, discourse creates society and stands analytically before its formation.

As discourse theory has become less structural and more sociological, so it has become more relevant to the study of governance. In particular, Michel Foucault moved away from a structuralist theory to a poststructuralist one in which discourse came to include language as well as the institutions, economic relations, and political events that help to create meaning in any social context. Poststructuralist concepts of discourse retain many structuralist echoes. Language is still the primary way to understand society, and the units of language are still defined in relational terms. But language does not stand outside of society. Rather, language is developed from the specific historical, cultural, and political formations of the social field it organizes. Therefore, poststructuralist discourse theory includes more objects of study than did its structuralist predecessor. It also makes less totalizing claims about discursive power. Multiple discourses can interact in any given society. And discourses are always in a process of change. Furthermore, discursive formations cannot exist alone. They rely on a society's technological and material practices for their operation. For poststructuralists, discourse does not create the social field or stand analytically before it. Rather, discourse is embedded in and arises out of the practices and events that define society.

Several approaches to governance draw on ideas about discourse and discursive practices. Typically, these approaches suggest that administrative networks and even whole patterns of rule operate partly through the meanings, languages, and traditions that are at

play within them. They challenge attempts to examine politics on the assumption that humans are autonomous actors who make decisions based on calculated self-interest. Yet, discursive theories differ among themselves over the nature of human action. Governmentality theorists often suggest, following structuralism and poststructuralism, that subjects are merely the effect of discourse: Subjects are no longer accorded any agency, but rather viewed as being produced by the discursive regimes that position them within the social field. Other interpretive approaches to governance, such as decentered theory, allow for agency while seeking to pluralize its forms. In this view, although subjects are formed within the context of traditions and discursive practices, they retain the capacity to shape and transform their social context.

—*Elisabeth Anker*

See also Communication; Decentered Theory; Governmentality; Interpretive Policy Analysis; Interpretive Theory; Narrative Theory; Neotraditionalism; Social Constructivism; Tradition

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DISINTERMEDIATION

Disintermediation means removing intermediaries from a supply chain, a transaction, or, more broadly, any set of social, economic, or political relations.

The term *disintermediation* was first used in the early 1980s to describe change in the financial sectors of capitalist economies, especially the impact on broker firms of new technology in the stock market. It then became popular during the dot-com boom of the 1990s when it was commonly used to capture the ways in which the Internet is reducing the role of previously powerful organizations in social, economic, and political life; in one view, Internet communication networks reduce the need for those who have some traditional claim to expert knowledge or market dominance.

An excellent example of disintermediation in action is the online computer retailer, Dell. The company sells goods through its Web site but has no physical presence in shopping centers. The overhead cost savings enable it to offer a wide range of goods at cheaper prices than traditional retailers can. Equally significant is its network model of internal governance, which rests on fine-grained management of supply chains, just-in-time manufacturing and distribution, and a global division of labor based on outsourcing.

In politics, some have argued that virtual communities and electronic voting might undermine traditional intermediaries such as parties, interest groups, legislatures, and bureaucracies. For example, a criticism of e-government and e-democracy is that opening up public bureaucracies to direct citizen influence disintermediates elected representatives whose traditional role is to scrutinize unelected officials.

Yet it is by no means clear that intermediaries are being undermined by new information and communication technologies. The claim needs to be assessed alongside an appreciation of broader institutional concentrations of power. Old intermediaries have found their skills highly relevant to the Internet age. They have at their disposal forms of knowledge, expertise, and wealth that are not distributed evenly throughout society. In some areas, new intermediaries are mushrooming. Consultants specializing in spreading the gospel of e-government, e-democracy, or online campaigning abound. Existing power brokers are often just as likely to have their position enhanced by the Internet as they are to have it reduced as a result of competition with smaller or newly emergent players.

Indeed, some scholars have pointed to the multiple ways in which new technologies are adapted to conform with existing power structures. These researchers suggest that those in positions of power are likely to shape the adoption and implementation of

a new information and communication system in such a way that it enhances rather than undermines their power. Such technologies reinforce inequalities based on other sources, such as an individual's or a group's position in a formal hierarchy, their expertise, experience, or control over strategically significant areas of decision making.

—*Andrew Chadwick*

See also E-Democracy; E-Government; Network; Virtual Agency; Virtual Community

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DIVERGENCE

See CONVERGENCE AND DIVERGENCE

DOMESTIC LEVEL THEORIES

Changing patterns of governance within national arenas have led to the application of new tools and concepts at the domestic level. Pre-governance concepts are increasingly being challenged to capture the degree to which the state can be described as hollow and, related to this, the extent to which substate and nonstate actors have become more powerful. Although there are a number of different models of domestic governance, cutting-edge work in this area is best explored by looking at the Westminster Model and the pressure that has been brought to bear on it: The case of Britain illustrates that even the strongest and most centralized state formations have been confronted.

The Westminster Model has provided the dominant lens through which the organization of the British state has traditionally been viewed. Although it may have stopped short of being a fully fledged theory, the Westminster Model has nonetheless been influential in capturing key aspects of the British state and political system. As the dominant paradigm, it provided an organizing perspective, or at least a starting point, for the deliberations and researches of academics. On a more practical level, the Westminster Model also provided a framework for understanding for the politicians, policymakers, and organized interests working with and around the governing system. It also seeped into the consciousness of the broader public by framing expectations of politicians and political possibilities.

The Westminster Model was an analytical lens through which many shaped their understanding of British government and politics, but it also had a powerful normative dimension. That is, for many, the Westminster Model was a template for how government and politics should be organized and became a model that was emulated, imitated, and transferred elsewhere.

For governing elites in particular, the Westminster Model had a number of advantages. In particular, it was a relatively simple hierarchical model where the location of authority and responsibility was generally clear, and thus, accountability could be relatively easily applied. The starting point was a centralized state in which parliament was sovereign. Some described this as a unitary state; others, recognizing the component parts of the United Kingdom, preferred the term "union state." The key point here is that state power resided largely in Westminster and Whitehall, the London locations of parliament and the civil service. Although Britain had a long history of local government, its powers were ascribed by the central state, and autonomy was closely monitored. For the most part, local government existed to deliver central government policies according to central priorities.

The first-past-the-post electoral system generally provided a clear majority for the governing party and, thus, a strong executive within parliament. In principle, this meant that a clear political steer guided a unified

civil service. The British constitution was unwritten or, more properly, uncodified. There was a strong emphasis on established norms and past practice in guiding political conduct.

This governing system captured by the term *Westminster Model* emerged gradually over centuries rather than being the product of grand design. However, it was deeply embedded in British practice and consciousness and was perceived as successful by governing elites. Throughout the nineteenth and much of the twentieth centuries, Britain was a world power both economically and militarily, and its political system was seen as a key component of its success. Although the system always had undoubted weaknesses, the association of the political system with national success ensured its survival, at least in some respects, into the twenty-first century. However, developments in the second half of the twentieth century challenged the British system of government and politics and, thus, challenged the analytical lens through which it had generally been viewed.

Academically, the Westminster Model had been criticized in some quarters for its over-emphasis on political elites and its relative neglect of wider political activity beyond Westminster and Whitehall. This emphasis led to a narrow focus on questions of power; for example, between the relative power of the prime minister vis-à-vis the cabinet, which for some distracted debate away from more significant fissures, such as those between social classes. The model was also a lens that was particularly insular in its focus; it did not seek to place an understanding of British politics in the context of Britain's place in the world. This was particularly problematic for the model when Britain's place in the world began to change significantly in the second half of the twentieth century, with consequences for domestic government and politics.

Cracks were apparent in the Westminster Model from the 1950s and 1960s, but the model continued intact beyond this period for two reasons: First, because it was perceived as successful by the political elites who were most socialized by its contours and whose interests most depended on it, and second, because no alternative that captured the imagination appeared.

From the 1970s onward, however, a range of developments combined to place great strain on the Westminster Model, in both theory and practice. In the 1973, Britain's accession to the European Community (EC) had both symbolic and practical significance domestically. Symbolically, EC membership was recognition by British political elites of Britain's declining position in the world, particularly in economic terms. Practically, EC membership would, in the longer term, bring pressures for change in the organization of British politics and government that were largely out of step with mainstream practices of other member states and emerging EC (and later European Union) norms.

Shortly after acceding to the EC, economic recession resulting primarily from oil price shocks hit Britain particularly badly. Ironically, given that EC membership was largely an attempt to arrest Britain's poor economic performance, accession to the EC became associated with recession in the public mind. However, Britain's relative economic decline had other, deeper roots: Its investment levels, management practices, and employee-worker relations lagged behind its postwar competitors. Thus, even though many states faced problems of overload in the 1970s and failed to deliver welfare commitments to citizens, Britain faced a particular crisis that was brought home sharply in 1976 in a widely publicized request for aid from the International Monetary Fund.

The economic crisis of the 1970s shifted the parameters of British politics. From the end of World War II until the 1970s, welfare spending had increased and the public expectation was that it would continue to increase. The late 1970s and early 1980s was, in contrast, a period of retrenchment in welfare spending. This had implications for the size and structure of the state, as well as for the consensual politics on which the British postwar settlement had been founded as the dominant parties of Left and Right diverged profoundly for a period on how best to resolve the problems. Thus, for a time, British economic crisis was accompanied by a political crisis in which Left and Right became polarized and extra-parliamentary politics (especially employer/state–trade union conflict) became more prominent.

On a conceptual level, these developments challenged several features of the Westminster Model, especially its insularity and its narrow political focus. On a more practical level, the public appeal of the governing system declined. If the Westminster Model had, in part, been sustained by a permissive consensus in the postwar period while it continued to provide employment and improve public services, this consensus began to change into various forms of dissent and apathy as unemployment grew and public services declined.

From the 1980s, conceptual challenges to the Westminster Model grew and new forms of governance began to emerge. Conceptually, the policy networks approach and the related notions of the core executive and differentiated polity presented alternative tools for understanding the governance of Britain. On a practical level, the 1980s saw the hollowing out of the state in the form of privatizations of state industries and the creation of the first arms-length agencies, as well as the introduction of market mechanisms in the delivery of public services. The remainder of this discussion focuses on conceptual alternatives to the Westminster Model.

The Differentiated Polity

The narrative of the differentiated polity starts from the view that in the postwar period, the institutions of the Westminster Model have been eroded or transformed so that much governing takes place somewhat removed from government. It is a critique of the notion of a strong center and unified polity, emphasizing instead a complex maze of institutional arrangements making up a differentiated polity.

An account of Great Britain as a differentiated polity emphasizes the interaction between government units of different types and at all levels. It also emphasizes interdependence between actors to explain relationships between different government units and between the state and nonstate actors. Each actor or organization is seen as dependent on others for some resources, and therefore, these actors enter into exchange relationships. Resources can be of several types: constitutional-legal, financial, informational,

organizational, or political. The differentiated polity narrative appeals to policy networks to analyze the aggregation and intermediation of relations between different actors. These networks are often seen to limit participation in the policy process, define the role of actors, decide which issues will be included on the policy agenda, shape the behavior of actors, privilege certain actors, and replace public accountability with private government. Finally, the differentiated polity challenges the notion of the strong and unified executive by suggesting that the center is equally characterized by fragmentation and interdependence.

The differentiated polity narrative challenged the assumptions of coherence and unity central to the Westminster Model. However, even though the differentiated polity emphasized constraints on executive power, it also suggested that centralization and fragmentation would coexist in tension with each other. The center would continue to seek to impose its authority, although in a different context requiring new tools and skills.

Multilevel Governance

Multilevel governance describes the dispersion of authoritative decision making across multiple territorial levels. It emerged to explain the changing nature of the European Union (EU) and, particularly, the changing relations between supranational, national, and subnational actors. Like the differentiated polity, multilevel governance raised questions about the power and role of the state. Specifically, it argued that decision-making competencies within the EU were shared and contested rather than monopolized by national governments; that collective decision making in the EU implied a significant loss of power for individual governments; and that political arenas are interconnected and overlapping rather than being nested, with supranational, national, and subnational actors involved in exchange relationships in transnational policy networks. Thus, multilevel governance emphasized both the increased vertical interdependence of actors organized at different territorial levels and the growing horizontal interdependence between governments and nongovernmental actors.

Liesbet Hooghe and Gary Marks have identified two different types of multilevel governance. The first type conceives the dispersion of authority as being restricted to a limited number of non-overlapping jurisdictional boundaries at a limited number of levels. This type is characterized by relatively stable authority, and analysis is focused on particular levels of government rather than on specific functions or policies. The second type emphasizes fluidity and a complex patchwork of innumerable overlapping jurisdictions. Here, authority is located around particular functions, and jurisdictions are more flexible to cope with changing demands.

The Multilevel Polity

Ian Bache and Matthew Flinders drew on the insights of both multilevel governance and the differentiated polity to develop a framework for analyzing the changing nature of British government and politics in the context of political and administrative devolution and the growing influence of the EU.

Aspects of multilevel governance overlap with those of the differentiated polity, most obviously in emphasizing policy networks and challenges to state power demanding new methods of coordination and conflict resolution. However, multilevel governance emphasizes vertical interactions and, in particular, challenges the traditional separation between the domestic and international arenas, highlighting the intersection of internal and external jurisdictions.

This multilevel dimension has been criticized for over-emphasizing vertically layered interactions to the detriment of no less important horizontal interrelationships. However, in the changing context of British government and politics characterized by political and administrative devolution and the increasing influence of supranational elements, the multilevel dimension is valued for highlighting the increasing importance of vertical interactions.

The multilevel polity approach acknowledges that aspects of the Westminster Model were always something of a diversionary tactic to be validated or falsified in empirical research and that key components of it had long been problematic. However, the approach suggests that by the end of the twentieth century, devolution and EU membership in particular had instigated fundamental changes in the nature, scale, and intensity of inter-organizational relationships in British politics. Despite this, the extent to which central state power had been weakened rather than transformed remained an empirical question, the answer to which was likely to vary across time, policies, and domestic territories.

Despite these practical developments and conceptual challenges, the Westminster Model has not entirely evaporated. At the start of the twenty-first century, the model continued to condition aspects of the British political culture, underpinned the belief

Table 1 Contrasting Organizing Perspectives: Westminster Model and Multilevel Polity

Westminster Model	Multilevel Polity
Centralized state	Disaggregated state
General Principles	
Hierarchy	Heterarchy
Control	Steering
Clear lines of accountability	Multiple lines of accountability
External Dimensions	
Absolute sovereignty	Relative sovereignty
British foreign policy	Multiple foreign policies
Internal Dimensions	
Unitary state	Quasi-federal state
Parliamentary sovereignty	Inter-institutional bargaining
Strong executive	Segmented executive
Direct governance	Delegated Governance
Unified civil service	Fragmented civil service
Political constitution	Quasi-judicial constitution
British foreign policy	Multiple foreign policies

Source: Bache, I., & Flinders, M. (2004). Multi-Level Governance and the Study of British Politics and Government. *Public Policy and Administration*, *19*(1), 38. Reprinted with permission of Public Policy and Administration.

systems of ministers and civil servants, and provided them with a legitimating foundation for their actions. However, the alternative conceptualizations had increasing resonance, speaking to the emergence of a quasi-federal state rather than a unitary state that was enmeshed in complex web of relationships with non-state and supra-state actors. More ominously, these perspectives raised new and important questions about the nature of democracy in fragmented domestic arenas, where relatively simple and clear lines of accountability had become more complex and opaque.

—Ian Bache

See also Differentiated Polity; European Governance; Multilevel Governance

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DUE PROCESS

Due process is a legal concept referring to the guarantee that a government will follow fair procedures when depriving a person of life, liberty, or property.

A key element of the rule of law is the idea that government must follow written guidelines that restrict the actions it can take against individuals. Due process suggests that an established set of uniform legal procedures will be used to ensure a just outcome, as opposed to arbitrary or individualized judgment. The most basic level of due process includes individuals' rights to be notified of charges against them, to speak in their own defense, and to be judged by a jury of their peers. It also includes the right to just compensation for the seizure of property and public disclosure of relevant laws.

Due process is a long-standing concept in the Anglo-American legal tradition, originating from the British Magna Carta of 1215. Today, many nations have some form of due process protected by their constitutions. In the United States, due process is guaranteed by the Fifth Amendment, which refers to the federal government, and Fourteenth Amendment, which applies to the states and was passed after the Civil War.

In more recent history, due process has expanded in its scope and is now associated with an increased role of the judiciary via judicial review. Courts are often called upon to examine legislation that limits people's liberty or affects their property and verify whether due process has been achieved. Courts in this position must balance the interest of the state in curtailing life, liberty, or property against the interest of the individual. The default measure that courts use is known as the rational basis test. In this test, judges will determine if a statute is rationally related to a legitimate state interest. If it is, the legislative process is considered adequate and due process achieved.

In some cases, however, legislation is written that is seen by the courts as unreasonable, discriminatory, or in violation of a fundamental right to the extent that no amount of procedural measures could be taken to make that law legitimate. In these cases, courts may overturn legislation based on the substance of the law, rather than the procedures used to develop or enforce it. This is known as substantive due process. Throughout the twentieth century, great controversy

surrounded the orthodoxy of substantive due process as a way in which the courts could prevent what they viewed as legislative malpractice.

Courts have used substantive due process to read values into the constitution that are not explicitly stated there. For example, the due process clause of the Fourteenth Amendment was used extensively in the early part of the twentieth century to protect individual economic interests (such as *Allgeyer v. Louisiana,* 1897, and *Lochner v. New York,* 1905). Since the second half of the twentieth century, the amendment has been used by courts to strike down state laws that infringe upon individual privacy (such as *Griswold v. Connecticut,* 1965; *Roe v. Wade,* 1973; and *Lawrence v. Texas,* 2003). In these cases, courts argue that due process cannot be met by laws that violate personal privacy because they infringe upon the important liberty interest of the individual.

—Rebecca Hamlin

See also Equity; Good Governance; Rule of Law; Transparency

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EAST ASIAN ECONOMIC GROUPING

Proposed in 1990 by Malaysia's former Prime Minister Mahathir bin Mohamed, the East Asian Economic Group (EAEG) represented the idea of an exclusivist East Asian regionalism. As conceived by Mahathir, the EAEG would be Japan-led and would serve as a much-needed counter to emerging regional blocs in Europe and North America. The proposed group included the ten Southeast Asian states, China, and Korea, in addition to Japan, but notably excluded both the United States and Australia. The creation of the European Union (EU) under the 1992 Maastricht Treaty and the signing of the 1992 North American Free Trade Agreement (NAFTA) were important factors behind Mahathir's argument that East Asia needed its own bloc.

The EAEG encountered strong opposition from the United States and Australia. Under President George H. W. Bush, the United States successfully pressured key Asian allies, especially South Korea and Japan, not to support the EAEG. Fear of U.S. protectionism or a U.S. backlash was enough to persuade most East Asian states, whose economic and political survival depended on access to the U.S. market, to withhold their support for the EAEG. East Asian states subsequently rejected the EAEG proposal in favor of an East Asian Economic Caucus (EAEC) within the Asia-Pacific Economic Cooperation forum (APEC). Under President Clinton, the United States continued to oppose the EAEG but did so mainly by giving new support to APEC. U.S.

support for APEC is widely seen as a successful preemptive move against the EAEG and any other East Asia-type arrangements. The EAEG and APEC are often conceptualized as rivals.

Seven years later, the Asian financial crisis gave new life to Mahathir's East Asia ideas. Regional resentment toward the International Monetary Fund (IMF) and U.S. handling of the crisis intensified interest in an East Asian group, which took the form of the Association of Southeast Asian Nations (ASEAN) Plus Three (APT) framework. Though the APT framework precedes the Asian financial crisis (it emerged from the Asia-Europe meetings), most consider the APT framework "the EAEG by another name."

Significance of the EAEG

The EAEG is considered significant as an early signal of what many see to be a (re)ascendant East Asia. It is additionally significant in the context of literature on the new regionalism, in which the new regionalism is characterized by its rejection of protectionist forms of regionalism in favor of a nondiscriminatory open regionalism, best represented in Asia by APEC. The EAEG's exclusivist and racially defined regionalism provided contrast and challenge to the dominant rhetoric of open regionalism at the time.

—Alice D. Ba

See also Asian Governance; Asia-Pacific Economic Cooperation; Chiang Mai Agreement; New Regionalism; Regional Governance

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ECONOMIC COMMUNITY OF WEST AFRICAN STATES

The Economic Community of West African States (ECOWAS) was enshrined in the ECOWAS Treaty of May 28, 1975. The origins of ECOWAS came from the recognition of sixteen West African states that their self-imposed economic isolation and interstate differences needed to be reformed. ECOWAS reflected the region's postcolonial independence and the importance of trading blocs within the international system as a means to reconcile political difference and poverty. The central focus of ECOWAS was therefore economic cooperation, specifically the harmonization of trade policy, underpinned by a need to alleviate poverty within the region.

Economic cooperation within ECOWAS was to be pursued by a common external tariff system and the elimination of trade barriers. Central to the realization of these objectives are the five institutions that run the community. These institutions, as enshrined in Article 4 of the Treaty, are the Authority of Heads of State and Government, the Council of Ministers, the Executive Secretariat, the Tribunal of the Community, and the Technical and Specialized Commissions. The institution encompasses the following member states: Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo. Mauritania

was a founding member of the organization, but left in 2002 because of single currency concerns.

Since its inception, ECOWAS has expanded its initial mandate to concentrate on issues of sociopolitical integration, development, and defense. The ECOWAS Defense Pact outlines its involvement in multinational peacekeeping; however, its military involvement in Liberia—Operation Liberty—in August 1990 reflected a new role for ECOWAS in military intervention to bring about peace in a member state. The ECOWAS experience in Liberia has led the organization to concentrate on issues of small arms trafficking across the region, and to reassess its peacekeeping mandate and member state sovereignty.

ECOWAS has been seen as successful in its positive impact upon increased production, economic efficiency, and transport systems within West Africa. It has promoted a joint effort to eradicate illegal trade and established the seeds of a customs union. Furthermore, it has drawn up a comprehensive trade liberalization program to reduce trade barriers and encourage investment.

The community continues to be undermined by state sovereignty, interregional conflict, poverty, and an expanding mandate. Larger states within the community are able to dominate its mandate, states continue to compete with each other in trade exports, and many states are only beginning to assert independent sovereignty free from corruption. Expressions of sovereignty and state identity are pursued through alternative regional organizations such as the West African Economic Community (CEAO), which in turn undermines ECOWAS's regional integration and cooperation. In focusing on issues of defense and politics, the community risks expanding its mandate too soon for its institutional capabilities and therefore undermining its initial purpose. Furthermore, economic prosperity in West Africa continues to be juxtaposed with famine and poverty.

—*Sophie Harman*

See also African Governance; Common Market for Eastern and Southern Africa; Liberalization; Regional Governance; Trade Agreements

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ECONOMIC GOVERNANCE

Economic governance in market-based economies such as that of the United States is largely a question of when and how governments should intervene in those markets. Neoclassical liberal theory suggests that interventions should be minimized, limited to ensuring that markets function efficiently and providing public goods that markets fail to provide. Various forms of democratic theory argue, in contrast, that political rather than market processes should play a primary role in allocating resources and setting economic priorities. This debate has engendered a voluminous literature in economics, political science, and public policy, and has been at the heart of many elections as candidates vie for voters oriented toward less government and more market-based freedoms and those who favor increased equality of resources and aggressive regulation of markets.

Globalization has undoubtedly contributed to global economic growth. Throughout the 1980s, according to World Bank data, the world economy grew by an average of 3.3 percent a year, but during the 1990s, it grew by an average of 2.7 percent a year. Even in 2001, when global growth was only 1.1 percent, that translated into an increase of more than $300 billion in economic output. Total global household consumption grew from US$12.9 trillion to US$18.9 trillion between 1990 and 2001, a 3.3 percent rate of growth.

But economic growth has been uneven: The high growth rates in China and other East Asian and Pacific countries mask much more modest improvements in the economies of other poor countries, and economic prospects continue to weaken in Sub-Saharan Africa. World Bank data on the growth in household expenditures between 1980 and 2001, for example, show that growth has occurred in South Asia and the East Asia and Pacific region in contrast to little growth in Latin America and a decline in Sub-Saharan Africa.

In the United States, economic governance is central to debate between Republicans and Democrats regarding public policy. Republicans have been champions of tax cuts and supply-side economics, reduced regulation of business, and subsidies to key industries. Democrats counter with more redistributive tax policies, increased regulation to protect environmental and other values, and increased investment in programs to help low-income residents. Republicans champion an ownership society that maximizes individual freedom; Democrats focus on equal opportunity and empowering those who cannot compete in labor markets without some help. Some argue that economic issues are eclipsed by concern with moral values or that the similarities between the two parties and their pursuit of campaign contributions and support from industry dwarf any differences, but economic governance is clearly a contested issue.

Table 1   Average Annual Growth in Per–Capita Household Expenditure

	1980–1990	*1990–2001*
Low-income countries	1.9	1.6
Middle-income countries	1.1	2.5
East Asia and Pacific	4.8	5.6
Europe and Central Asia	na	0.8
Latin American and Caribbean	−0.6	2.0
South Asia	3.1	2.4
Sub-Saharan Africa	−1.3	−0.1
High-income countries	2.7	1.9

Source: Adapted from World Bank. (2003). *2003 World Development Indicators* (p. 224). Washington, DC: Author.

The apparent polarization of this debate in the United States masks a fundamental truth of economic governance—that markets depend on a variety of public policies to ensure they actually produce the important and valuable benefits they promise, to secure the stability and public order required for economic activity to flourish, and to guarantee the health of the natural environment on which it depends. Regardless of the ideological debate between Republicans and Democrats and proponents and critics of globalization, capitalism inescapably depends on institutions of government for a host of functional policy prerequisites of markets, including the following:

- Securing law and order so that production, marketing, and distribution of goods and services can occur in a stable environment
- Creating private property rights by providing courts and other mechanisms to define and vindicate rights
- Enforcing contracts so that commerce can occur
- Ensuring fair competition through enforcement of antitrust policies
- Establishing currency and credit for the efficient conduct of commerce
- Providing for the conveying of the public domain to private ownership
- Requiring disclosure of information so that consumers and investors can make informed choices
- Providing public goods such as communications and transportation infrastructure and national defense
- Allocating responsibility for injury and dependency and indemnifying injuries
- Preventing externalities that harm third parties or those not part of market transactions
- Regulating production and distribution so that prices include true costs
- Facilitating economic activity through licensing of professions and corporations
- Developing basic workplace skills through compulsory public education
- Reducing risk by indemnifying producers and sellers of products against responsibility for at least some of the uses of the products they produce and sell

Capitalism simply cannot produce the expectations of efficient allocation of resources and satisfying human needs without effective public policies. A brief review of the leading institutions for economic governance reinforces the importance of capitalism's policy prerequisites. In Congress, the House and Senate Budget Committees, the House and Senate Appropriations Committees, the Senate Finance Committee, and the House Ways and Means Committee are potent forces in economic governance as they develop tax legislation, authorize spending levels, appropriate funds, and develop fiscal or budgetary policy. The Congressional Budget Office, established in 1974, serves members of Congress by providing an overview of the federal budget and its economic impacts and assessing the fiscal and budgetary implications of legislative policy options and alternatives. Its most important tasks include preparing cost estimates for implementing any public bill or resolution passed by a congressional committee and keeping score of the costs of authorization, appropriation, and revenue bills relative to the targets provided in the federal budget.

A host of executive branch agencies are involved in economic governance. Some are located in the executive office of the president. The Council of Economic Advisers, for example, is made up of three members, who advise the president on economic issues, evaluate federal economic programs and policies of the federal government, and issue an annual report on the economy. The Office of Management and Budget, originally created as the Bureau of the Budget in 1939, serves the president by formulating the executive branch's annual budget and overall fiscal policy, evaluating the management and programmatic efforts of federal agencies, coordinating departmental advice to the president on proposed legislation, monitoring paperwork and regulatory impacts imposed by federal agencies, and improving procurement practices of federal agencies.

The range of economic activities that comes under the jurisdiction of cabinet departments sweeps across all sectors. The Department of the Treasury, created in 1789, is the most important institution of economic governance in the United States. It provides advice to the president on economic, financial, tax, and fiscal policies; manufactures the nation's coins and currency; enforces policies governing taxation of alcoholic beverages and tobacco; and serves as the financial agent for the federal government. As the government's agent, the department controls the flow of funds and trade to

foreign countries whose assets are "blocked," manages the government's debt, conducts financial diplomacy with other nations, oversees U.S. participation in the International Monetary Fund (IMF) and bilateral and multilateral development institutions, analyzes balance of trade and other economic data, formulates and implements international tax agreements and regulations, and collects taxes through the Internal Revenue Service. The department is responsible for implementing domestic tax policies; overseeing government trusts and accounts; supervising the 2,100 national banks, issuing bank charters, and examining bank operations; and regulating federal and state-chartered savings institutions. The Bureau of the Public Debt borrows the money needed to finance the federal government and manages the nation's debt.

In addition to executive office of the president and cabinet agencies, an array of independent regulatory commissions helps govern economic activity. The Federal Reserve System or Fed, established in 1913, is the nation's central bank, responsible for formulating and implementing credit and monetary policy. The Fed, along with the Treasury Department, is tremendously important in economic governance. The system consists of the Board of Governors in Washington, DC; the twelve Federal Reserve Banks, their twenty-five branches and other facilities situated throughout the country. The Fed seeks to foster the strength and vitality of the nation's economy by managing the cost and availability of money and credit, stabilizing prices, maintaining equilibrium in America's international balance of payments, ensuring the stability of the nation's banks, and acting as a lender of last resort to banks. The Fed's board of governors, composed of seven members appointed by the president with the advice and consent of the Senate, determines overall monetary policy and influences the conditions under which credit is available by determining the requirements concerning reserves depository institutions must maintain on transaction accounts or nonpersonal time deposits and the discount rate charged by the Federal Reserve Banks.

The Fed's open market operations include the purchases and sales of federal government and agency securities in the open market to shape bank reserves;

the Fed lends money to banks so they can meet the reserve requirements, and the interest rate it charges helps shape interest rates economywide. The Federal Bank of New York is responsible for protecting the value of the dollar in international exchange markets. Other regulatory agencies play key roles, from the Securities and Exchange Commission, which implements Federal securities laws aimed at protecting investors and ensuring that securities markets operate fairly, to the Federal Trade Commission (as well as the Department of Justice) that regulates companies to ensure that they do not collude in setting prices or other business decisions that concentrate economic power or reduce competition in violation of the nation's antitrust laws.

Economic governance requires effective governance to ensure regulatory rules protect workers, investors, environmental quality, and other important public values. Despite some rigid ideological thinking, the importance of effective economic governance in the United States has been well established for decades and largely withstood attacks from the Right since the 1980s. Globally, however, the need for effective economic governance is much less recognized. A World Bank report in late 2004 stated that the widening gap between rich and poor nations is partly the result of the quality of business regulation; excessive regulation in some countries, particularly poor nations in Sub-Saharan Africa, stifles business activity and contributes to poverty. Rather than recognizing the complex forces unleashed by global competition and the need for effective public policies to ensure markets function efficiently and effectively, however, globalist market ideology seeks to weaken governmental capacity and authority and insulate industries from regulatory authority.

One way globalism challenges the kind of economic governance that is actually required for well-functioning markets is through its neoliberal ideology of growth, individual freedom, and prosperity. Globalist discourse promises to replace irrational politics with rational markets, replace political authority with unfettered freedom, and integrate the poor into a global marketplace. Globalization is touted as benefiting everyone, creating wealth and opportunity, disseminating information

and culture, and reducing poverty. In practice, critics argue, globalism primarily advances the material interests of those entities that benefit most from minimal government intervention in economic activity.

Another way globalism threatens economic governance is by stigmatizing politics and government as an unnecessary burden blocking the acceleration of economic growth. One current strategy of stigmatization is the privatization of services that have traditionally been seen as governmental functions, such as energy production and prisons (this does not raise the same issues as privatizing previously nationalized industries). Another strategy of stigmatization utilizes deregulation and reduction of government licensing and control of economic activity to leave more market activity unregulated. Yet another relevant strategy is to devolve regulatory power to local governments—welfare reform, for example, has increased regulatory controls over poor women by local governments, while local police forces have sometimes been expanded well beyond that required to match population growth.

Devolution, for example, concerned with the scope of government and its jurisdiction, is promoted as a way to ensure that government is close to the people so that they can hold government accountable and that there is sufficient knowledge to make good policy and guide its implementation. The U.S. experience with devolution is instructive. Under the Constitution, the powers of the national government were limited to the husbandry of commerce and patronage policies, aimed at fostering economic activity. States exercised the police power, the power to control health, safety, and morals. States regulate property, corporate formation, marriage and divorce, compulsory education, and professional licensing. As a result, the national government became the home of liberalism, and state governments became the home of conservatism. National policies have traditionally been primarily liberal, instrumental, and generally free from moral imperatives. State policies have typically been imbued with moral purpose, regulating harmful conduct—conduct deemed inherently harmful as well as those deemed harmful because of their effects. Most state-level laws are conservative, aimed at preserving law and order, sexual morality, and other values.

The political consequence of devolution is to strengthen conservatism: local governments are inherently conservative, focused on maintaining social order, keeping classes and groups in their place, and keeping the poor invisible through segregation. Federal block grants to cities have been used to segregate groups through urban development and redevelopment. Cities used their discretionary power and resources to contain people in their places and to maintain social relationships. Globalization, then, has a Rightward tilt in rejecting redistributive policies and requiring local government to control the spillover effects of inequalities. During the past fifteen years, the Rightward shift is evident world wide, in the most industrialized countries as well as those transitioning to industrialization. Left parties have moved to the center and beyond. Cities throughout the world are segregated along class, ethnic, and religious lines and designed and organized for social control. A corollary of the maxim, all politics is local, is that all social control is local. As cities become more tied to their tax bases, they become more oriented toward the interests of property owners and those with wealth. The devolution that may be most important is the police power and increases in the number of police officers. Although the response to globalization is national, social control policies are expressed and implemented locally. Economics may drive globalization, but politics must pick up the pieces. And globalization weakens the ability of government to provide the preconditions that make capitalism possible.

—*Gary Bryner*

See also Capitalism; Competition Policy; Corporate Governance; Corporatism; Economic Integration; Economic Openness; Economic Sociology; Group of 7; Keynesianism; Regulation Theory; Social Democracy; Stakeholder; Unemployment

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ECONOMIC INTEGRATION

Economic integration refers to a process that sees two or more states in a broadly defined geographic area reducing a range of barriers to trade to advance or protect a set of economic goals. The level of integration involved in an economic regionalist project can vary enormously from loose association all the way through to the creation of a sophisticated, deeply integrated, transnationalized economic space. Where economic integration differs from the broader idea of regionalism in general is in the political dimension. Although economic decisions go directly to the intrinsically political question of resource allocation, an economic region can be deployed as a technocratic tool by the participating government to advance a clearly defined and limited economic agenda without requiring more than minimal political alignment or erosion of formal state sovereignty. The unifying factor in the different forms of economic regionalism is thus the desire by the participating states to use a wider, transnationalized sense of space to advance national economic interests.

Forms of Economic Integration

Although there are many different forms of economic integration, perhaps the most convenient way to order the concept is to think of a continuum that ranges from loose association at one end to an almost-complete merging of national economies at the other end. Although it is far from a given that positive experiences in the simpler forms of economic integration will lead to a deepening of the process to increasingly integrated shared economic spaces, the more complex forms incorporate and are founded on the substantive elements of the earlier forms. The significant point is that although economic integration is explicitly framed by trading relationships, it acquires an increasingly political character as it reaches deeper forms.

Simple Free Trade Area

The most basic type of economic integration is a simple free trade area. In this form, attention is focused almost exclusively on a reduction of the tariffs and quotas that restrict trade. Emphasis is placed almost entirely on increasing the exchange of goods. The articulation of transnationalized production chains, trade in services, labor mobility, and more sophisticated forms of economic integration are not an explicit goal and emerge as merely tangential to the primary goal of securing access to foreign markets for domestic firms.

Second-Generation Free Trade Area

In a second-generation free trade area, the basic nature of simple free trade is expanded to include trade in nongoods such as services. Where a simple free trade area need only address the question of tariffs and quotas, the trade in services and a widening of trade in goods raises questions of regulatory convergence and the harmonization of rules of operation and governance. At this stage, attention needs to be turned to such things as the transferability of professional certifications as well as questions of labor mobility, particularly for the highly skilled professions such as legal, accounting, technology, and medical services. The increased interdependence between the participating economies that comes with expanded trade in all economic areas, and a measure of regulatory convergence can lead to an increased distribution of production chains across national boundaries.

Customs Union

As national production structures transnationalize across the regional space, the next stage is to deepen regulatory harmonization to present a common stance to the extra-regional market. The result is the formation of a customs union relying upon a common external tariff. One of the key attractions of this regulatory convergence between participating economies is that it reduces the challenges of monitoring and taxing external inputs that are used to produce goods and services that circulate within the region. Implicit in the adoption of a common external tariff is a further harmonization of national rules and regulations, particularly those relating to the control and flow of external trade into the regional economic space.

Common Market

The idea of a common market grows from the possibilities presented by the adoption of a common external tariff. As trade flows increase and factor inputs imported into the integrating economies begin to circulate freely, production chains crossing the intra-regional national boundaries begin to form. This results in sustained pressure to reduce the costs of transporting finished and semi-finished goods between the states participating in the integration project. The solution is the harmonization of border procedures, which in its ultimate form leads to the virtual elimination of national boundaries as internal barriers to trade and the formation of a free-flowing regional economic space. A concomitant change with this complete opening of internal trade is a liberalization of labor mobility, allowing the inhabitants of one member state to work in all the other member states of the region.

Monetary Union

With the evolution of a common market and the concomitant surge in intraregional trade comes a new source of expenses for business: the costs of transnational transactions. Even though borders may be open to the free transit of goods and services, the need to constantly engage in foreign exchange operations to settle payments as well as the differing relative costs caused by different national economic policies impose a constant financial and administrative expense on firms operating within the region. The solution and next stage in the integration progression is some form of monetary union, be it through an agreed fixing of relative exchange rates or the more commonly discussed adoption of a common currency. At this point, the economic aspects of integration also begin to take on a strong political flavor. Adoption of a common currency or monetary policy by all members of the project also requires a strong convergence in macroeconomic policy, which imposes external restraints on the domestic fiscal and expenditure policies that a government may pursue. The result is a gradual blurring of the political as well as economic lines that separate the states participating in the integration project.

Economic Community or Union

In an economic community or union, the logic of common external tariffs, regulatory approximation, and the harmonization of macroeconomic policy is taken to its full conclusion through the construction of an overarching governance framework that imposes a common economic policy system on all countries in the region. In effect, the member states surrender a significant degree of economic sovereignty to the whole in the expectation of significantly expanded opportunities presented by a much larger, fully integrated economic space facilitating the full mobility of finished products, factors of production, and labor. The harmonization of regulations and procedures is facilitated through the creation of an overarching legislative and legal system that trumps national laws and rules and also ensures that economic actors will face the same treatment throughout the region.

Why Form an Economic Region?

The extent to which a region will deepen its economic integration and adopt the characteristics of a supranational state is partially influenced by the factors prompting states to start the regionalization process. Four broad reasons for pursuing economic integration can be identified.

Reactive Regionalism

Reactive regionalism is also referred to as defensive regionalism, suggesting that states choose to pursue economic integration to protect their shared interests from a specific or nebulous external threat. In an historical context, reactive regionalism was viewed by developing countries as a technique for providing the large internal markets needed to support nascent industrial sectors. Although the decline of import-substitution industrialization strategies and the rise of neoliberalism have greatly reduced the protectionist aspect of reactive regionalism, the idea of providing a common level of shelter for internal producers does remain in integration projects such as the South American trade bloc, Mercosur.

The more common motive for contemporary economic integration projects lies in the logic of defensive regionalism. Here the participating states are reacting to perceived threats in the international economic environment. In some instances, such as Canadian participation in the North American Free Trade Agreement (NAFTA), the regional economic integration route is pursued to prevent a country from becoming isolated in a global economic system that appeared to be increasingly drifting toward a series of large economic blocs. Other regional groupings such as the Andean Community and Mercosur have emerged partly as an attempt to use the expanded internal market as a lure to attract foreign direct investment (FDI) in an increasingly competitive international investment climate. Either way, the common element is that the participating states are seeking to use their combined economic mass and density to protect shared interests and to mitigate external vulnerabilities.

Peace and Security Seeking

The most prevalent example of an economic integration emerging as part of an effort to ensure peace and security is the European Union (EU). As the neofunctionalist school suggests, the idea is to increase economic interpenetration between erstwhile hostile countries, seeking to raise the level of interdependence to the point where armed conflict and sustained mutual isolation become economically unsupportable. This underlying rationale can either emerge as a consensus position between participating states, as was partly the case in Argentine-Brazilian approximation in the 1980s and the formation of the South Asian Association for Regional Cooperation (SAARC), or be suggested as a solution to simmering hostilities by mediating actors as an effective method for diffusing potential conflicts, as has sometimes been the case with the South American infrastructure integration program launched in 2000.

Efficiency Seeking

The defensive character of many integration projects is in some cases eclipsed by a desire to reduce transaction costs within a regional space that is seeing the growth in transnational production structures. Here the example of the Association of Southeast Asian Nations (ASEAN) is instructive, with a sustained rise in the regional distribution of production structures creating pressure for increased logistical and regulatory cooperation to facilitate the exchange of production factors. Significantly, an efficiency-seeking rationale to economic integration will not necessarily bring about pressure for labor mobility and often completely rejects the sorts of political approximations implicit in the deeper forms of economic integration. The profit-making potential of economic cooperation within the regional remains the dominant factor with only tangential attention being given to notions of social or political integration.

Externalization

Although rarely explicitly framed as the need to externalize the rationale for politically contentious policies, economic integration has emerged as a device used on the domestic political stage. In South America, the pursuit of an economic integration project was one justification used by pro-democracy factions in Argentina and Brazil in the late 1980s to neutralize lingering calls for a return to authoritarianism. Democratic governments in developing countries have also used the need to adhere to regional commitments as the justification for the pursuit and implementation of

the Washington Consensus model of neoliberalism. Particularly important in this respect has been the reduction of state supports for local industries, the lowering of high tariff walls, and the privatization of state-owned firms. The pattern is thus one of domestic governments placing the blame for some of the politically difficult neoliberal economic programs pursued in the 1990s on the need to meet the country's regional commitments, with the integration project being presented as the source of long-term and sustainable economic advantages as well as a collectively improved insertion into the international economy.

The Political Factor

Although economic integration leads to regionalism as a method of organizing interstate relations that focuses on economic questions, it is in the end a politically motivated concept. States do not fall into economic regionalism by accident. Rather, they engage in long, sustained, and highly technical discussions to carefully delimit the policy and geographical boundaries of the region. Management of the region, irrespective of the extent to which it has resulted in economic integration, also emerges as a potential source of sustained political tension between member states. Different levels of relative economic strength, sophistication, and global competitiveness provide a basis for divergent views over how the integration project should operate and how it should evolve over time. Particularly contentious can be the role of the anchor state, the state with the large market that is often present in an economic integration project and effectively provides the membership rents to the other members by absorbing an increased proportion of their exports. The point is that even though an economic region is founded on and discussed in terms of the technocratic language of economics, the power relations and equations typically found in international relations remain, although manifest in different and sometimes indirect form.

The formation and pursuit of economic integration can also present new international challenges for participating states. Developing states engaged in a defensive regionalist project to improve their collective negotiating power with predominant states in the global political economy can be faced with a divide and conquer strategy in interregional and multinational negotiations. This places additional strains on the anchor state to maintain the solidity of the region. In some instances, this is not a particularly significant challenge because the benefits of collective negotiation in international fora quickly outweigh the economic benefits offered by the group. In some respects, this reflects the EU's quiet strategy of encouraging economic integration and regionalism as a strategy for internally driven development and enhanced political stability in developing areas.

—*Sean Burges*

See also Association of Southeast Asian Nations; Caribbean Community; Common Market for Eastern and Southern Africa; Economic Governance; Globalization; Mercosur; Mesoregionalism; North American Free Trade Agreement

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ECONOMIC OPENNESS

The term *economic openness* appeared in comparative political economy in the early 1980s. However, as a concept, it has a much longer history, particularly in the field of international economics. Actually, the

history of studying the causes and effects of the open economy dates back as far as the eighteenth century and figures prominently in the work of classical economists such as Adam Smith and David Ricardo. These classical economists were concerned about the consequences of international trading on the domestic economy, on the one hand, and the positive and negative effects of free trade, on the other hand. Originally, the focus of analysis was on commodity exchange and exchange rates; at present, the focus is more on the ramifications of economic openness on domestic economic systems per se.

Economic openness can be defined as the degree to which nondomestic transactions take place and affect the size and growth of the national economy. The degree of openness is measured by the actual size of registered imports and exports within a national economy, also known as the Impex rate. This measure is presently used by most political economists in analyzing empirically the impact and consequences of trading on the social-economic situation of a country.

Openness of an economy is not a recent phenomenon, having existed since the heydays of economic liberalism and industrial development in the second half of the nineteenth century. For instance, Angus Maddison reported in 1995 that the volume in world trade grew from 3.4 percent (average between 1870 and 1913) to 3.7 percent (1973 to 1992) in volume. During the same time span, however, prices (constant

dollars of 1990) went up twelve times. In addition, the number of countries involved grew dramatically across the world during this period. Labor costs were falling simultaneously, so the locus of industry shifted and economic liberalism (or free trade) prevailed, and this implied that national economic growth became more dependent in the movements on the world market. Conversely, but simultaneously, democratization took place, albeit in various waves over time, which changed the role of the state in most countries. The results of these changes included the emergence of the welfare state as well as the idea of welfare economics. This interaction has been at the core of political economists researching the effects of economic openness. Some authors fear the crowding out effect of public expenditures, harming the national economy and its competitive nature. Others have argued that welfare economics is more important than the welfare state. In this view, the beneficial effects of international trade and related domestic activities would prevail and produce welfare in terms of income redistribution, affluence in terms of a higher level of per capita gross domestic product (GDP) and welfare in general.

Table 1 shows some comparative indicators with regard to openness and socioeconomic developments, based on Maddison's 1995 work.

The levels are comparatively quite similar with respect to economic openness (Impex) with the exception of Latin America in the 1980s and Southeast Asia

Table 1 Comparative Indicators with Regard to Openness and Socioeconomic Developments

Region	Impex		Growth Economy		Inequality	
	1980	1998	1970	1998	1960	1989
OECD Members	70.5	76.4	5.2	2.6	46.9	40.6
Central-Eastern Europe	65.4	92.2	6.8	−4.2	38.5	46.9
Southeast Asia	110.8	117.1	7.4	5.2	49.2	45.1
Latin America	53.5	63.7	5.2	3.8	59.6	52.7
Sub-Saharan Africa	71.2	67.8	4.6	2.5	45.6	49.0
Averages	74.3	83.4	5.8	1.95	47.9	46.8

Source: Adapted from Maddison, A. (1995). *Monitoring the World Economy 1820–1992.* Paris: Organisation for Economic Co-operation and Development.

Notes: Impex = Import + Export/GDP in %; Economic Growth = Annual change in %; Inequality = income share of top 20% of population.

throughout. Hence, one would expect higher levels of economic growth almost everywhere and a certain reduction of inequalities across most regions. This is, however, not the case. International trade does indeed link a country with the world economy. However, it does not reduce its level of affluence and does not always produce more economic growth and income inequality. The literature accounts for this weak relationship by pointing to demographic and geographic factors, on the one hand, and to political factors on the other hand.

The size of a country and its population is negatively correlated with the extent of economic openness. Population growth, which is often high(er) in less developed parts of the world, tends to eat higher outputs. Larger economies tend to produce more for internal markets (e.g., the United States has an Impex of 25.6; Russia, 44.4; Argentina, 23.3; and Japan, 21.0). In the past, this led to forms of autarchy by means of protection. At present, this is less the case because of the globalization of economic relations, the dissolution of the Communist world, and the postwar creation of intentional institutions such as the World Trade Organization (WTO) and the General Agreement on Tariffs and Trade (GATT). Hence, most, if not all, countries are by now more or less integrated into the world economy, although the extent varies according to certain political circumstances:

1. Variations of political systems, such as democracy versus nondemocracy.

2. Institutionalization of politics and related behavior of organized interests.

3. Domestic politics in relation to state capacities (welfare statism).

The analysis of the relationship between democracy and economic development is a long-standing one. Democratic conditions and the "rule of law" would be beneficial for domestic outputs, would spill over into trade advantages, and thus eventually produce more affluence and prosperity. Although this appears a tenable proposition, comparative analysis

shows that this relationship is not a direct one. Intervening variables affect the relationship between system characteristics (e.g., type and quality of the democratic polity) and openness of the economy. For instance, organized interests (such as business and labor), on the one hand, and political parties and types of government, on the other hand, are mentioned. In other words, the institutional design of the polity and the behavior of political actors are considered to affect economic development and its relation to the world economy. The more open an economy is, the more vital the role of politics and institutions will be.

There has been much discussion about the relationship of an open economy to political vitality. Some scholars argue that the emergence and embeddedness of interest groups has negatively affected economic growth and competitiveness (i.e., institutional sclerosis). Conversely, other scholars argue that the more a country's economy depends on international trade, the stronger is the need for institutions that promote cooperation between organized interests and the state (i.e., corporatism). All these scholars conceive of political institutions as crucial for economic development and, consequently, for coping with economic openness. Many of them also argue that party government produces volatile conditions because changes in the ruling party lead to changes of policy.

Summary

Economic openness has been important for understanding a country's economic development. At present, the relationship between the domestic economy (level and growth of outputs) and international trade (exchange patterns on the world market) is omnipresent and affects affluence and prosperity of a society (for income generation and its redistribution).

Economic openness, albeit influenced by factors like geographic variables (population size and resources), appears to contribute to the wealth of a nation. The various literature on political economy suggest that the features of a political system (democratic or not), its institutional design (mode of governance), and the role of organized interests and political parties

are important for understanding how economic openness affects a country's performance for economic viability and social consequences.

—*Hans Keman*

See also Economic Governance; Liberal Internationalism; Liberalization; Neoliberalism; World Trade Organization

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ECONOMIC SOCIOLOGY

Economic sociology is the application of the sociological perspective to the analysis of the production, distribution, exchange, and consumption of goods and services. Special attention is given to the relationships between this activity, the rest of society, and changes in the institutions that contextualize and condition this activity. Although traditional economic analysis takes the atomistic individual as its starting point, economic sociology generally begins with groups, or whole societies, which it views as existing outside of and partially constituting the individual. When economic sociologists do focus on individuals, it is generally to examine the ways in which their interests, beliefs, and motivations to act are mutually constituted through the interactions between them. This focus on economic action as social—that is, as oriented toward other people—allows economic sociologists to consider power, culture, organizations, and institutions as being central to an economy.

The themes of power, and culture, as well as the focus on organizations and institutions in economic sociology have naturally led its practitioners to examine the relationship between the state and the economy. Economic sociology has generally asserted that the state and economy exist in a symbiotic relationship: the state depends on the economy for revenue, and the economy depends on the state for the rule of law. This runs counter to much of the economic literature on markets in economics, which tends to portray markets and states as existing in opposition to one another. The symbiotic relationships between economies, the state, and civil society are what economic sociologists mean when they say that economies are embedded in social and political structures. The relationship between the state and the economy has been an area of inquiry central to economic sociology since its genesis.

Economic Sociology: A Brief History

The birth of economic sociology can be found in the writings of Karl Marx. Marx made it his mission to combat the German historicist emphasis placed on G. W. F. Hegel's idealism. The historicist tendency to give causal primacy to idealist factors was replaced by the emphasis Marx and Frederick Engels placed on the material roots of social change. Marx worked to provide a general theoretical framework for understanding the dynamics of capitalism, but criticized the political economists for their naïve understanding of how the market produced class antagonism. The general theory of economic development Marx proposed placed class at the center of analysis and posited the inevitable decline of capitalism to be replaced by socialism. Marx did not champion the idea of the mutual constitution of

state and economy but, rather, saw the political structure of a society as growing out of, legitimating, and obscuring the exploitation upon which an economic order is based.

Although Marxist historical materialism was a powerful strain of economic sociology, Max Weber developed another distinct strand. Weber disliked both the overly rigid theoretical framework of Marxist historical materialism and the atheoretical just-so studies of his German historicist predecessors. Weber's work refocused analysis on the institutions that condition the motivations, goals, and possibilities for economic action ignored by Marx, and, as such, Weber's concern with the state was much deeper than was Marx's. Weber's focus on "social action," or action oriented toward another person, made him consider power, belief, habit, and the role that organizations play in economic life as central to his economic sociology. Weber emphasized that the political order was linked with the legal order that provided the basis for the economic order in a given society.

Although Weber had a more nuanced understanding of the relationship between state and economy than Marx did, his concern with how institutions condition the meanings that individuals attach to economic action obscured the ways in which economic and political institutions are systemically linked at a level above the individual. Émile Durkheim was not explicitly concerned with economies in most of his writings, but his positivist institutionalism forced him to consider the relationships between the state and the economy. Durkheim criticized the utilitarian vision of human action and placed a much greater emphasis on the institutional preconditions of market-oriented action. Durkheim went through great pains to show that the division of labor is not the result of individually based action but, rather, a precondition for such action. Durkheim was especially concerned with the negative effects of capitalism arising from the lack of development of the proper institutional structure, especially the state, which he thought was needed to support healthy market exchange. Durkheim saw an underdeveloped state as likely resulting in compulsory labor and labor conflict, as well as anomie and social disintegration.

After the Great Depression, a new economic sociology began to develop that dealt explicitly with the decline and transformation of liberal capitalism. Karl Polanyi crystallized the idea of an economic system as the object of study for economic sociologists. An economic system is how economic activity is conditioned by an institutional form of integration. These forms of integration were connected to institutions that defined the goals of economic action and the appropriate means to achieve these ends. It must be stressed here that these forms are ideal types. Polanyi thought that various forms of integration might be present in a given economic system to a greater or lesser degree. Thus, primitive societies were characterized primarily by a system based on reciprocity. Under this system, production, distribution, and exchange are regulated by the direct social obligations of parties involved with one another over an extended period. Meanwhile, feudal systems were characterized by redistribution. In this form of economic integration, political institutions regulate the production and distribution of goods. Production is regulated through forms of directly controlled labor, the products of which are distributed through norms of honor and through administrative means. The nineteenth century was characterized by an economic system based on the market. Market trade as a form of integration involves the production of goods for sale in a market and the distribution of goods through market means. Polanyi's key point, however, is that society and economy are not separate, and thus, he emphasized how early markets were price-regulated markets rather than free markets. In the Great Depression and the two world wars, Polanyi saw the collapse of a civilization in which the market had become increasingly independent from social regulation. The destruction that the self-regulating market caused was met by attempts to assert social control over market processes.

Contemporary Economic Sociology

Economic sociology experienced a remarkable revival in the 1980s. The flurry of articles in the subfield formed what is now called the new economic sociology. This term was coined by the economic sociologist

Mark Granovetter, who emphasized the embeddedness of economic action in concrete social relations. Granovetter contended that institutions are actually congealed social networks, and because economic action takes place within these networks, social scientists must consider interpersonal relationships when studying the economy. These ideas naturally led to a much greater role for social network analysis in economic sociology. Indeed, network approaches gained wide currency among economic sociologists following the pioneering work of Harrison White. White proposed a view of markets as networks of producers watching each other, and trying to carve out niches. Such network perspectives explicitly account for interrelationships, theorizing about the implications of network structures for economic activity and organization. Although networks have been at the core of new economic sociology, other economic sociologists criticized network analysis for its inability to account for the interactions of economies with politics and culture.

Other economic sociologists began to examine cultural strains in economic action, regulation, and organization. Sociologists have seen culture as an important component of economic life since Weber, but this point of view has gained greater currency recently. Culture becomes important to economic activity through frames, categories, scripts, and concepts as well as norms, values, and routinized practice. Viviana Zelizer examined how children were once regarded as providing the family with a certain economic value, but increasingly became seen as without fiscal benefit, and she has also examined how money is defined and categorized socially. Meanwhile, Frank Dobbin in 1994 examined the ways in which prior political institutions shape the structure of industry. He approached different conceptions of how polities should be and are organized as cultural templates that influence the ways that industry develops. And he explored the operation of such cultural templates in the construction of railroads in the United States, France, and Britain. The United States was organized into self-governing communities with the federal government as referee. This template was applied to the construction of railroads by allowing autonomous companies to build the railroads with the

state merely enforcing the rules. France, on the other hand, was a centralized polity, and this template was applied to the construction of the railroads, which was coordinated and planned by the state.

New economic sociology has also made extensive use of organization theory. Organization theory has contributed to economic sociology primarily through its variant of new institutionalism, which overlaps extensively with the new institutionalism in economic sociology. New institutionalism in organization theory and in economic sociology operates on multiple levels. At the microlevel, individuals are linked to one another by their relational ties; they form groups and organizations on the basis of these ties. Organizations in turn may be linked to one another through a network of relations. These relationships constitute an organizational field, or a set of organizations that, considering one another, engage in repeated strategic interaction resulting in a stable set of relations in which some organizations dominate others. The stability of an organizational field depends on the relative power of the organizations involved and on the legitimacy of the rules of interaction and strategies employed. The organizational field, then, exists in an institutional environment composed of the formal regulatory rules enforced by the state, of cognitive scripts and schemas, and accepted or legitimate templates for acting and organizing that circumscribe the strategies available. New institutionalism in economic sociology has produced an abundance of recent research. Two areas with direct relevance to issues of governance are the development-market transition and globalization-economic integration.

Since Polanyi, economic sociologists have contended that the birth of the free market was an institutional transformation necessarily supported by the state. This has become generally accepted and has led to the idea that development is essentially about institutional change. Although this is generally accepted, it leads policymakers in a variety of directions. Economic sociologists, however, generally point to the impact that the relationship between local private elites and the political elites in the state have on economic development. The interconnection of the state and the economy does not mean that the state's role is simply to destroy local institutional structures, which may be

perceived as a hindrance to growth, in favor of free market structures. Instead, economic sociologists have pointed to the importance of "embedded autonomy." The idea is that to provide an institutional environment in which economic growth can occur, the state must be connected to local private elites while remaining independent from them in important respects. This allows the state to make public investments that are generally beneficial and to encourage local investment and entrepreneurship, while avoiding being captured by local interests. The ability of states to remain simultaneously connected to and distanced from local elites is facilitated by a dedicated, meritocratic civil service reaping long-term rewards equal to those found in the private sector. Although related to development, the work done by economic sociologists on market transition constitutes its own distinct field of inquiry. Despite this separation, the conclusions drawn are strikingly similar. Disregard for local institutions and the imposition of market structures with the simultaneous hamstringing of state regulatory capacity results in predatory capitalism of one sort or another.

Economic sociology has also made crucial contributions to the study of global economic integration and particularly to the debate over an argument asserting that global economic integration will force institutional convergence in many areas of life. This is of course, again, predicated on the opposition between state and economy, as well as the notion that there is a single, most efficient solution to the various problems of governance. Actually, international economic integration gives dramatic evidence for the mutual constitution of state and economy. Although theories opposing state and economy predict that with increases in free trade the role of the government would be reduced, numerous empirical studies show that government regulation has increased substantially with increases in free trade. The extension of markets across international borders has been accompanied by various international governmental bodies that seek to ensure the property rights, and rules of exchange, necessary for markets to operate. Often, the regulations these bodies provide are minimal, but they are crucial for establishing these markets, and the amount of regulation tends to increase over time as markets become more integrated. Economic sociologists have emphasized the ways in which states and economies, including markets, depend on one another. This insight has allowed economic sociologists to make important contributions to the study of governance.

—Luke Dauter

See also Civil Society; Development Theory; Economic Governance; Globalization; Governance; Liberal Market Economy; Marxism; New Institutionalism; Organization Theory; Political Economy; Regulation; Social Market; Sociology of Governance; Varieties of Capitalism

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ECOSYSTEMIC APPROACH

The ecosystemic approach is a specific form of environmental governance that places ecosystemic dynamics at the heart of environmental policymaking. It thus grounds policy making in a scientific understanding of the environment, the ecosystem paradigm. An ecosystem is a functional unit or complex of relations wherein living organisms (plants, animals, fungi, and microorganisms) interact with one another and with their physical environment, forming a dynamic yet broadly stable system. It may be of any size. The paradigm emphasizes the structure and functioning of the unit as a whole and highlights the fundamental interdependence of the components within it. Each species fulfills a specific function within an ecosystem, and depends on its interactions with the other components for its survival. An important implication is that the degradation of one element of the ecosystem or the disappearance of one species could modify the whole ecosystem, and subsequently damage other components (or species) as well. (The new state may not be suited to all species integrated in the previous one). In policy-making terms, this translates into the necessity to develop comprehensive, integrated policies that protect the ecosystem as a whole, by ensuring that none of its components are overexploited or depleted beyond renewable levels.

Historically, the rise of the ecosystem paradigm was coterminous with the establishment of ecology as an autonomous scientific discipline and with the development of a scientific approach to natural resource management. Conceptually, the ecosystem paradigm substituted the focus on the individual organism, hitherto the main unit of analysis in the natural sciences, which fostered a static and monadic conception of nature, with an attention to the milieu in which the individual organism is integrated. Discursively, this paradigm was accompanied by scientization of nature discourses, which saw the word nature increasingly replaced by the environment, and which went hand in hand with a progressive rationalization of natural resource use.

In environmental governance debates, the ecosystemic approach is contrasted with the species-by-species approach, both of which coexist today in natural resource management. The species-by-species approach is associated with the preservationist perspective, which tends to single out individual species for protection. The species-by-species approach has been criticized for offering too narrow a model of natural resource management; critics complain that because the approach targets one species alone, it often obscures the role of that particular species in the broader ecosystem, thereby neglecting the ecosystem itself (or other parts of it), which may sometimes need to be protected more urgently than the particular species. For example, it is argued that whales, sole focus of the International Whaling Commission, are more threatened by the state of the current oceans than they are by whaling. This has also been a major criticism addressed toward the Convention on International Trade on Endangered Species. By contrast, the ecosystemic approach (sometimes also evoked by terms such as *biosphere*) is offered as a more efficient alternative to natural resource management.

The ecosystemic approach was reinvigorated by the attention given to questions of global biodiversity degradation by the 1992 Convention on Biological Diversity. This approach, in which humans, in their cultural diversity, feature as integral components of ecosystems, is also considered well suited to the objectives of sustainable development.

—*Charlotte Epstein*

See also Endangered Species Protection; Environmental Governance; Natural Resource Management; Sustainable Development

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E-DEMOCRACY

E-democracy (electronic democracy) refers to the use of information and communication technologies to enhance and in some accounts replace representative democracy. Theorists of e-democracy vary, but most unite around the belief that some of the traditional limits to citizenship in contemporary liberal democratic polities—problems of scale, scarcity of time, the decline of community, and the lack of opportunities for policy deliberation—can be overcome by new forms of online communication.

Theoretical Origins

A distinct body of ideas forms the backdrop to e-democracy in both theory and practice. During the 1960s, a generation of political theorists, including Benjamin Barber, C. B. Macpherson, and Carole Pateman, established an agenda for participatory democracy that has persisted well into the twenty-first century.

During the 1980s, many sociologists and political scientists reconsidered the concept of community. Some, such as Robert Bellah and colleagues, bemoaned the intensification of individualism in American society and called for a new communitarian ethic. Others, such as Amitai Etzioni, argued in favor of strong, emotionally powerful community bonds based around family and locality.

The final theoretical inspiration for e-democracy is Jürgen Habermas's concept of the public sphere: an idealized autonomous sphere of communication in which citizens can freely engage in reasoned debate away from the controlling influence of the state, large media corporations, and structures of social inequality. The idea of citizens deliberating in freely formed associations in civil society before taking that knowledge up to the level of government recalls the direct democracy of ancient Athens, but e-democracy updates this by focusing on how political discourse is mediated. The Internet emerges as a communication medium uniquely suited to providing multiple arenas for public debate that are relatively spontaneous, flexible, and above all, self-governed.

Community Networks

Community networks first emerged during the 1970s, but proliferated in many liberal democracies during the 1990s, as the costs of software, computers, and networking equipment began to fall. Early networks, such as the Berkeley Community Memory Project near San Francisco and the Santa Monica Public Electronic Network near Los Angeles, used basic technologies such as text-based bulletin boards, e-mail, and public access terminals in physical public spaces such as stores, community centers, and libraries. Most community networks are public-private schemes that incorporate three main features: a high-speed network offered free of charge or at a subsidized rate to households; some form of community technology center, often based in a community building; and an emphasis on creating content specific to the local community.

Community networks are based on the voluntarist idea that by handing to ordinary people the power to shape the production of online information about their local neighborhood, virtual communities can improve geographical communities by creating new social ties and reciprocal trust: the ingredients of social capital.

From Community to Politics

Some e-democracy projects have attempted to connect social networks with broader political processes, while remaining independent of government, parties, or interest groups. Foremost among these is Minnesota E-Democracy, one of the world's largest subnational-level political discussion forums. Established in 1994, this nonprofit organization is focused on a central e-mail discussion list—MN-Politics-Discuss.

In the early 2000s, there was a significant shift toward attempting to plug online networks into formal political processes. Central and local government agencies as well as legislatures slowly but surely started to experiment with online policy discussions and citizen consultations. These initiatives attempted to provide a bridge between informal online deliberations among citizens and structures of governance that provide an interface with "real" decision-making processes. The deliberative turn in governance has

already generated a range of non-Internet methods for involving citizens in policy making, such as citizens' juries, peoples' panels, local policy forums, focus groups, mini-referendums, and petitions. E-democratic projects introduce the Internet into the mix. These have generally followed two broad models: consultative and deliberative.

Consultative approaches stress the communication of citizen opinion to government. The assumption is that information is a resource that can be used to provide better policy and administration. Probably the best example of the consultative model in action is the U.S. federal government's e-rulemaking program. This is designed to allow interest groups and individual citizens to comment on department and agency rules as they are being developed.

Deliberative models conceive of a more complex, horizontal, and multidirectional interactivity. Somewhat surprisingly, the United Kingdom has been a pioneer in experimental attempts to integrate online deliberative forums directly into policy discussions. The UK Hansard Society has conducted several experiments since the late 1990s, including a discussion on flood management, a path-breaking forum on experiences of domestic violence involving more than 200 women in interactive discussion, and the online evidence and discussion forum on the 2002 Draft Communications Bill. The latter was the first genuine attempt to integrate an online forum with an established parliamentary committee.

E-democracy has provoked much theoretical discussion. Yet, its main themes are increasingly embedded in political practice. They have been enshrined in a wide variety of national and local experiments, in many different settings, using different forms of computer-mediated communication, in countries as diverse as Australia, Canada, Denmark, Estonia, Finland, France, Germany, Italy, the Netherlands, and Sweden.

—Andrew Chadwick

See also Civic Engagement; Cyberspace; Deliberative Democracy; Democratic Theory; Disintermediation; E-Government; Public Sphere; Social Capital; Virtual Agency; Virtual Community

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EFFECTIVENESS

Effective governance means that goals are met. Said differently, something is effective to the extent that the actual performance matches the desired performance. Whether effectiveness is achieved has received increasing attention in debates about the quality of public policy in various areas. Notable examples in the United States and elsewhere are health care and education. The analysis of effectiveness is often associated with mechanical models of public service systems that distinguish goals, inputs, outputs, and outcomes. Outputs and outcomes then provide alternative standards for the extent to which goals are met. However, effectiveness does not have to be about output or outcome quality. More traditional notions of what matters in public administration focus on the quality of the process of producing the outputs. In addition, there is a clear difference between outputs of a public policy system and any outcomes it may contribute to in society. Finally, what output is actually taken into account and what is not can matter to the perception of effectiveness.

Goals and Results

The goals of an organization and the results of the organization can be compared to determine the extent of the organization's effectiveness. In an elementary school, a traditional goal is that students have to know how to read by the time they leave the school. Whether or not this goal is achieved is measured by testing reading capabilities of students when they are about to graduate. The effectiveness of the school is then the extent to which students in fact read when they graduate.

Effectiveness in this sense can be assessed at varying levels of aggregation. One level is the individual school. A higher level is an individual school district or municipality. A level above that may be the national level. To continue the example, reading remains a goal at each level. The extent to which the level achieves this goal can be measured by aggregating scores at that level. Aggregation allows entire systems to be evaluated for the quality of their outputs.

This type of exercise has been widely adopted in various national contexts to evaluate the quality of social policy programs. Some exercises target individual social service organizations. The British National Health Service (NHS) has made progressively wider use of quality measurements to assess the hospitals in its system. The rankings that result (called star ratings) are the basis for national government allocations of authority and independence to individual hospitals. The concept is that hospitals that prove effective (i.e., have high star ratings) receive autonomy. Hospitals that prove ineffective are placed under administration until they improve. In the NHS example, effectiveness concerns are used for domestic sector governance.

Other exercises compare national systems. In education, the Programme for International Student Assessment (PISA) rankings measure national school systems on a range of outputs, including average math and reading scores. The resulting indices can be ranked because they provide internationally comparable statistics on the systems. These rankings profess to show the relative effectiveness of national systems of education.

Outputs Versus Outcomes

An important concern in discussions of effectiveness is to distinguish between results that are outputs and results that are outcomes. Outputs are the immediate products of what an organization or a system of organizations does. Outcomes are wider social consequences that are related to the activity of the organization or system. The difference here is that organizations can be held accountable for failing to produce an output. But failure to produce an outcome is not as easy to attribute to a single source. Hence, including outcomes in discussions of effectiveness is difficult because a bad outcome may not be the result of a bad organization or system.

To illustrate this, a social objective of health care policies is high standards of health in the population. One indicator of high standards of health is longevity. Yet, when scholars compare national life expectancy at birth, there are notable differences between countries that have similar health care policy regimes. For instance, late twentieth-century Sweden and Denmark had similar systems of health care. In 2001, the average lifespan for Swedish women was eighty years, and for Swedish men it was seventy-three years. But in neighboring Denmark, women could expect to live just seventy-eight years and men seventy years, according to Organisation for Economic Co-operation and Development (OECD) health data. Because the two systems are similar but the general health outcomes in lifespan are better in Sweden, the difference in health outcomes cannot be attributed to the health care systems. Hence, these health outcomes do not unequivocally show how effective the Danish or Swedish health care systems are, even though analysts might agree that long citizen life spans is an important target for health care policy.

Measuring Effectiveness

When effectiveness is assessed, the analyst chooses a set of indicators of organizational or systemic quality. The choice of one set of standards for effectiveness leaves other standards out of specific assessments. These choices have given repeated rise to debates about the appropriateness of analyses of effectiveness.

An example is the recent No Child Left Behind initiative to reform the U.S. system of public primary and secondary education. With this reform, a series of standardized test scores are now collected for public schools. These scores are published for all citizens to see. They are also linked to decisions about school closures, administrative interventions, and funding. Critics of this approach attack the way school performance is assessed. They contend that the tests focus teaching on a few skills related to test taking and undermine less tangible but equally or more important results of education. Critics fear that as the testing regime works to define one standard of effectiveness, other outputs or outcomes of education will suffer neglect.

Despite the complexity of effectiveness, analysts of public-sector reform agree that there has been a significant rise in the attempts to quantify and measure it. In particular, reforms associated with the new public management wave have emphasized the results of the work of the public sector. In these reforms, making effectiveness visible and actionable is a pillar of improving the public sector. Reform advocates often counter critics by pointing out that measures they introduce replace situations where little or nothing was known about the effectiveness of public organizations or systems.

Output Effectiveness and Process Effectiveness

The notion of effectiveness covered here reflects a relatively modern understanding of effective governance. Here, outputs or outcomes constitute the important standard for the performance of an organization or system. In this view, organizations or systems consist of series of goals, inputs, outputs, and outcomes. Goals define the desired outputs and outcomes. Inputs are selected to achieve these. The system translates goals and inputs into actual outputs and outcomes. Effectiveness is then the degree to which desired and actual outputs or outcomes match each other.

The more traditional alternative to output-focused effectiveness is a focus on internal processes. In the understanding of public organizations or bureaucratic systems reflected in analyses by Max Weber and others, features of the system or organization itself are the focus of assessments. Here, the standard for effectiveness is the degree to which desired and actual features of the organization match each other. For instance, equitable treatment of all citizens when they arrive at a public service facility could be a desired feature of the organization. Transparency of decision making could also be desired. In these cases, the system is effective to the extent that it is equitable or transparent, regardless of the quality of its output.

—Erik Baekkeskov

See also Accountability; Benchmarking; Democratic Deficit; Efficiency; Good Governance; Institutional Performance; New Public Management; Program Evaluation; Satisfaction; Service Quality; Total Quality Measurement

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EFFICIENCY

Efficiency is a favorite objective of economists and administrators, but you can never be sure that everyone agrees on its meaning. Claims of inefficiency are submitted regularly in many policy debates, but each participant believes that his or her proposal is the most efficient. In all cases, the disputants agree that efficiency should be desired. Whatever the goals, they should be achieved with as little input or cost as

necessary. When it comes to measuring efficiency or creating an efficient system, however, the consensus quickly evaporates. Judging means to ends is a difficult prospect and arguments disguised as conflicts over efficiency are often deeper conflicts over appropriate goals, social systems, or views of human nature.

Most textbooks define efficiency as limiting the input required to achieve an unspecified output. A system that uses few resources to achieve its goals is efficient, in contrast to one that wastes much of its input. There is a fundamental disciplinary debate about the likelihood of efficiency in organizations, however. Economists generally believe that organizations are efficient; they rationally allocate resources and optimally respond to their environments. Sociologists often believe that organizations are merely effective; they aim for survival and often use suboptimal arrangements that satisfy the social needs of participants and surrounding institutions. This empirical debate about the likelihood of efficiency often creeps into the differing applications of the term.

In economic contexts, measuring efficiency means asking whether the monetary evaluation of the inputs used to produce some goal are the minimal possible costs associated with achieving that goal. If something is inefficient, it means that the goal could have been reached with less cost or that the goal could have been better achieved (in some monetarily measurable fashion) with the same costs. Economists assume that costs and benefits will be measured in some currency, but the proper weighting of costs and benefits is left to another debate. This notion is more specifically measured via the concept of x-efficiency, which is defined as the degree to which a group of inputs achieves the maximal level of outputs possible with those inputs. Market theory predicts that all firms will be x-efficient under perfect competition because competitors would drive x-inefficient firms out of business over long periods.

Common theories in social welfare economics use more specific types of efficiency to evaluate allocation systems. A system is called Pareto optimal if no exchange can be made that will make one person better off without making someone else worse off. Unequal allocations are typically still Pareto optimal because those endowed with resources would lose something if their wealth was redistributed. A system is called Kaldor-Hicks efficient if resources are put in the hands of those that value them the most, measured by whether one person could theoretically compensate another for the same resources at a cost that would be worth it to them but worth more than the traded resources to the seller. This criterion is one way to think about allocative efficiency, or maximizing the aggregate value of a resource allocation. Economists will evaluate potential changes based on whether the net benefit of resources increases as the resources are put to use by all individuals.

Other precise notions of efficiency are used in many different contexts. In statistics, efficiency measures the extent to which a mathematical estimator of some unknown value measures that value with the minimal variance that any possible unbiased estimator could achieve. In several policy areas, government agencies and private organizations measure progress by using specific measures of efficiency. Fuel efficiency in automobiles, for example, compares the gas required to go a certain distance. Electrical efficiency, in parallel, compares the power created by a system to the power it consumes. Additional measures of specific notions of efficiency are created frequently. All are ratios of output for a given input, but the measurements and objectives differ.

Relation to Governance

Efficiency is a common catchphrase in debates about government reform. It is often given as a criterion for preferring one policy to another, especially those that rely on private enterprise rather than government. The primary policy conflicts at stake are how to measure the value and cost of service delivery and whether one form of organization is more efficient than another. Policy disputants place different values on government services and are willing to bear different types of costs. In social welfare program debates, we often lack information about alternatives to government provision of services. The effect of policy changes on welfare users, other levels of government, charities, and the labor market may be unpredictable. Interested

parties can thus advance many conflicting claims about the relative efficiency of service delivery.

Using economic notions of efficiency in policy debates, participants sometimes emphasize the value of private ownership and market exchange. This set of ideas originates in the theory of the market as voluntary exchange among self-interested actors. Problems arise with this view in situations where individuals lack full information, where activities create externalities or costs not borne by the participants, and where we want to produce public goods that no one has an individual incentive to produce.

One category of major policy debates over taxes and social welfare is about the alleged tradeoff between efficiency and equality. The major questions are whether wealth redistribution is an efficient resource allocation strategy and whether we should give up more efficient allocations to equalize wealth. Another category of debates involving efficiency surrounds the notion of whether administration inevitably creates waste; is bureaucracy inefficient by nature? This argument takes place both in debates about service privatization and contracting and in debates about whether reorganization and administrative reforms can achieve their goals. Efficiency is usually a stated aim of these reforms; evaluating their success depends on whose notion of efficiency you choose.

—Matt Grossmann

See also Cost-Benefit Analysis; Effectiveness; Market; Market Failure; Performance Measurement; Rationality

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E-GOVERNMENT

E-government (electronic government) refers to the impact of information and communication technologies, particularly the Internet, on the values, processes, and outcomes of public bureaucracies. A popular way of conceptualizing e-government is to distinguish between three spheres of technologically mediated interactions. Government-to-government interactions are concerned with the use of technologies to enhance the internal efficiency of public bureaucracies, through, for example, the automation of routine tasks and the rapid sharing of information between departments and agencies. Government-to-business interactions typically involve the use of the Internet to reduce the costs to government of buying and selling goods and services from firms. Government-to-citizen interactions involve using the Internet to provide public services and transactions online, and to improve the design and delivery of services by incorporating rapid electronic feedback mechanisms, such as instant polls, Web surveys, and e-mail.

Beyond this simple approach, defining e-government is more difficult; it is in a constant state of evolution, and an enormous "gray literature" of white papers, consultation documents, consultancy reports, corporate brochures and league tables has emerged. There are also different national interpretations of the term, though it undoubtedly crosses borders with remarkable ease, making it arguably one of the fastest-spreading public-sector reform ideas in history.

Use of information and communication technology in government first expanded during the 1950s and 1960s, the heyday of ideas of scientific administration. However, e-government as it is most commonly understood today emerged as an agenda for general reform of the public sectors of liberal democratic political systems during the early 1990s. U.S. President Bill Clinton's administration led the way with the 1993 National Performance Review of the federal bureaucracy. The explosion of Internet use in the mid-1990s gave impetus to the idea, and countries such as the United Kingdom, Canada, Australia, and New Zealand soon followed with their own versions. In the

United Kingdom, the Labour Party, elected in 1997, put electronic service delivery at the center of its program of Modernizing Government.

In common with other programs of organizational reform, the claims made about e-government differ quite substantially. They can, however, be divided into two main schools of thought.

In one far-reaching perspective, the principal aim is to use digital network technologies to open the state to citizen involvement. The ubiquity of computer networks offers the potential to increase political participation and reshape the state into an open, interactive, network form, as an alternative to both traditional, hierarchical, bureaucratic organizations and more recent, marketlike forms of service delivery based on the contracting out of public-sector activities (usually termed the new public management). Proponents of this perspective argue that widespread use of the Internet means that the traditional application of information and communication technologies in public bureaucracies, based on inward-facing mainframe computer systems that originated in the 1960s, should now be superseded by outward-facing networks in which the division between an organization's internal information processing and its external users effectively becomes redundant. Government becomes a learning organization, able to respond to the needs of citizens, who are in turn able to influence public bureaucracies by rapid, aggregative feedback mechanisms such as e-mail, online discussion forums, and interactive Web sites.

A second, less radical school of thought suggests that e-government does not necessarily require greater public involvement in shaping how services are delivered, but instead, indirectly benefits citizens through the efficiency gains and cost savings produced by the reduction of internal organizational friction, chiefly via the automation of routine tasks. Networks are also at the core of this perspective, but it is essentially concerned with the potential of the Internet and intranets (internal organizational computer networks) to join and coordinate the activities of previously disparate government departments and services that is seen as its most attractive feature. In this view, citizens are perceived mainly as the consumers of public services such as health care information, benefits payments, passport applications, tax returns, and so on. This has been the dominant model in those countries that have taken the lead in introducing e-government reforms.

E-government is not without its critics. Some suggest that changes are limited to a managerial agenda of service delivery more consistent with the new public management and that the opportunities offered by the Internet for invigorating democracy and citizenship might be missed. Other criticisms are that the conservatism of existing administrative elites will scupper any prospects of decisive change; that issues of unequal access (both within and between states) to online services are being neglected; that large corporate IT interests are exercising an undue influence on the shape of e-government; that traditional face-to-face contacts with public servants, especially those associated with welfare systems, cannot be satisfactorily replaced by Internet communication; that the cost savings promised by reforms have been difficult to demonstrate; and that disintermediation (bypassing) of traditional representative bodies (parliaments, local councils) may occur, to the detriment of democracy.

Early government responses to the Internet often went little further than placing information on the Web in a simple electronic version of traditional paper-based means of dissemination. The arrival of e-government, which signaled the acceptance of Internet connectivity as a tool that could be used to improve efficiency, cut costs, and change the way governments have traditionally interacted with citizens, constitutes an important shift in the dominant ethos of public administration and governance.

—Andrew Chadwick

See also Citizen-Centric Government; Cyberspace; Disintermediation; E-Democracy; Network; Virtual Agency

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ELECTIONS

According to a view broadly held by political scientists, free and competitive elections are a key characteristic of democratic governance. Democracy is regarded as a type of a political regime resting on the principle of responsiveness of the governing to the governed with the latter considered as equals. To ensure leadership responsiveness, various institutional arrangements have been implemented through the history of democracy. They all were aimed at giving citizens a certain degree of influence on the shaping of public affairs. In complex societies, as have existed in the twentieth and twenty-first centuries, casting one's vote in parliamentary elections is the most basic and widespread type of citizens' influence on authoritative decision making. No democratic regime exists without competitive popular elections, but the institutions and practice of electoral democracy show a considerable variation among the democratic regimes.

The Institutional Setting: The Scope and Procedures of Electoral Democracy

The impact of elections on democratic governance depends on institutional arrangements that shape the public's political behavior and the resulting political processes. Most fundamentally, elections must conform to fundamental democratic values. From the viewpoint of the elite groups competing for governmental power, the electoral process needs to be open and competitive and no group should be discriminated

against regarding its access to the electoral game. As a civic right, free, universal, equal, and secret suffrage aims to ensure that individual voters have an effective choice between competing groups of leaders and policy proposals, so that each voice has the same weight and that voters are not subject to external pressures when casting their ballots. The institutionalization of democratic elections was a long, contested process, starting in colonial America in the seventeenth century and ending in the 1990s, when elections became competitive in once-communist countries. Between the beginning and the end of the process, barriers to universal franchise were successively removed and the group of enfranchised people grew considerably. Today, democratic elections are held in more than 150 nations of the world.

Different from the basic requirements of electoral democracy, other institutional characteristics of elections vary from one nation to another. Depending on the allocation of legislative and executive power to different layers of the state, democratic elections are only held at the national and local levels of the political system (unitary system) or, additionally, at the state level (federal systems). In parliamentary systems, at least the members of first chamber of the national parliament are recruited by popular vote, and in some nations, this applies also to the second chamber (if existing). In all presidential and some parliamentary systems, the head of the executive is elected directly or indirectly. Israel has the only parliamentary system where the prime minister is directly selected by the electorate instead of by the parliament. Further differences refer to the election of state governors or prime ministers, local mayors, and other executive officers. In the United States, popular elections serve as a basis for recruiting a large number of state and local leaders. In other nations, members of local and national parliaments are the only political leaders owing their positions to popular vote. The electoral terms also differ a great deal. Finally, regarding the way votes are transferred into seats in parliament, we can roughly differentiate between two main types of electoral rules: Proportional systems, where the seats in the legislature are allocated more or less closely

according to the share of the votes received by the competing parties versus majority systems working according to the principle the winner takes all.

Elections and the Democratic Process

In modern democracies where broad and direct citizen participation in the decision on political issues is largely impossible for practical reasons, elections have evolved into the main form of citizens' influence on politics. Taking part in elections is by far the most widely used type of political participation: Almost two-thirds of the adult population of the world cast a vote in one or another democratic election during the 1990s. Nonetheless, there is no clear trend toward increased electoral participation in modern societies: In thirty-five of the fifty-nine states in which democratic elections have been held more or less continuously since 1950, the trend was toward greater participation, but in the other twenty-four states, the trend was toward less participation. The factors most strongly influencing electoral turnout are proportional representation, small electoral districts, regular but relatively infrequent national contests, and moderately competitive party systems. Political interest, party identification, and political efficacy appear to be the most important predictors of electoral participation at the individual level.

Why and how do elections matter? In representative democracies where the decision-making competencies are attributed to political elites, elections are instrumental in the recruitment of political elites, the legitimation of authoritative decisions, and the control and limitation of political power. By transferring decisional power to elected leaders and by disposing of the possibility to replace the incumbent authorities after a couple of years, the electorate is endowed with a fundamental democratic right contributing to legitimacy of rule and to leadership responsiveness. Although electoral participation is not an adequate means of choosing between specific policy proposals, the electorate may influence the general policy profile of a nation by voting for one of the competing parties instead of another. Irrespective of the formal and informal institutional arrangements, no other form of political participation is more broadly used than voting in national elections.

—*Oscar Gabriel*

See also Governance; Political Party; Politics-Administration Dichotomy; Representative Democracy

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ELECTRONIC RECORDS

Electronic records are the evidence, in digital form, of transactions undertaken by individuals or by organizations. At first glance, they may seem to differ only in their physical medium from paper records. But the creation of records in electronic form has created practical, legal, and technological obstacles to public accountability that have yet to be fully overcome.

The challenges are simple to illustrate. The creation since the 1960s of ever-larger databases and, subsequently, of unstructured office systems has been driven by business need—whether in government or in the private sector. But when the systems used to store the data have become obsolete, those responsible for the data have been faced with formidable challenges if they are to continue to retrieve the data and to make them available. The originating software may no longer be supported by software suppliers, or it may be necessary to migrate data onto new software platforms. Each migration of data customarily involves some loss in data quality. Either way, organizations struggle to maintain accountability over time—whether they are pharmaceutical companies demonstrating the lineage of their products or governments responding to freedom of information requests.

Attempts to resolve these problems by saving records in paper form have been found to be unsatisfactory. Paper records do not have the same functionality as their electronic counterparts. In the United States, for example, the courts have held that e-mail records of the U.S. President Ronald Reagan White House should not be destroyed because paper printouts are not acceptable substitutes for the electronic records. In 1993, the trial judge in *Armstrong v. Executive Office of the President* commented that the two versions were not interchangeable.

During the last two decades of the twentieth century, government and private agencies came to recognize that electronic records represented a significant challenge to business effectiveness and to accountability. By the turn of the century, most organizational responses to the challenge proceeded from a delineation of the essential characteristics of electronic records—a characterization that emphasizes the record's authenticity (it is what it says it is), its reliability (it is authoritative and trustworthy), its integrity (whether it is complete and unaltered), and its usability (the ability to locate, retrieve, and present the record). This focus on "recordness" is now finding its way into statutory definitions of records and into national and international standards.

Software houses have responded to the challenge by developing specialized electronic records management (ERM) tools that sit alongside office systems—and other primary software—and capture not just evidence of business transactions, but the associated metadata needed to interpret those transactions (e.g., evidence of who sent what to whom, when). The prize in this branch of systems development is to achieve a better integration of ERM tools with desktop software and to reduce dependence on the user—whose focus will rarely be on the archiving of the data he or she has just processed.

It is now commonly accepted that if records are to be captured and stored in accessible form, it requires much earlier intervention by archivists and information managers than was the case with paper records. Within government, one has seen national archives reorient themselves to focus much more than before on proactive records management, working with software developers and with records-creating agencies to influence how records are created. Archives failing to do this will struggle to maintain an accessible record of government in the late twentieth century and beyond.

—*Andrew McDonald*

See also Data Protection; Freedom of Information; Information Access Laws; Open Government

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ELITISM

See IRON LAW OF OLIGARCHY

EMBEDDEDNESS

The term *embeddedness* is generally used to describe the contingency of economic action on its social environment. More broadly, the concept functions as a heuristic to indicate the contingent nature of one phenomenon—be it a sphere of activity such as the economy or the market, a set of relationships, an organization, or an individual—on its environment, which may be defined alternatively in institutional, social, cognitive, or cultural terms. In short, analyses using the concept focus on the different conditions within which various modes of social action take place and upon which they depend.

Most prominently, the economic historian Karl Polanyi argued that the functioning of an economy could not be understood disassociated from the social world in which it was embedded. Specific organizations and institutions, and ultimately the economy as a whole, need to be understood as parts of larger, historically derived, institutional, or social structures.

More generally, the concept of embeddedness helps describe and explain how, although each seemingly follow their own distinct logics and rules, different surrounding institutions and contexts interact and may complement or conflict with each other. In recent years, this has been further developed particularly within the field of new economic sociology, which has investigated the linkages and interdependencies of economic phenomena and organizations to other social structures through social network analysis.

The resurgence of the notion of embeddedness has been accompanied by a diversification of its analytical or conceptual understandings. This has also led to a re-reading of many classic works in economic sociology for their commitment to the idea of embeddedness, irrespective of their diverse ontological commitments. For instance, Max Weber's *The Protestant Ethic and the Spirit of Capitalism* has been revisited as a study of sociocultural embeddedness: Weber argued that modern capitalist behavior could only develop and extend in favorable cultural contexts fashioned by the Protestant ethic and worldview.

At the same time, with its emphasis on context, the resurgent interest in embeddedness is sometimes criticized as a mere restatement of truisms recognized in many classical works of the social sciences. Yet, embeddedness approaches are typically associated with a set of ontological commitments that distinguish themselves sharply from both under- and oversocialized accounts of economic life. Embeddedness entails that actors' preferences can only be understood and interpreted within relational, institutional, and cultural contexts. This is in direct contrast to the basic ontological assumptions that inform neoclassical economic analysis, rational choice theory, and important strands of new institutional economics. These are based on the notion of undersocialized, atomized decision makers who aim to maximize their own, predetermined utilities. Specifically, and different from rational institutionalism, sociocultural embeddedness does not merely regulate behavior by shaping the way in which actors pursue their self-interest, but constitutes these interests.

On the other end of the spectrum, strong structural positions, where social conditions exist a priori to behaviors, are equally challenged. Instead, relationships

between the embedded unit and its contextual world are neither fixed nor determinate or directly causal, and many analysts thus prefer to argue in terms of Weberian elective affinities or configurations.

Researchers who emphasize the utility of the concept of embeddedness cohere around the notion that multiple phenomena—be they individual preferences, organizational behavior, or societal spheres—all may be better understood by their ever-present, if historically variegated, modes of commitment to their social, institutional, or cognitive environment. Where analysts may differ is on the specific forms and effects of embeddedness, that is, relative to what is embedded in what and to what consequence. Different studies have moved in different ways to tighten the concept by specifying and disaggregating its various components or creating various subtypes such as cultural, cognitive, or community embeddedness.

Studies using the concept also differ, often widely, about the possibilities for intentional adaptation or embedding of different spheres of life. Especially in the study of varieties of capitalism or welfare states, work on social networks has often focused on embeddedness relative to a planned process, a strategy of governance, and a highly varied outcome.

Origins

The concept of embeddedness was pioneered by Polanyi. In *Trade and Market in the Early Empires* he argued, "The human economy . . . is embedded and enmeshed in institutions, economic and noneconomic." His lifelong study of these institutions and their interlinkages ranged from anthropological studies of small communities in the South Pacific to the political economy of the institutions regulating the global economy in the nineteenth century.

Polanyi argued that because individuals were always primarily social beings, rather than economic ones, embeddedness is a necessary and basic condition of the economy. In *The Great Transformation,* he analyzed the consequences of the eighteenth- and nineteenth-century expansion of capitalism, namely the effort to create an economic sphere increasingly separate from noneconomic institutions that would

function only to maximize profit. Similar to themes found in E. P. Thompson's studies of the food riots in eighteenth-century Britain, Polanyi argued that before the nineteenth century, the economic system had been conceived of as a part of the broader society governed by social customs and norms as much as by market principles of profit and exchange. The rise of capitalism, however, involved political efforts to de-link the economy from this social environment. However, this disembedding of the economy necessarily meant changing its social environment and, thus, society. In a market society, basic aspects of social life would be treated as pure market commodities (the fictitious commodities) and humans redefined as purely economically rational (i.e., profit-maximizing) actors. Polanyi argued that these efforts of embedding society in the market, instead of the market in society, were ultimately bound to fail, bringing in their wake dangerous societal reactions of different magnitude and character, most prominent among them fascism. More abstractly, he named the attempted transformation and its eventual backlash the double movement, defining a continuing and semi-automatic process of embedding and disembedding. Polanyi thus posed the question of how to reconcile the expansion of the market with a social order that can sustain it.

This early treatment of embeddedness sees the social sphere as necessarily primary to the economic sphere. This view is echoed in Jürgen Habermas's notion of the lifeworld, that is, the shared understandings and values that are established by face-to-face contacts over time and form the basis for identity, values, and beliefs that may be tacit, or taken for granted, rather than explicitly reasoned. For Habermas, the legitimacy of both the official economy and the administrative state are threatened by the colonization of the lifeworld through materially based relationships.

The notion of embeddedness as both an ever-existing condition and a matter of degree and variation is taken up by the influential work of the French-based regulation school. Here, the basic assumption that economies are embedded in social relations identifies the task of economic analysis as to uncover and compare both explicit and implicit types of regulation and their social and economic repercussions. For example,

Fordism is analyzed as a mode of social reproduction based on conventions in which constantly increasing output makes it possible to pay increasing wages for jobs that are guaranteed over the long term. In exchange, class conflict is subdued and organized labor weakened.

Applications: Embedded Liberalism and Globalization

On a global level, Polanyi's initial focus on processes of global economic governance has been echoed in John Ruggie's analysis of the Bretton Woods system as one governed by the principle of embedded liberalism. Here, a compromise between a commitment to liberal economic policies internationally (free trade, economic openness) and a commitment to the necessity of domestic social embeddedness was expressed via the welfare state and the principle that governments would cushion their publics from the harmful effects of economic openness through Keynesian fiscal policy. Through this compromise, social purpose controlled economic rules, not vice versa. New forms of economic protectionism should be seen in this continuity, namely as new efforts of embedding under the constraints of globalization. The main threat to economic liberalism here is not protectionism but, rather, the risk that the global economy may become disembedded through the dismantling of social safety nets and the welfare state, creating the potential for an international backlash against economic liberalism.

Embeddedness, Social Networks, and Fields of Governance

At a different level of analysis, the work of the new economic sociology has sought to operationalize and make concrete the notion of embeddedness, teasing out the specific relational mechanisms that underlie its various degrees and forms with the aim of offering sociological explanations for economic outcomes.

Mark Granovetter pioneered the usage of the social network theory in this specific context to specify the impact of social connections among businesspersons or other participants in the economic sphere on market outcomes.

Classical economic theory conceives of markets as spot interactions between unitary actors whose rationality is defined by their immediate self-interest, itself formed on the basis of basic information about price and quality of a set number of goods. Prices are the result of competitive relationships codified in formal contracts. In contrast, embeddedness uncovers the relevance of other types of longer-term relationships among market actors, be they friendship, trust, or animosity, which are structured by geographical distance as much as by time. This leads to expanded definitions of both actor interests and the information available to them. Embeddedness, defined as these longer-term relationships, therefore shapes organizational and economic outcomes and is seen to promote economies of time and integrative agreement based on negotiation, tacit knowledge, and non-price-related preferences. Where some have seen this as a generally positive condition that enables complex adaptation and the buffering of market failure, others have identified it as leading to a lack of openness, potential inefficiencies, and collusion.

The more formal approaches to capturing and defining embeddedness of the new economic sociology, focusing on middle-range outcomes in the economic sphere, have reignited debate about the concept.

Some analysts have questioned how networks and systems of social relations are linked to institutional and macrosocial regulation of behavior where embeddedness defined in terms of relational networks congeals into systems of governance or institutions. Others have criticized the new economic sociology for retaining a narrow conception of embeddedness, defining it only in terms of immediately measurable social configurations or, alternatively, for ultimately having too wide a conception of the social, taking it to refer to all non-economic phenomena.

Analysts have argued that economic action is embedded in other cultural or political contexts as well as in the social structure. These may operate at both the individual and the collective level. Whereas structural embeddedness is widely used in reference to the contingency of firm- or organizational-level strategies on interpersonal, interorganizational, and status networks, this work has differentiated other political and cultural contexts of embeddedness.

These may emphasize either the different logics structuring social relationships or the specific societal fields that are concerned and interrelated, with the latter often borrowing the notion of a field from the works of the French sociologist Pierre Bourdieu. Among the different types of embeddedness identified are cognitive embeddedness, often defined at the individual level as the dependence of decision making on a range of fundamental heuristic biases; cultural embeddedness, that is, the role of shared collective understandings in structuring action and outcomes; and political embeddedness, defined as the influence of nonmarket-related institutional structures.

Embeddedness and the State-Society Relationship

Linking embeddedness to changing notions of governance, another strand of work has moved from the economic realm to that of politics or social movements to define the way in which different measures of embeddedness impact on modes of organization, information sharing, or conflict resolution. Here, embeddedness is a variable that explains or defines governance structures. Its close association with research on social networks—which have often served as an operationalization of the concept—has also meant that this type of approach has been identified with the idea of network governance, that is, the coordination of policies and articulation of rules through negotiation and agreement rather than hierarchical decision making or competitive markets. Similar to some themes raised in the new economic sociology, here too, opinions differ about the consequences of this type of embedded governance for traditional democratic governance and interest mediation.

Some see embeddedness defined in these terms as an inherently more coordinated and open form of social regulation that promotes collaborative governance and leads to problem solving by dialogue and mutual adjustments. Others see its informal aspects as hindering transparency, dissimulating existing power relations, and diffusing responsibility or facilitating corruptions and hindering the rationalization and professionalization of a range of political and social institutions.

An example for the substantive policy areas in which these debates are reflected is that of transition economies, where the interaction of social, cultural, economic, and political spheres can be analyzed as processes of disembedding and re-embedding and policymakers debated the comparative advantages of a big-bang strategy or a path of gradual adjustment to economic and political reform for countries of the former Soviet Union. Recent work on the outcomes of these transitions indicates that a neglect of the social structures behind economic relationships has in many cases led to a re-embedding of these relationships by often-corrupt business networks with close ties to political elites.

Peter Evans' work on embedded autonomy similarly illustrates the ways in which social networks can both enable and hinder state development. Evans asks the question of how states can be embedded in society yet formulate a separate institutional integrity and Weberian bureaucracy. State institutions, not a sphere of activity, are analyzed in terms of embeddedness and the notion of embeddedness refers to the dense networks between state actors, bureaucrats and officials, and private business actors that increase or decrease the state's ability to formulate and implement its objectives.

The revival of embeddedness as an analytical tool can also be seen as linked to a new governance agenda that focuses more directly on the societal sources of institutions and power. In this respect, the recent interest in global governance and the development of universal standards of policy and policy making leads to an awareness of the ways in which different spheres and power resources are interlinked in different societies. In this respect, embeddedness directly conditions modes of governance and the institutional forms through which power is negotiated and through which it, in a given moment, comes into play.

Theoretical Contribution and Outlook

As a concept, embeddedness is similar to notions of structure or regime, rather than a phenomenon whose existence can be proven or disproven, even where its use in explaining real outcomes can be evaluated.

Proponents of the concept thus point to the promise of the relational ontology it is linked to. First, by emphasizing the role of networks and other social and institutional structures, the concept of embeddedness underscores the multilevel quality of both strategic and other forms of conduct. It thus offers ways, if not solutions, to approach the linking of multiple levels of analysis in the social sciences. Moreover, by explicitly relating and linking developments in different societal spheres, the concept promotes research across different disciplines and the traditional boundaries of economics, sociology, psychology, and history. Especially in relation to the latter, the concept of embeddedness is increasingly used in relation to research that investigates different forms of historical contingency of outcomes for path dependence.

—Anna Schmidt

See also Fordism and Post-Fordism; Generalized Exchange; Global Governance; Governance; Institution; Legitimacy; Liberal Market Economy; Path Dependence; Political Economy; Regulation Theory; Situated Agency; Social Market; Social Network Theory; State-Society Relations; Varieties of Capitalism; Welfare State

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EMERGENCY POWERS

The need for powers that exceed ordinary limits emerged along with the concept of limited, republican, or constitutional government in the Roman era. When confronted with a direct threat to the constitutional system itself, the Roman Senate could decide to appoint a dictator for a period of no more than six months. During that time, however, the dictator exercised unrestrained power, limited only by that individual's own commitment to the republic itself. The dictator was appointed not to destroy or replace the existing system, but to save or conserve it. This provision was revived in the modern era first by Niccolò Machiavelli, who defended the assignment of extraordinary power to a ruler to make it possible to save the society as well as its political institutions. The conviction that a constitutional system required the ability to cope with unexpected, and immediate, threats to the system itself was embraced by John Locke and Jean-Jacques Rousseau.

But how would these powers be invoked, and how might they be controlled differed in different systems. Some—including Germany and France—made explicit provisions for the assignment of extraordinary power to the executive in a crisis. This practice was particularly essential in the constitution of Weimar Germany, which came into effect after World War I. The emergency provisions in the Weimar constitution were invoked more than 200 times, initially to combat violent insurrection and direct threats to the maintenance of the constitutional system itself. In the early 1930s, however, these provisions were invoked with increasing frequency to combat a wide range of social and domestic problems, including economic failure. Although these provisions probably allowed Weimar Germany to survive, ultimately, these provisions also allowed Adolf Hitler to seize and consolidate his power, formally exercising the constitution's emergency powers as chancellor in 1933. Hitler's exercise of power found intellectual support in the writing of Carl Schmitt, who insisted that no constitution can possibly provide for all contingencies, and who insisted that the executive must be able to act beyond the limits of ordinary law if liberal democracy itself is to survive.

Modern Germany has made provisions for a constitutional court empowered to check the abuse of emergency power, but, along with France, continues the practice of constitutionally defined emergency powers to be assigned to the executive. Others, like Great Britain, insist on legislative sovereignty and provide for emergency power through ordinary legislation, though legislation that can and does formally delegate extraordinary power to the executive, as the British Parliament has done on a number of occasions. The U.S. Constitution provides limited emergency power, allowing for the suspension of ordinary judicial process in the event of war, invasion, or rebellion—but this authority is granted to Congress, rather than to the president.

The attacks on New York City and Washington, DC, on September 11, 2001, and in London on July 7, 2005, ushered in a new wave of concern about the need for emergency power. Both nations passed new statutes delegating new power to the executive, and in the United States, the battle against terrorism has generated an extended discussion on the reach of (and limits to) executive power. Emergency powers debates are not limited to the West, of course, and have been particularly relevant in Eastern Europe, Africa, Latin America, and South Asia, where newly consolidating democracies have struggled with challenges to their survival and with the abuse of delegated power, notably in India in 1971, Russia in the 1990s, and in the former Yugoslav Republic.

—*Gordon Silverstein*

See also Crisis Management; Security

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EMPOWERMENT

Empowerment is a term with a history that has emerged recently in modified and revitalized form. Its origins can be found in the politics of recognition in liberal societies during the 1960s. The civil rights struggle of Black people in America, and the emergence of feminist theory both relied on the notion of empowerment to portray liberal democracies as incomplete or insufficient in recognizing the full rights of all citizens. One repercussion of the radical formulations of empowerment in the West during the 1960s and early 1970s was that empowerment also entered the vocabulary of some Left-leaning development organizations, such as Oxfam, during that period. Throughout the 1970s, empowerment became a mainstay for thinking about progressive practice in a number of public service professions such as medical care and education, influenced by Paolo Freire's *Pedagogy of the Oppressed.* In education, progressive workers took from Freire a desire not solely to transfer knowledge, but to facilitate an expanded self-realization of the student as a person capable of transforming society as much as integrating into it.

After a period of abeyance in the 1980s, empowerment has once again become a key political term, but it has reemerged changed. There is no straightforward definition of empowerment. It serves as a normative and evaluative tool to understand the politics of the role of ordinary people. Perhaps the best way to gain ready purchase on the term is to situate it in a growing lexicon of complementary and supportive terms: participation, democratization, and ownership. We can explore the meaning of empowerment by looking at some specific political processes and reflecting on its more problematic aspects.

Empowerment has become a reference in three key areas of contemporary governance. However, even after a brief review of these, our understanding of empowerment will remain rather slippery as the term fixes itself in different forms depending on the context.

1. Throughout the 1990s, a widespread revival in civic activism challenged military regimes, swept away communist states, and forced self-declared life presidents to the ballot box. A sensibility that societies were reinvigorated with civic energy because of the end of the Cold War led people to revive the notion of empowerment as a process that promoted liberal democratic politics throughout the world. "Empowering civil society" came to constitute a contemporary (John) Lockean ideal to discipline the state and promote liberal-civic cultures, whether in the form of velvet revolutions, national conferences, or public demonstrations. In this context, empowerment is based in a revival of liberalism on a global scale, expressed as a desire to see (proto) citizens voluntarily acting in nonviolent ways to enhance their democratic rights and to exercise some form of check on state power.

2. As part of this broad liberal *zeitgeist,* empowerment reenters the vocabulary of development politics and policy during the 1990s. Here, it attains a more practical meaning. Development policy has been mostly formulated in apolitical terms: Questions of technical proficiency, bureaucratic planning, and socioeconomic returns have dominated development policy thinking. It is striking that an integration of explicitly political concerns became development policy in the 1990s. One can see this most readily in the profusion of World Bank (the leading development policy and research agency) research on governance and related phrases. In 2002, the World Bank published the *Empowerment Sourcebook,* which details the ways in which empowerment—particularly of the poor—is key to successful development policy. Briefly, the political logic is as follows: Successful development projects require a fuller engagement by the targets of the project. This engagement requires that recipients of a project attain the requisite level of awareness of mobilization to support the project. This

process of attainment is encapsulated by empowerment here. The process relates to practical concerns about information sharing, local contributions to support the project, and the generation of local resources, whether tangible or in the form of social capital.

3. Finally, empowerment has become a buzzword for contemporary public service reform in the West—especially the United Kingdom. As service provision has been privatized, devolved, and subject to intensified financial discipline, governments have sought to increase the involvement of service users in the management of those services. In the United Kingdom, this is most prominent in the notion of parents' empowerment in the running of schools, or the empowerment of patients in seeking access to health services. This approach to public service provision comes with cynicism about state bureaucracies (not necessarily private bureaucracies) and a faith in ordinary individuals' capacities to make a productive input into the way public services are managed. Neighborhood Watch, Patients Charters, the involvement of user groups on hospital and school management committees, and the introduction of new forms of choice into health and education all express practical manifestations of this approach.

Although empowerment has emerged in different settings, one can readily see a certain liberal—or neoliberal—provenance working through all three areas. Contemporary notions of empowerment are, unlike their forebears in the 1960s, largely formed around individual agency and moderate reformism. Empowerment aims not to change society in any bold fashion, but to make it work better. Images of popular empowerment, based in historical collective interests and focused on a future structural change in power relations, are distant from contemporary approaches to empowerment.

A critical approach might derive from this that empowerment has become a rather bland liberal norm, poorly defined and easily captured within existing political relations. Furthermore, one might question the universal scope of empowerment. Empowerment

as practice is about shaping subjectivities, and it is not self-evident that all humankind desires to become empowered in the liberal frame—especially if the main objective of empowerment is to encourage conformity toward new policy innovations, whether in the West or in postcolonial regions of the world. What would we call it if a collectivity mobilized against contemporary understandings of empowerment?

—*Graham Harrison*

See also Community Organizing; Democratization; Human Capital; Marxism; Participation; Social Democracy

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ENDANGERED SPECIES PROTECTION

Endangered species protection is the subfield of environmental governance concerned with developing policies to address the loss of species (both plants and animals) caused by human activities. Historically, threatened species constituted the first environmental issue, in that this issue first brought home the realization of the need to protect a natural environment threatened by excessive exploitation. This issue also projected environmental governance onto the international level. Moreover, the first protective policies emerged from the combined efforts of governments and nongovernmental organizations (NGOs). Endangered species protection thus exemplifies two broader trends of environmental governance, an increasing involvement of nongovernmental actors, and the change of governance scale to the international. Current international conventions concerned with the protection of endangered species include the 1975 Convention on International Trade in Endangered Species (CITES), together with a range of conventions aimed at a particular species or at specific geographic areas (such as the 1971 Ramsar Wetlands Convention, the 1979 Bonn Convention on Migratory Species, and the various

international and regional conventions on whales, tuna, seabirds, or seals, etc.).

The endangered species debate is divided between those who want to preserve endangered species from human exploitation at all costs, commonly referred to as preservationists, and the conservationists, who contend that sound conservation policies need to balance out the necessity to ensure the long-term survival of the species with the demands to exploit it. Against what they see as the hubris of modern societies, preservationists emphasize the importance of respecting nonhuman species, as a way of respecting nature, including human nature. Their argument is often couched in terms of the intrinsic value of the species, rather than its market value. Their intellectual influences extend from the American romantics (Ralph Waldo Emerson, Henry David Thoreau, and Walt Whitman) and their notions of wilderness to the deep ecology literature. The preservationists underline the impossibility of effectively restraining exploitation, as illustrated by the history of the whaling case, a line of argument that often taps into the "tragedy of the commons" logic. The preservationist approach is associated with the development of "green tourism" (for example, whale watching), which leaves the species intact. For conservationists, this focus has tended to obliterate the human component—humans too, they argue, are part of the ecosystem. Moreover, this position is affordable only at higher levels of economic development. The conservationists thus denounce an inequitable approach to conservation. Against what they see as conservation from afar, they argue for the need to involve the local populations that both live with and depend on the species (as a raw material or as a food). Their argument, which emphasizes human needs, is germane to the sustainable development discourse.

Endangered species protection has come under increasing criticism for the narrow, species-by-species approach it perpetuates. CITES, for one, has tended to single out "favorite" species for protection (such as elephants or whales), often at the expense of other species (including human), or especially, of leaving out of the policy focus the deeper factors that may have led to

endangerment in the first place. In contrast, the ecosystemic approach enables a broader perspective.

—*Charlotte Epstein*

See also Ecosystemic Approach; Natural Resource Management; Sustainability; Sustainable Development; Tragedy of the Commons

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ENVIRONMENTAL GOVERNANCE

How, as a global society, we manage the resource base upon which all depend for our future existence is one of the most serious governance challenges the world currently faces. Successful stewardship of natural resources on behalf of current and future generations implies key roles for a range of societal actors, governmental and nongovernmental, operating across a number of levels and employing a broad array of governance tools. When considering what we mean by environmental governance and what forms it might take, a series of key questions arise. Who does the governing? In what ways is the function of governing changing? By what means is it changing and what forms does this take? Finally, what are the implications of this?

What Is Governance in This Context?

Governance describes how social activity is rule-bound and socially regulated. James Rosenau defined

governance broadly as effectively functioning regulation mechanisms, devoid of formal authority, in a field of activity. This reflects the fact that governance is increasingly provided by a spectrum of nongovernmental market, civil society, and supranational organizations in addition to the ongoing key role played by nation-states. The governance literature increasingly recognizes both governing mechanisms that do not rest on recourse to the authority and sanctions of government and the shifting negotiation of responsibilities between the state and civil society.

Environmental governance can be provided by the state (as regulatory control), through the market (as a price mechanism) or by civil society, generating norms and expectations backed by moral sanctions. In reality, there is a great deal of intersection between each of these categories because markets rarely operate without some form of regulation and civil society increasingly plays a key role in state-based regulation.

At both national and international level, the traditional approach to environmental governance has been characterized by top-down, command-and-control mechanisms that prescribe targets for reducing pollution and employ state sanctions to secure compliance with them. Most of the high-profile global environmental regimes employ this approach, including the international ozone and climate regimes, even if they increasingly rely on market mechanisms to achieve the goals they set for themselves. For example, the Montreal Protocol, the centerpiece of the ozone regime, restricts trade between those countries party to the agreement and those that are not, and the Kyoto Protocol contains the possibility of an emissions trading scheme where carbon entitlements are traded in the marketplace. State-based environmental regulation, in general, however, has been subject to sustained criticism from key development actors such as the World Bank on the grounds that it is excessively inflexible, inefficient, and often ineffective at delivering the change in behavior that it intends. Therefore, increasing attention has been paid to voluntary and market mechanisms that are said to capture the potential of markets to produce environmental gains in a more efficient and cost-effective fashion.

Shifting Patterns of Governance in a Context of Globalization

Marketization of Environmental Policy

At the most general level, marketization, in this context, refers to a trend toward viewing the market as the source of innovation, efficiency, and incentives necessary to combat environmental degradation without compromising economic growth. This shift toward the marketization of environmental governance should be understood not just as an attempt to move beyond the limitations imposed by strict command-and-control models of regulation but also as part of broader challenges to state authority from above and from below. One manifestation of this is the increasing degree of power sharing between state and market actors.

In policy arenas, marketization is advanced as a practice by key actors such as the World Bank that are able to use their economic power to promote the marketization of environmental policy within national systems of environmental governance. The marketization of environmental policy is certainly not universal, however. There are deviations from it in the form of different national and regional approaches to regulation, and customary patterns of resource stewardship predominate, existing alongside market structures or in opposition to them in everyday practice around the world.

Despite this, there is increasingly evidence of the use of market tools for creating incentives for positive action and deterring polluting activities. Examples of pollution charging in China, Colombia, and the Philippines show that pollution from factories has been successfully reduced when steep, regular payments for emissions have been enforced. Familiar problems of tax collection and corruption may yet undermine the effectiveness of some such initiatives, but their increasing use indicates a shift in policy direction. Market tools such as labeling have also been accepted in many countries as a means by which to ensure global buyers of the environmentally responsible way in which a product has been produced.

Certification has been used in the fisheries and forestry sectors in this way through the Forestry Stewardship Council (FSC) and Marine Stewardship Council (MSC) schemes.

Another general trend in environmental governance is the popularity of self-regulation or voluntary measures by industry. Codes of conduct among leading companies are now commonplace in the global north, and many of those firms investing overseas are insisting that their suppliers and partners adopt the same principles. The trend follows a rejection of the efficiency and effectiveness of central government command-and-control policy measures, and reflects the preference of firms to set their own standards appropriate to their own circumstances in a way that avoids state intervention. In the environmental context, environmental management systems such as ISO 14001, created by the International Organization for Standardization (ISO), are increasingly popular. Although traditionally such standards have tended only to apply to larger firms that can afford the compliance costs and those seeking access to developed country markets, increasing evidence indicates that even small and medium-sized enterprises are seeking ISO certification to serve as subcontractors for ISO-certified enterprises.

Many leading companies that have courted controversy regarding their activities in the past have been attracted to these approaches, producing statements of principles and codes of conduct proclaiming how their businesses advance environmental protection. The chemical industry's Responsible Care program, which has been adopted by chemical companies around the world, can be seen as an attempt to reassure an anxious public in the wake of the Bhopal gas disaster and, at the same time, to preempt the need for regulatory intervention by demonstrating responsible leadership. Global market pressures from buyers and consumers increasingly exercise a significant influence on environmental policy practice in many parts of the world as seen in the international agreements that governments enter into.

The problem is that although voluntary tools work for some companies, especially those seeking to demonstrate renewed commitment to an aspect of their operations for which they have been criticized in the past, or that are vulnerable either to shareholder activism or brand name damage, this is not the case for most firms around the world for whom other approaches to environmental governance remain appropriate. A reliance on voluntarism and self-regulation assumes both high levels of trust and a responsible company serious about regulating the social and environmental impacts of its activities.

Civil Regulation

As a reaction to the limitations of market-based and voluntary mechanisms, there has also been a growth in what has been termed civil regulation. Civil regulation refers to a range of activities undertaken by civil society actors aimed at creating new frameworks of expectation and obligation for companies. The increasing use of tools such as shareholder activism and boycotts and the growth of groups set up to monitor the activities of particular firms such as BayerWatch that tracks the activities of the company by that name, provide examples of the tools of civil regulation. New forms of engagement in constructing codes of conduct and building partnerships also come under the umbrella of civil regulation. Although concern has been expressed that many of these tools are only available to well-resourced groups with good access to the media and in societies with strong traditions of free speech, evidence seems to indicate that these strategies are being employed more widely across the world. There has also been a notable proliferation in the number of groups adopting these strategies across the entire spectrum from confrontation to collaboration. Many of these groups are also increasingly globally connected, so that companies engaging in environmentally controversial activities overseas can also expect to face shareholder resolutions and embarrassing media publicity in their home countries.

It is unclear at this stage what the net effect of these forms of civil regulation will be on the environmental performance of firms. The hope is that groups with the expertise and capabilities to plug gaps and weaknesses

in systems of government pollution control and monitoring can play an important complementary role as informal regulators. Their presence may encourage firms to respect the environmental standards of the countries in which they operate to a greater degree than if they were not there, and so help deter the exploitation of double standards by firms when they operate in developing countries. The extent to which groups will be allowed to perform this role will depend on the strength of civil society in a given setting and the extent to which its activities are tolerated or encouraged by the state. Issues of who the groups represent and who they are accountable to will also have to be faced if they are to be seen as legitimate actors in environmental governance.

Supranationalization of Environmental Governance

A third key trend in environmental governance has been the supranationalization of environmental governance in which decisions about resource use and protection are increasingly taken at regional and international, rather than exclusively national, levels. Regional trade blocs such as the European Union (EU) have elaborate systems of environmental regulation that can be binding on their member states. Regional trade accords such as North American Free Trade Agreement (NAFTA) and Mercosur also contain environmental provisions to manage the potential for environmental measures to be undermined by mobile industries moving to areas of weaker protection or enforcement.

At the international level, there has been a lot of interest in the role of international regimes in contributing to global governance. The focus is on the norms, rules, and decision-making procedures that international institutions create as incentives for international cooperation on environmental problems that affect all states, but none has the incentive (or ability) to tackle on its own. The idea is that by enabling information-exchange, providing forums for interstate bargaining, and having procedures for compliance and monitoring, international institutions will be able to

reduce the incentives that governments otherwise receive to free ride on the efforts that others make, benefiting from preventative action but not assuming the costs of action. There are now active international regimes addressing a range of environmental issues from acid rain to whaling. Key UN summits on the environment such as the UN Conference on Environment and Development (UNCED) in 1992 and the World Summit on Sustainable Development (WSSD) in 2002 have sought to provide renewed momentum to efforts to bridge environment and development concerns and to ensure that adequate funds are available to deliver on targets for the achievement of sustainable development. Missed targets and noncompliance with the terms and conditions of treaties, amid an absence of effective sanctions, have led some observers to call for the creation of a world environment organization.

Broadening this narrow equation of environmental governance with formal political institutions, others have suggested that environmental governance covers, in reality, a much broader range of actors and activities. In addition to rule creation, institution building, and monitoring and enforcement, environmental governance can imply a soft infrastructure of norms, expectations, and social understandings of acceptable behavior toward the environment, in processes that engage the participation of a broad range of stakeholders. This broader approach recognizes the significance of private actors and informal, normative structures and goes beyond official interstate and supranational arrangements. It would include purely market-based forms of governance, in which environmental impacts flow from private firms as they choose which products to develop, manufacture, and sell. In other cases, industry associations might promulgate their own sets of standards, as noted previously. Even when there is no direct governmental regulation of environmental impacts, patterns of research and production are structured and mediated by systems of property rights and market institutions, by norms and laws that regulate trade and investment, and by the strategic interaction of firms in competition for markets and resources within specific industry structures.

Decentralization of Authority

Besides these challenges to traditional state-based models of environmental governance from above and sideways (from the market), evidence also increasingly indicates decentralized patterns of decision making. Strengthening local institutions of decision making to improve both efficiency and the accountability of state actors to poorer groups has been an increasingly central feature of development orthodoxy. There is also a strong emphasis in green political theory on political and economic decentralization for both democratic and ecological reasons.

There is also increasing interest in the role of local communities themselves in strengthening those forms of environmental governance provided by the state. Community-driven regulation can play a key role in plugging gaps and improving existing forms of state pollution control. In this scenario, community actions play a central role in pressuring state agencies to improve their monitoring and enforcement of environmental regulations. Community mobilizations essentially begin a dialogue between affected stakeholders and the state, leading to debate, conflict and sometimes bargaining over developmental and environmental trade-offs. In this sense, the result is practices of coproduction of regulation, requiring both the energies and actions of average community members and the responses of front-line environmental agencies. The dynamics tend to be informal and have not been codified in new laws or regulatory processes.

Forms of co-regulation or civil regulation, as described previously, have flourished in the absence of state interventions in market activities generating environmental harm. Corporate-community compacts and good neighborhood agreements (GNAs) have become more common, for example, as a result of the weakening of state policy-making authority and the increasing role of corporations as policy makers. GNAs provide a vehicle for a community organization and a corporation to recognize and formalize their roles within a locality aimed at fostering sustainable development. They have become popular as a nonlitigious method of dispute resolution among companies, workers, environmentalists, and local communities following an increase in industrial disasters.

The responsiveness of firms to these new practices of governance depends to some extent on their size and whether they are public or private enterprises. State enterprises are insulated from community pressures and from state regulators in different ways than are foreign multinationals. Foreign companies claim they are subject to more scrutiny, but also have greater resources to respond to outside pressures. State companies often have close relations to state agencies but are then also expected to justify the benefits they provide to society. Companies are therefore vulnerable to pressures for reform in different ways.

Conclusion

There has been an enormous proliferation in the forms of environmental governance coexisting in global politics. Although there has been a discernible shift toward the role of market mechanisms as the preferred solution to tackling environmental problems, state-based regulation remains key in its own right and as a necessary enabling environment for the effective and equitable functioning of market and voluntary systems. The systemic governance challenge is to ensure that the plurality of environmental governance forms, across multiple levels from global to local and operating within the public and private sphere, operate in ways that are mutually supportive rather than undermining one another's effectiveness. Acknowledging this interdependency is an important starting point for understanding how to improve the multilevel governance system we have, rather than fashioning one model that trumps all others in its alleged ability to tackle environmental degradation.

—Peter Newell

See also Climate Change; Common but Differentiated Responsibilities; Ecosystemic Approach; Epistemic Community; Functionalism; Global Governance; Global Justice; Governance; International Law and Treaties;

Kyoto Protocol; Natural Resource Management; Political Economy; Precautionary Principle; Sustainability; Sustainable Development

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EPISTEMIC COMMUNITY

An epistemic community is a network of professionals with recognized expertise and authoritative claims to policy-relevant knowledge in a particular issue area. These professionals may have different disciplinary and professional backgrounds and may be located in different countries, but they share a set of norms that motivate their common action, a set of causal beliefs about central problems in their area of expertise, shared criteria for evaluating knowledge, and a common policy enterprise. The concept of epistemic community was first introduced by John Ruggie and then refined by P. M. Haas. These scholars focused on the role played by networks of actors with consensual knowledge about causes and effects on state policy and interstate cooperation.

Epistemic communities contribute to international and national governance in a number of ways. Globalization and increasing interdependence have made the world much more complex. States increasingly depend on each other's policy choices in trying to coordinate common policy responses and solve common problems on issues such as ecological degradation, economic and monetary policy, and strategic security. Uncertainty about how to respond to these complex problems generates demand for informed advice about the causes and interrelationships among particular social or physical processes and the consequences of possible responses. Epistemic communities are one provider of this information. Epistemic communities exercise influence by interpreting these complex problems and possible responses for decisionmakers within national governments and international organizations. Their influence comes partly from their claim to authoritative and consensual knowledge based on their professional expertise. Epistemic communities influence governance in more direct ways as well because they shape many of the stages of policy making, both domestically and internationally. Epistemic communities can first frame an issue so that policymakers understand that it is a problem, as Haas demonstrates in the issue of ozone depletion and C. W. Thomas explains in the case of California biodiversity management. Epistemic communities then help set the political agenda by clarifying the importance of the problem and the consequences of not acting. Their causal knowledge about the sources and remedies of a problem contribute to policy formulation as well as policy innovation. For example, scientific evidence demonstrated that chlorofluorocarbons (CFCs) were depleting the stratospheric ozone layer. A transnational epistemic community of atmospheric scientists and policymakers gathered and spread this information to governments and the manufacturers of CFCs. Epistemic communities also shape the stage of policy choice because they use their professional expertise to lay out the consequences of

different courses of action as well as of not acting. The ozone epistemic community used its expertise and causal knowledge to help policymakers develop domestic and international regulations on CFC manufacture and consumption. In the case of California biodiversity, epistemic communities demonstrated that because of the interrelated nature of biodiversity, management of natural resources could not be achieved unilaterally and required interagency cooperation. Epistemic communities then suggested how such cooperation might take place. Their causal knowledge provides a basis for social learning about what constitutes a problem, why, and what can and should be done about it. This learning, mediated by epistemic communities, occurs through international negotiations and cooperation in formal and informal institutional settings. The influence of epistemic communities outlasts their direct involvement when they create institutions that reflect their cause-and-effect understanding of a particular issue. These causal ideas become institutionalized in organizations and continue to shape how problems are defined and solutions identified.

The epistemic community literature lies at the nexus of two broad trends in the study of governance. The first trend was the study of the impact of ideas, including scientific knowledge, on the development of international regimes and institutions, on domestic and international policy processes, and more fundamentally, on how states define their interests. The second broad trend was increased attention to the role that transnational and national nongovernmental networks play in generating international and domestic policy. The epistemic community literature deliberately rejected approaches that took interests as given, and sought to understand how states came to have particular interests and make particular choices. Emanuel Adler and Haas, who led the research on epistemic communities, emphasized that states always interpret their interests, and that ideas, especially causal knowledge, influence those interpretations. Adler and Haas's work sought to focus on the importance of both ideas and agency in shaping international outcomes. Drawing on earlier work on transnational relations, these scholars emphasized that human actors made these ideas about causation available to

policymakers. Thomas has broadened the application of the concept to the domestic level, noting the importance of local and national legislation in setting the conditions under which epistemic communities can and cannot successfully alter interests and policy. Epistemic communities parlay their professionalism and expertise into political access and interpreting and framing issues for policymakers. The work on epistemic communities thus helped re-launch the study of transnational and subnational actors and networks, and their influence on political governance. It also provided empirical, actor-based studies with which to ground the claim that ideas matter. The epistemic community literature has been absorbed into the broader literature on social constructivism. Studies of epistemic communities have occurred in a number of fields, including environment, public administration, economics, security studies, European monetary and legal integration, scientific and technological innovation, and public administration.

—*Anne L. Clunan*

See also Advocacy Networks; Arms Control; Coordination; Environmental Governance; Global Governance; Groupthink; Interdependence; International Regime; Regime Theory; Social Network Theory

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EQUILIBRIUM THEORY

Equilibrium is a central concept in neoclassical economic theory and game theory with a precise mathematical definition and an interpretive connotation of self-reinforcing stability. Although the concept draws on the character of human agents as having expectations about future states of affairs when used in the social sciences, originally the idea referred to a mechanical system in which forces are balanced, resulting in a stationary state. Social scientists who study equilibriums are interested in their existence, uniqueness, and stability. The equilibrium concept most useful to contemporary political science is that of the game theoretic Nash equilibrium (by John Forbes Nash). This mathematical definition refers to a competitive interaction in which each agent pursues personal advantage, expects that others will do the same, and no individual has the incentive to deviate from his chosen strategy of action, given the joint outcome of everyone's strategy.

The combination of the mathematical precision of the equilibrium concept, and its connotation of social stability, makes it of great interest to social scientists who are attracted to explanations of social phenomena that may be stated as general laws of human action. Even though he did not use the term "equilibrium," Adam Smith's famous "invisible hand" argument in essence implies this central idea. Smith proposed that a system of natural liberty, defined as a system predicated on individual self-interest embedded in a framework of commutative justice, will tend toward uniform rates of return from capital investments and uniform wages for labor. In neoclassical economic theory from the late nineteenth-century marginalism to mid-twentieth-century general equilibrium theory, the achievement of an equilibrium denotes that supply and demand across all markets is perfectly balanced, given a certain set of prices.

Even though an equilibrium is defined mathematically and itself is a nonnormative concept, because it describes social stability, it conveys a sense of positive value. This is because most people believe that constancy is superior to chaos and unpredictability and,

further, that instability signifies an imbalance between individuals' expectations and the actual outcomes of their actions. Therefore, the Great Depression, marked by overproduction and a collapse of the pricing system because of widespread inability to pay for goods, is deemed to represent disequilibria and to be detrimental. By contrast, according to general equilibrium theory developed in the 1950s, the existence of a general equilibrium is defined by X. This state X guarantees Y and Z. (Two fundamental theorems of welfare economics are Pareto optimality, and the fixed-point theorem.)

Social science is distinct from natural science because it is widely believed that in markets and politics, agents act purposively both in anticipation of how others will act and what the expected outcome of joint actions will be. Thus, it is well appreciated in economics that if individuals expect an en masse cash withdrawal of savings from banks, and act accordingly, the ensuing collapse of the banking system will be the result of a self-fulfilling prophesy. General equilibrium theory did not do full justice to mutually interdependent strategic interactions, and game theory was articulated to address this deficiency. Game theory, which relies on the idea of equilibrium to the same extent that neoclassical economics does, made it possible to address outcomes of interdependent decision processes in nonmarket interactions wherein monetary prices are either irrelevant, or exogenous to the model.

Nash contributed the central game theoretic equilibrium concept that, as does general equilibrium theory, relies on a mathematical fixed-point theorem; it is also interpreted to convey the idea of mutual best reply. A Nash equilibrium refers to a set of individuals' strategies in a given game that when played against each other result in an outcome such that no individual can improve his or her outcome by playing an alternative strategy. Nash proved that a finite game, with finite players, is guaranteed to have at least one such equilibrium, although its existence may depend on players adopting statistically randomized strategies as though they selected courses of action by rolling dice. Given that the Nash equilibrium by definition has the property of stability, and that agents are believed to act in accordance with their anticipations of others' strategies and the expected gain of joint outcomes, game theorists

devote considerable attention to understanding the conditions under which such an equilibrium state may arise. Nash equilibrium mathematically identifies strategies sets that resemble self-reinforcing agreements in that no single individual could do better by altering his or her course of action. However, if more than one Nash equilibrium exists, an important question arises of how agents may gravitate toward a single mutually reinforcing outcome.

In tracing the development of the equilibrium concept from physics, through classical economics and neoclassical economics, to game theory, we can see that its trajectory evinces a transition from the optimism that agents who coordinate their actions without centralized planning will achieve a generally good outcome to a pessimism that an equilibrium outcome may not necessarily be optimal. Thus, it is important to recognize that even though a Nash equilibrium demonstrates the achievement of systemic stability that arises from individual decision making, this stability may not reflect the best possible joint outcome that agents may achieve. For example, the Nash equilibrium of a prisoner's dilemma game is objectively suboptimal from all agents' perspectives. In addition, it is important to keep in mind that "equilibrium" is a mathematical property of a model that is thought to describe agents' actions, but does not have an ontological status independent from the model. An equilibrium can only be defined as an attribute of a mathematical system and is not an actual feature of the social world.

—S. M. Amadae

See also Game Theory; Pareto Optimality; Positive Political Theory; Prisoner's Dilemma; Rational Choice Theory

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EQUITY

In its original formulation, equity was a rectification of, or supplement to, rigid law. In its modern form, it has lost this concrete relation to rigid law and is used to describe either the "essence" of good law or an independent value that good law takes into consideration. Where equity was originally outside the law, it has come to describe a way in which the law itself ought to treat people. We say that the law is equitable, that it treats people fairly, or perhaps that it promotes equity. We no longer say that the law requires equity as a remedy. Furthermore, an original distinction between equity and equality in ancient Greece has given way to the modern interchangeable use of equity and equality. Tracing the evolution of the concept is instructive; the loss of its original meaning suggests we have lost sight of (a) a fundamental problem of governance by law and (b) an alternative to governance by law.

Definition and Etymology

The English word equity comes from the Greek *epieikeia* and the Latin translation of *epieikeia, aequitas.* The Greek *epieikeia* had a relatively specific meaning that was partially transformed and later forgotten through its Latinization. The modern English use of the word equity is closer to the Latin *aequitas.* Two English terms, *epiky* and *equity,* capture the distinction between the original Greek and later Latinized meanings. *Epiky* is less frequently used and has perhaps dropped out of our ordinary language. *Epiky* is derived directly from the Greek *epieikeia,* whereas *equity* likely comes from the Latin *aequitas.*

Epieikeia

The term *epieikeia* was of both philosophical and practical importance to the ancient Greeks; the term was central for Athenian self-definition. The main sources for the meaning of Greek *epieikeia* are Thucydides, the fragment of Gorgias's funeral oration, Sophocles, and most prominently, Aristotle's *Nichomachean Ethics.* The term *epieikeia* originally

had two concretely related meanings: (1) what is appropriate, convenient, or fitting and (2) what is opposed to strict law.

The concept of *epieikiea* originally pointed to a fundamental problem of governance by law. Aristotle, and much later, Thomas Aquinas, both identified the same problem. Simplified a bit, the problem is that laws necessarily take the form of general statements meant to apply to large classes of persons. A law that reads, "All persons who steal shall be punished" is exemplary of the generality of most laws. Such general statements speak to, or are meant to be applied to, cases that generally arise. We might say that in most cases, when someone steals, it is appropriate that they be punished. Occasionally, however, exceptional cases arise. When a starving orphaned child steals a loaf of bread to survive, should the general law be applied? There are exceptional cases where the application of general laws seems inappropriate. Another example suffices to make the point. Imagine a law that states, "All teachers who corrupt the youth are to die by poison hemlock." Now imagine that an exceptional case arises in which the great Socrates is accused of being a teacher who corrupts the youth. It would seem to follow that he ought to be condemned to death by poison hemlock. We might think, and certainly many in Athens thought, that Socrates' case was so exceptional that a strict application of the general law in his case would be inappropriate.

In cases like these, both Aristotle and Aquinas thought it was bad to follow the law and that it was good to set aside the letter of the law to follow the dictates of justice and the common good. This is the object of *epieikeia,* which was later called equity. For both Aristotle and Aquinas, *epieikeia* was a rectification of law in exceptional cases where law is defective because of its generality. The two original meanings of the word are concretely united in the claim that *epieikeia* requires a deviation from strict law to ensure that an exceptional case is treated appropriately.

The question immediately arises, however, on what basis should judges make an equitable or appropriate determination in exceptional cases? For Aristotle, *epieikeia* required that exceptional cases be judged in light of the requirements of *dike.* Though often

translated as "justice," *dike* is better understood as a higher law, in the sense of divine or natural law, corresponding to the Roman *ius,* German *recht,* and French *droit.* In exceptional cases where *epieikeia* requires that the strict letter of the law be broken, a decision or judgment must be made in light of *dike.* This judgment is to be adequate to the particular exception and cannot take the form of applying a separate set of rules. A set of rules to be applied in exceptional cases would be inadequate to the requirement of *epieikeia* and would simply repeat the problem of applying general rules to particular cases. *Epieikeia* requires the exercise of *phronesis,* or judgment aiming at *dike* given a unique circumstance. There are no rules for such judgment; rather, it is a capacity or virtue (either natural or acquired) of good judges. Aristotle suggested that what is required is the combination of a system of justice and law with capacities for practical wisdom and virtue.

The problem then becomes one of producing citizens who are reasonable, possessing practical wisdom and virtue, to complement strict law. Thus for early thinkers such as Aristotle, Plato, and Aquinas, the best arrangement was one in which strict law was rectified by *epieikeia,* by leaders (or citizens) virtuous in exercising *phronesis,* capable of judging exceptional cases without the guidance of rules. This concept, of general law supplemented by *epieikeia,* requiring wise judgment by virtuous leaders (or citizens) in light of a higher law (*dike*), has been lost in modern thinking.

Aequitas

Aequitas is the standard Latin translation of the Greek *epieikeia.* The Latin *aequitas* also has two main meanings: (1) essence of law and (2) the antithesis to strict law (*ius strictum*). The second definition retains a close relation to the original Greek meaning whereas the first is best seen as the first step in a gradual transformation or perhaps forgetting of the original meaning. As a characteristic or essence of general law, *aequitas* means uniformity, evenness, equanimity, impartiality, or fairness. Equitable law is law that shows no favoritism and that is fair to all those who come before the law. As such, it is exactly what Aristotle and Aquinas thought was impossible. Perhaps a clue to the

shift in meaning lies in the fact that in Roman mythology, Aequitas is the goddess of fair trade and honest merchants. She is depicted with a cornucopia representing wealth from commerce, and a balance, representing equity and fairness. What is the connection between trade, commerce, wealth, and the transformation of equity as rectification of law to equity as characteristic or essence of good law? Perhaps as expanding empire and trade lead to the spread of ever more encompassing general law, contextually sensitive rectification became practically impossible?

Equity in English Law

The ambiguous meaning of Latin *aequitas* is maintained in early English usage as well. "Equity" in English law can mean simply "fairness," but it is also the name given to the system of law developed originally by the Court of Chancery (the Lord Chancellors Court) to provide relief in cases applying the rules of the common law would have seemed too strict or unfair. Although "fairness" represents a departure from the original Greek understanding of *epieikeia,* the usage by the Courts of Chancery represents a clear continuation of the original meaning. By the fourteenth century, common law had become the ordinary law of the land, administered through courts independent of the crown. The king, however, retained the power to administer justice outside the regular system if a party could not obtain justice from common law. Although the rules of common law were bound by tradition and statute, the Chancellor was not bound by rigid procedures or rules.

The parallel with Greek *epieikeia* is obvious. Lord Ellesmere, following precisely the arguments of Aristotle and Aquinas, justified the Chancery Court as a means of softening the extremity of general laws. He too saw that general rules could never be adequate to the infinite diversity of human actions under complex circumstances. The Chancellors' form of justice acquired the name of "equity" corresponding to the original Greek meaning. As in the Roman case, however, a gradual transformation occurred. Resentment of the Chancellors' Court (and the non-rule-bound decision making it exercised) grew. After the

Reformation, the Chancellors Court lost its original form (consisting mostly of intuitive and common-sense judgments); equity gradually became "bound" by precedent (prior decisions), thus becoming more rule governed. The 1873 Judicature Acts reduced the Court of Chancery to a division of the High Court of Justice, and judges were empowered to administer both law and equity.

With few exceptions, independent courts of equity have also disappeared in American law. Like the English case, equity has come to be administered within the regular courts of law by judges bound by "principles of equity." That is, equity consists of a further set of guiding rules and is not a rectification of shortcomings of all rule-guided decisions. The main distinctions between equitable rulings and standard rulings is the absence of a jury in the former. The distinction falls within rule-guided decision making and differs only in the sense of who makes the decision and what rules apply. In both the English and American systems, equity has become a body of rules or principles; as such, it is not what Aristotle, Aquinas, or Lord Ellesmer had in mind when they spoke of equity.

Modern Forgetting or Transformation of Equity?

The modern obscuring or forgetting of the original meaning of equity is captured by the shift from equity as a rectification of general law to equity as essence of good law, or alternatively, equity as a body of rules. Such a shift can be partially explained by the pragmatic needs of law (and rulers) under conditions of empire and trade spreading across larger spaces and more diverse people. A second explanation for the shift can be found in the historical founding of both the French and American Republics. Both republics aspired to a "government of laws, not of men." This entailed doing away with discretionary judgment by absolute rulers in favor of a system of general rules (positive law). Arbitrary despotic decision was to be replaced by general, reliable, fair rules to be applied automatically to all cases that might arise. Although both the French and American founding documents are arguably grounded in higher law, they expressly forbid

judges from deciding particular cases in light of higher moral principles. By forbidding judges from resting decisions on considerations other than positive law (*lex, loi, Gesetz*), *epieikeia,* requiring an exercise of *phronesis* aiming at *dike* in exceptional circumstances, becomes impossible. The promise of a government of laws, not men, entails the forgetting of *epieikeia.* A deeper explanation of the forgetting of *epieikiea* would show the connection between the emergence of modern science and an increased confidence in legal "science" (the reduction of law to knowable rules). The rise of a legal "science" corresponds to the parallel decline of *epieikeia, phronesis, dike,* and the need for practical judgment unguided by rules.

What evidence is there of the modern forgetting of *epieikeia* and what are the consequences of this forgetting? The standard dictionary definition of equity we began with is the best evidence of the (at best) ambiguous modern meaning of equity. Furthermore, the problem of equity has all but disappeared from law books. Contemporary legal philosophy has almost nothing to say about the issue. With the exception of a few marginal critics of liberal constitutionalism, such as Carl Schmitt, the problem had been forgotten within political theory until recently.

The insight of earlier thinkers, represented by their concept of *epieikeia,* is that a system of general laws can never do justice to each particular case. In exceptional cases, justice requires rectification of general rules by human judgment in light of higher (moral) considerations. Modern law holds out the postulate of the completeness of positive law, of a law functioning independently of ongoing moral judgment by man. As such, only positive law can be used by judges to justify particular decisions. What this means is that in exceptional cases, where application of the strict letter of the law would lead to absurd consequences, judges are put in a bind. Rather than providing a straightforward correction of the law (*epieikeia)* by exercise of transparent moral judgment (*phronesis, dike*), judges are forced to either (a) manipulate the letter of the law through interpretive practices, thus leading to rule skepticism, or (b) stick to the letter of the law, resulting in a harsh legal formalism. As such, the law ceases to speak or it speaks in an overly harsh voice. Both contribute to the undermining of (a) legal authority, (b) the legitimacy of law, and (c) the possibility of governance by or through law.

—*Tyler Krupp*

See also Democratic Theory; Gender Equality; Legitimacy; Rule of Law; Segregation

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Ethical Consumerism

Ethical consumerism extends from the premise that purchasers in markets consume not only goods, but also, implicitly, the process used to produce them. Consumption, in this view, is a political act that sanctions the values embodied in a product's manufacture. By choosing certain products over others, or even whether to purchase at all, consumers can embrace or reject particular environmental and labor practices and make other value claims based on the ethical vision they hold. Exercising choice in this way creates incentives for producers to bring production practices in line with consumer values. Successful campaigns waged by ethical consumer movements have brought about dolphin-free tuna, genetically modified organisms (GMO)–free food, sweatshop-free clothing, fair trade coffee, cosmetic products free from animal testing, and, most recently, conflict-free diamonds.

The idea of using consumption as a lever of political change has roots in boycotts organized by social movements against products, firms, and even countries, including apartheid South Africa and the military junta in Burma. As production continues to migrate from the developed to the developing world, thereby escaping the regulatory spheres of Western nation-states, consumer activists increasingly see ethical consumerism as an extra-legal way to influence labor and environmental practices in far away places. Ethical

consumerism, according to its most ardent advocates, potentially stands as a novel form of postnational governance in which consumer-citizens reshape the practice of global capitalism from the bottom up.

Ethical consumerism entails two key shifts in how markets are conceived. First, consumer goods, once thought of as objects without a history, are redefined to include the normative commitments built into their production. Second, the act of consumption itself becomes a political choice, not unlike voting, so that democratic values come to be exercised in the market. Redefining consumption in this way challenges the premise underlying current market structures, in which legal mechanisms such as confidentiality agreements and intellectual property rights are often invoked to shroud the details of production from the inquiring public. The protest lodged by the ethical consumerism movement against these dominant arrangements constitutes an explicit attempt to renegotiate the boundary between politics and the market.

The codes of conduct created by ethical consumerist movements to ensure that production practices remain true to certain values themselves embody controversial notions of political representation. What counts as a fair wage or environmentally sustainable practice remains contested across political, cultural, and socioeconomic contexts. Critics see ethical consumerism as a dangerous marketization of ethics whereby the values of wealthy consumers "go global," unfairly constraining the freedom of others. These critics charge that consumerist movements in advanced countries are too quick to equate their preferences with the best interest of the laborers and environmental concerns on whose behalf they purport to act. Underpinning the practice of ethical consumerism is thus the presumption that consumption, a process driven by the global distribution of wealth, can serve as an effective surrogate for other more traditional forms of democratic representation, such as voting. Whether ethical consumerism becomes an effective means of economic governance in the postnational order remains to be seen.

—*Christopher Kirchhoff*

See also Consumption; Economic Governance

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ETHNIC GROUPS

The definition of ethnic groups is widely contested, and no commonly accepted definition exists. A good starting point is, however, a subjective definition that regards an ethnic group as the largest human group with a common consciousness of shared origins. This group will often, but not necessarily, share objective characteristics such as language and religion. Most states contain more than one ethnic group, and this can raise important issues of governance: How is the state best structured to accommodate such ethnic heterogeneity?

The term *ethnic* is derived from the Greek word *ethnos,* which translates into people or nation and denotes a group characterized by common descent. But the concept of ethnic group is arguably different from the concept of a nation: Political sovereignty is not implied, and some authors would further argue that a nation can have a civic as well as an ethnic basis, whereas others contend that an ethnic group need not have a shared identity; it is a proto-nation. An ethnic group is, finally, not the same as an ethnic minority: An ethnic group can be the dominant group in a state and need, furthermore, not be limited by a state border.

During the last couple of decades, ethnic groups have become increasingly effective foci for group mobilization for concrete political ends. But the existence of more than one ethnic group within a state does not automatically entail instability. The overwhelming majority of the world's states are multiethnic, but ethnic strife is, nevertheless, the exception. In the instances when demands are made on behalf of ethnic groups, several strategies exist for accommodating them. One can distinguish between strategies that seek

to eliminate or reduce ethnic differences and strategies that seek to preserve and accommodate them, and that may even strengthen ethnic differences.

The strategies that seek to eliminate ethnic differences range from the clearly unacceptable, such as genocide and expulsion, to more contested ones, such as assimilation and integration. A wide range of strategies seeks to accommodate ethnic groups, and the extent to which the structure of the state will be defined in ethnic terms varies considerably: from cultural autonomy to extensive political and territorial autonomy, from federalism to confederalism. The key to these strategies is that different ethnic groups can be accommodated within the same state, even if relations have turned conflictual. The problem is, however, that none of the strategies are a panacea and timing is crucial: The strategies will only be successful if the political leaders, who have used the ethnic group as a focus for political mobilization, are willing to accept them and are able to bring their followers along.

—Nina Caspersen

See also Collective Action; Ethnonationalism; Nation

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ETHNIC INCLUSION

See SOCIAL INCLUSION

ETHNONATIONALISM

The term *ethnonationalism* refers to a particular strain of nationalism in which the referent object is an ethnic group. This ethnic group, or rather its leaders, makes demands based on dissatisfaction with the existing political arrangement. Such demands can involve the pursuit of statehood, although more limited demands, such as cultural autonomy, are also encompassed by the term. Ethnonationalism has been an important and powerful force during the last couple of decades, particularly after the end of the Cold War. Its potency has been illustrated in the outbreak of violent conflicts and the creation of new states, but it can have serious implications for democratic governance even in milder forms.

Ethnonationalism is closely associated with the work of Walker Connor, who argues that nationalism and ethnicity are so closely intertwined that we should use the term *ethnonationalism* rather than merely *nationalism* to avoid confusing it with loyalty to the state. Connor further emphasizes the psychological and subjective elements of nationalism and the continued importance of its political implications. However, in common academic and nonacademic usage, ethnonationalism is often used to denote a specific form of nationalism—a form of nationalism that is associated with an ethnic group that does not presently have its own state, but is politically mobilized to pursue this goal. In addition, it is often implied that this form of nationalism has a strong irrational or even primordial element. More importantly, this form of nationalism is closely linked with politics; the essence is that a political goal is pursued and this goal is not static, but will likely change over time. This development in the stated goal of an ethnonational movement will be strongly influenced by both reactions by the dominant group, or the state, to which the demands are addressed, as well as by the dynamics of competition within the ethnic group: Do hardliners or moderates emerge victorious?

During the last couple of decades, there has been an upsurge of ethnonational activities. This has showed that ethnonationalism is a global force that is not limited to specific, less-developed parts of the world, but is also of great importance in the heart of Western Europe, such as in Northern Ireland and the Basque Country. The end of the Cold War, and the power vacuum created by the fall of communism, created powerful ethnonationalist movements in the former Soviet Union and Eastern Europe, which led to the break-up

of multiethnic federations and the outbreak of a bloody war in the former Yugoslavia. Despite this upsurge in ethnonationalism and the accompanying growing academic interest in its dynamics, little agreement exists about its underlying causes and about the best ways to prevent its violent manifestations.

—Nina Caspersen

See also Ethnic Groups; Nationalism; Peace Process

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EUROPEAN COAL AND STEEL COMMUNITY

The European Coal and Steel Community (ECSC) was founded by the Treaty of Paris in 1951 by Belgium, the Netherlands, Luxembourg, Italy, France, and West Germany (referred to as the Six) to pool the coal and steel production of its member states into a European organization with supranational powers, in the aim of preventing another European war. The ECSC is one of the three founding treaties of the European Union (EU).

ECSC was the fulfillment of the ideas of French civil servant Jean Monnet, publicized by the French Minister for Foreign Affairs Robert Schuman in a now-celebrated speech on May 9, 1950. This proposal of an organized Europe, essential to the maintenance of peaceful relations, is known as the Schuman Declaration, and is considered the beginning of the creation of what is now the EU.

The Shuman declaration proposed Franco-German production of coal and steel as a whole placed under a common High Authority within the framework of an organization open to the participation of the other countries of Europe. The coal and steel industries, mostly situated in the Ruhr Area, were chosen because of their strategic and military importance in times of war. With these key industries under supranational control, Schuman said a war between France and Germany was rendered substantially impossible.

Before this initiative, France's policy toward Germany had been mostly to make sure Germany did not gain its previous economic and military power. The United States and the United Kingdom already favored a strong and democratic Germany as a key in both the rebuilding of Europe after World War II and in the struggle with the Soviet Union. In a speech in 1946, Sir Winston Churchill presented the vision of a united Europe with the unification of France and Germany as the first step. The ECSC was also heavily promoted by the United States.

The ECSC treaty was unique because it introduced a new form of international cooperation in which the member states hand over parts of their sovereignty to a common body. It was the precursor of the original form of organization that characterizes the EU today, consisting of an autonomous regulatory system run by independent institutions vested with the power and authority needed to make the system work.

Although the ECSC treaty expired in July 2002, its spirit lives on in so far as it was one of the three organizations that came together to form the EU. In 2002, the common economic resources of the ECSC were channeled into a research fund supporting the coal and steel industry of today—mainly the German and French automobile producers.

—Susana Borrás

See also Economic Governance; European Free Trade Association; European Governance; European Union

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EUROPEAN FREE TRADE ASSOCIATION

The European Free Trade Association (EFTA) is an international organization promoting free trade and

consisting of four European member states: Iceland, Lichtenstein, Norway, and Switzerland. The EFTA Secretariat is headquartered in Geneva, Switzerland.

EFTA was founded January 3, 1960, by the Stockholm Convention as a counterbalance and alternative for European countries that for different reasons did not join the European Community (EEC and later EC), now the European Union (EU). From the onset, EFTA was an organization with a more modest integrationist agenda than that of the EC.

As an alternative European organization, EFTA has experienced a rather high turnover in its member states. The original member states were Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom. Hence, they were often also referred to as the Seven, in contrast with the Six (original members of the EEC). Finland joined as an associated member in 1961 (full member in 1986), Iceland in 1970, and Lichtenstein in 1991 (previously represented by Switzerland).

During the 1960s, Denmark, Ireland, the United Kingdom, and Norway applied for membership of the EEC, and in 1973, the first three joined the EEC. Norway, however, stayed in EFTA because a referendum on membership in the EC ended in a "No." Portugal left EFTA in 1985 to join the EEC. Finally, Austria, Finland, and Sweden followed into the EU in 1995. At that point, approximately eighty percent of the EFTA population, production, and trade had left the organization and joined the EC.

In a speech given in the European Parliament in January 1989, the former president of the European Commission, Jacques Delores, proposed a more structured partnership between the EC and EFTA. The main aim was to allow EFTA members to participate in the Single Market (the free movement of goods, persons, services and capital) without also having to join the European political integration.

In 1992, the agreement on the European Economic Area (EEA) was signed in Porto, Portugal, between the EU and the EFTA states. However, 50.3 percent of the Swiss people rejected the ratification of the EEA in a referendum held on December 6, 1992. As a consequence, the Swiss government decided not to join the EEA and suspended its ongoing negotiations for EC

accession. Nevertheless, it is still linked to the EU by a vast set of bilateral agreements, some of which are mostly comparable in content to the EEA agreement.

The EEA agreement came into force on January 1, 1994, and has been amended continuously to ensure that relevant EU legislation is extended to the EEA-EFTA states (Iceland, Lichtenstein, and Norway). Still, there are exceptions to the agreement. Fisheries and agricultural products are sensitive goods, and some remain regulated by quotas and tariffs. The participation of these countries in the EU single market has led to an intense political debate within EFTA countries about the fact that they must align with the EU legislation without any direct influence about its content.

—*Susana Borrás*

See also Economic Governance; European Coal and Steel
    Community; European Governance; European Union

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EUROPEAN GOVERNANCE

European governance refers to the collective political action that regulates social relationships within the European political context generating effective, legitimate, and durable collective solutions. Most often, the term is used in relation to the European Union (EU) and its specific form of integration politics and political system-construction. However, the term can also refer to other international and transnational arrangements on the European continent in different functional fields, such as military security, free trade, scientific cooperation, or nongovernmental arrangements. Nevertheless, this notion has generated substantial scholarly debate in the context of the study of the EU since the mid-1990s (both in theoretical and empirical terms) in relation to the undefined nature of the EU as a political order and relative to the rapidly changing nature of collective EU public action.

The Governance Approach in EU Studies

Rather than a theory in its own right, the notion of European governance has been largely portrayed as an approach that brings together different perspectives concerning the same phenomena, namely the complexity, diversity, and dynamism of interactions among a variety of actors generating collective and public action within this supranational or international polity, a polity which is in a permanent systemic development. Despite the wide spectrum of empirical areas in which it has been used, all uses of the governance approach within EU studies share one important feature, namely that the object of study is not the process of integration as such, but mainly the problems and questions that arise about how this new type of political system operates. Thus, the interest is not on the factors that explain the process of supranational institution building by the further transfer of national competences to Brussels but, rather, on the issues associated with the effectiveness, legitimacy, and sustainability of the collective political action undertaken in this new political order.

From the creation of the European Community in the 1950s until the mid-1990s, scholarly attention was overwhelmingly on explaining the advancement of the European integration process. The alternative theoretical frameworks, most notably neofunctionalism, liberal intergovernmentalism, and historic institutionalism, that had been developed during those years (particularly by U.S. scholars) have been largely related to wider debates within the field of international relations. Here, the rapid institution-building process of the European Communities or Union was seen as an advanced example of international cooperation and economic regionalization worldwide, whose study could provide answers to wider questions about international politics. In the 1990s, however, a new approach started to emerge. Acknowledging that the EU had now developed substantive public action in a wide variety of policy areas (such as agriculture, competition, trade, technology, consumer safety, environmental protection, transport, and foreign affairs), a growing number of scholars (particularly European scholars) became more concerned with issues related to decision-making and implementation processes in those policy areas, and also to the new and emerging patterns of collective public action at the EU level. This research focus is not primarily related to the area of international relations, but to the studies of public administration, policy analysis, and comparative politics, traditionally focused at the national level. Admittedly, the governance approach within EU studies has tended to use the analytical tools provided by those studies, by adapting them to the specific problems related to supranational and transnational political dynamics. Nevertheless, the true novelty of the governance approach within EU studies is that it has linked the analysis of these low-politics processes to the constitutional-systemic level by examining the normative dimensions and forms of political contestation that are involved in the constant polity construction of the EU as a postnational political order.

Naturally, the governance approach has been concerned with the question of what kind of political order the EU is. The most commonly accepted answer is that it is not a federal state nor an international organization, but something in between. This is so because the EU has a double nature. On the one hand, the EU is a supranational political order because in many policy areas the decisions are taken by qualified majority voting among member states and because these decisions override those at national level (by the supremacy of EU law over national law). On the other hand, in some other policy areas (i.e., defense, foreign affairs, police cooperation), the EU is an international political order where member states have equal veto powers. This special nature poses many conceptual and theoretical questions when one is studying public action at this level. Governance scholars have tended to disagree about this "exceptionalism" problem. For some, the special nature (also known as the *sui generis* nature) of the EU political system has the logical analytical consequence that it shall not be compared with any other political system or international organization because such an exercise will never provide satisfactory answers about the double dimension of the EU, the supranational and the international dimensions. For others, this special nature is not a hurdle for undertaking substantial comparative

analysis of the processes of public action with other political systems of federal or semi-federal structure. On the contrary, a systematic comparison of the EU governance system with that of the United States and Germany can provide interesting insights, particularly regarding the interaction between the center and the constituent parts in the day-to-day political processes.

Multilevel Governance and Europeanization

One of the aspects of the EU as a political system that has received substantial scholarly attention is the complex relationship between the EU level and the national and subnational levels in the EU political processes. This refers in particular to the notion that the EU is a multilevel governance system, where political processes entail complex bargaining and adaptation dynamics among a wide range of public-private actors cutting across different levels of authority (EU, national, and subnational). This understanding of the EU as a fluid multilevel governance system is close to acknowledging the semi-federal or quasi-federal nature of the EU as a political system in how different levels interact with each other. Developed in the mid-1990s, this notion soon gained a firm foothold in EU studies, mainly because it contrasted sharply with the understanding of the EU as a two-level game of intergovernmentalism. The notion of the two-level game sees the interaction between member states and the EU institutions such that national governments are crucial political gatekeepers in the definition and negotiation of national preferences in the multilateral arena of EU politics. By questioning this gatekeeper role and the actual capacity of the states to contain the multiple and complex political policy processes, the authors supporting the notion of multilevel suggest that real political interactions are typically more fluid and intertwined than previously assumed. This is exemplified by the numerous situations where subnational levels tend to "bypass the state" in their interaction with Brussels, establishing semi-formalized channels of policy and political interaction with great practical impact, both in the decision-making and in the implementation of EU measures. Another version of the multilevel

perspective is the understanding that the EU is a networked or differentiated polity. The assumption is that in the EU context, public action and the subsequent coordination of actors are no longer mainly achieved by hierarchical authority mechanisms but increasingly by heterarchical interactions among different actors exchanging different resources. We will come back to this in relation to the discussions regarding the new modes of governance in the EU context.

Another analytical perspective concerning the interaction between the EU and its constituent parts has been devoted to studying the impact of the EU in a national context, or Europeanization. The recent enlargement rounds (from twelve to twenty-five members in just one decade) have launched important debates about intra-EU diversity. The main questions in this regard are these: What explains the observable diversity of effects and implementation enforcement of EU legislation in national contexts? Is there a tendency toward converging institutional, organizational, and political patterns across EU member states as a result of EU action? And how far is the ideal of "unity in diversity" reflected in real political processes at national or subnational levels? This research agenda is based on a comparative analysis of cross-national institutional dynamics and political processes, providing answers about the polity-construction of the EU. However, the existing literature is careful about identifying substantial trends of convergence and is still debating the nature of the EU's impact on national political structures. Further, empirical research might provide more conclusive answers to these Europeanization questions.

New Modes of Governance

The EU, similar to many other political orders worldwide, has recently started to develop forms of public action that use instruments other than legislation. These new instruments are a wide variety of arrangements typically based on flexible and partly self-regulatory deals such as voluntary agreements, contractual networks, voluntary standards, regulatory agencies, and the open method of coordination. These new instruments are different in their nature and in the context

they are used. Nevertheless, they have at least two important points in common, namely, their self-regulatory and voluntary nature, and the fact that they are largely decentralized from the European Commission, the executive branch in EU politics. This is why the new instruments have collectively been considered as the "new modes of European governance," in contrast with the traditional "community method" established in the 1950s. The community method, largely based on legislative instruments of binding and nonbinding nature (respectively "hard law" and "soft law"), was initiated and steered by the Commission, which was successful in generating "European integration by law."

Arguably, the rationale behind the new modes of governance is a combination of factors, most importantly, the need to introduce more flexible mechanisms in a highly diversified EU, the fact that European integration has reached the core of national welfare regimes and member states are not prepared to transfer more sovereignty to the EU level (hence, nonlegislative instruments are a reasonable way to move ahead), and the deep legitimacy crisis of the Commission in the late 1990s. As a response to these dynamics, and the increasing interest of member states to use nonlegislative instruments, the Commission itself initiated a political debate regarding this matter, which resulted in the Commission's White Paper on Governance in 2001.

The current theoretical debates revolving around the new modes of governance are mainly focused on their effectiveness and problem-solving capacity. Some commentators argue that these new voluntary instruments will only be effective if they operate "under the shadow of hierarchy" (a real threat that failure to change behavior on a voluntary basis will result in universally binding legislative action). But other commentators argue that the "shadow of hierarchy" is not a requisite of effectiveness because actors also can change their behavior through noncoercive adaptation processes.

The Democratic Governance of the EU

The democratic governance of the EU has been a central matter of debate among politicians and scholars since the mid-1980s, when the idea that the EU suffered from a "democratic deficit" was widely endorsed. The successive treaty reforms have consequently given more powers to the European Parliament in the understanding that this democratic deficit was essentially a problem for realizing the ideal of representative democracy. However, since the late-1990s, this democratic ideal has also expanded to include two further aspects. One is the inclusion of participatory theories of democracy, with the result that the new Constitutional Treaty envisages several modes of popular participation. The other aspect is the question of introducing more mechanisms of openness, transparency, and accountability of public administration at the EU level. However, the issue of whether and how to democratize the EU is still a matter hotly debated among scholars.

European Economic Governance

The concept of governance has also been increasingly used in relation to the economic dimension of the European integration project. The studies about the governance of the single market project focus on the complex process of formal and informal institution building and steering procedures of this transnational market and polity. Likewise, the creation of the single currency in the late 1990s (the euro) has initiated a heated scholarly debate about its governance mechanisms, particularly in relation to its democratic dimension, the sustainability of its monetarist approach, and its role in the global financial system. This coincides with the growing attention of scholars of European political economy to issues of governance, and the growing number of publications dedicated to the study of the European economic governance in an interdisciplinary manner. Here, such economic governance implies not just the examination of the single market and the euro, but also of other policy areas such as trade, agriculture, or technological innovation.

European Governance Beyond the EU

The Old World has been experiencing a tremendous process of functional and political integration since the

end of the Cold War. The EU has become a central institutional arrangement in this process; however, it is not the sole one. The so-called European architecture is a series of international governmental organizations and agreements in the fields of security, free trade, and scientific and cultural cooperation. The number of full members and associated members has been expanding exponentially after the fall of the Berlin Wall, knitting closer together the highly interdependent European countries. Besides these governmental organizations, a multitude of unknown nongovernmental arrangements of cross-national nature have also been expanding significantly, indicating the tendency of civil society to organize itself cross-nationally. In any case, general agreement is that the overall dynamics and governance patterns of this new European architecture are an issue that deserves further scholarly attention.

—Susana Borrás

See also Democratic Deficit; Economic Governance; European Coal and Steel Community; European Free Trade Association; European Union; Multilevel Governance; Pooled Sovereignty; Social Network Theory

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EUROPEAN UNION

The European Union (EU) is the largest regional organization in the world, comprises twenty-five member states, and forms the world's largest economy. The EU performs both economic and political activities. These are primarily based around the operation of a single market and the management of interstate relations through a variety of supranational institutional structures. Tensions concerning the political direction of the EU persist.

The EU began life as the European Economic Community (EEC), which was established under the Treaty of Rome in 1957. Initially containing six members, a series of expansions increased the number of member states to fifteen by 1995. Ten new members (known as "accession states") were admitted to the EU in May 2004, and a further expansion is planned for 2007. The EU itself came into being in 1993 following the ratification of the Maastricht Treaty. Its various processes and functions have recently been formalized in the creation of an EU constitution. This was signed by the leaders of all EU states in November 2004 but to date still has to be ratified. High levels of popular discontent with the constitution, including rejections in French and Dutch referenda, mean that it has an uncertain future.

The EU performs a range of economic and political functions. Its economic activities are principally based around the management of a single market. A long-standing goal of many European states, the drive toward establishing a single market began in earnest with the Single European Act of 1986 and was largely completed by 1992. This established a common customs union with a common external tariff, set up common agricultural and fisheries policies, permitted the free movement of capital, and allowed the relatively free movement of labor, subject to certain national restrictions.

The regulation of the single market involves coordinating the economic activities of member states. Primarily, this focuses on the harmonization of trading and consumer standards. In January 1999, twelve member states also took the historic step of adopting a single currency (the euro) as the final step toward complete economic integration. Management of the single currency is undertaken by the European Central Bank, based in Frankfurt, which sets common interest rates for all economies within the Eurozone. Efforts to extend the euro, however, have been undermined by the relatively poor economic performance of many EU states in recent years. Moreover, successive governments of the United Kingdom, the most economically developed member state to remain outside the Eurozone, have remained skeptical about the prospects for joining the single currency.

The political activities of the EU have progressively increased since its inception, largely in response to the process of economic integration. Some of the key political functions of the EU concern the issues of social welfare, regional development, health and safety, and the promotion of human and civic rights. The key political institutions of the EU are the European Parliament, comprising directly elected representatives from each member state; the European Commission, which provides the EU with a civil service headed by nationally appointed commissioners; and the Council of Ministers, which brings together ministerial representatives from each member state. A European Court of Justice also provides an overarching legal jurisdiction across the EU.

From the outset, the overall political direction of the EU has been a constant source of tension between member states. For some, such as France and Germany, the overall objective of the EU has traditionally been to secure an ever-closer degree of political integration, leading ultimately to the creation of a federal superstate. Since the end of the Cold War, this has also been fuelled by a desire to create a counterweight to the United States in international political affairs. In contrast, for other member states, such as Britain, the main political objective has been to maintain a union of independent nations operating according to the

principle of subsidiarity. The recent wave of enlargement has tilted the political complexion of the EU away from federalism, and toward a vision of wider rather than deeper political integration.

These political tensions over the direction of the EU are reflected in disputes concerning its decision-making structure. In particular, the main divide is between those who favor a process of intergovernmentalism, in which executive authority continues to reside with member states, and those who favor "supranationalism," with decision-making power increasingly passing to national representatives at EU level. Although the EU possesses no capacity to accumulate greater competencies or powers for itself, member states have provided it with increased powers over a wide range of policy areas in recent years, indicating an increased shift toward supranationalism. This has established an increasingly central role for EU law in member states, has produced a greater degree of policy coordination, and has led to an extension of qualified majority voting (QMV) on EU policy issues. Under this system, proposals require the support of at least half the EU member states, representing at least half the EU population, to be adopted. Issues passing into the area of QMV under the Treaties of Amsterdam in 1997 and Nice in 2001 include foreign and security policy (excluding military issues), and certain matters relating to justice, asylum, and home affairs. Although politically sensitive issues such as taxation levels and immigration have so far remained under direct national control, the process of enlargement is likely to increase the pressure for extending this decision-making principle to avoid the emergence of "euro-sclerosis" or gridlock. As the pressure increases, and as decision making becomes further distanced from the citizenry of the EU itself, questions concerning a widely perceived democratic deficit within the EU are likely to become more intense, especially given the relatively weak powers of the European Parliament and the continually low voter turnout for European elections. In turn, this is likely to raise difficult questions about the political legitimacy upon which a successful union must ultimately rest.

—*Steven Kettell*

See also Baltic State Cooperation; Democratic Deficit; European Coal and Steel Community; European Free Trade Association; European Governance; International Courts; Mesoregionalism; Monetary Union; Multilevel Governance; Pooled Sovereignty; Security Community; Transnationalism

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EVALUATION RESEARCH

Evaluation is the assessment of activities of administrative entities relative to their design, implementation, efficiency, effectiveness, and costs in reaching goals. Activities might include routine service delivery and improvements, projects, programs, and alternatives. The study of comparative outcomes might be analyzed as well as what might have happened without the program.

Definitions and Delimitations

Programs and Projects

Programs are activities or groups of activities undertaken by a government to serve the public. Programs are usually continuing activities such as routine service delivery in local governments. Projects, on the other hand, are combinations of human and nonhuman resources pulled together in a temporary organization to achieve a specified purpose.

Inputs and Outputs

Outputs are the amount of products and services delivered (completed) during a reporting period. Outputs result from the type of processing or technology employed by the agency. Thus, number of students vaccinated is an output resulting from the delivery of immunizations. The work of most organizations involves chains of processors (sub-units, individuals, machines, etc.) that convert resource inputs (money, person-hours of effort, etc.) into outputs. The output of one processor may become the input of another processor in sequences that produce the final output.

Outcomes

Outcomes are events, occurrences, or changes in conditions, behavior, or attitudes that indicate progress toward achievement of the mission and objectives of a program. There may be intermediate outcomes and end outcomes. An intermediate outcome might be the percentage of persons completing smoking cessation training who have continuously ceased smoking for six months. An end outcome could be the percent of reduction in reported cases of lung disease that can be attributed to smoking following an extensive anti-smoking campaign. Improvements in some service quality characteristics are treated as intermediate outcomes because they are important to the public. Examples are timeliness in delivery of a service, accessibility, or convenience; accuracy of assistance; courteousness; safety; and customer satisfaction.

Efficiency and Productivity

The ratio of the amount of input to the amount of output (or outcome) is labeled *efficiency*; for example, the dollar cost per customer assisted. The reverse of this ratio is labeled *productivity* (customers assisted per dollar). These are equivalent numbers. Efficiency and productivity are important criteria for judging efficacy in evaluation research.

Demographics and Workload Characteristics

Demographic and workload characteristics are most important in evaluation research to discriminate among affected persons, areas, or objects. Thus, age and medical problems of senior citizens who receive

"meals on wheels" service may be important controls on effectiveness of program delivery or other outcomes studied. Workload characteristics, especially where there is variance in quality, quantity, or other differences, are important similarly. Subtle differences in inputs vitiate research design because not all participants receive exactly the same treatment.

Types of Evaluation Activities

Research for Program Planning and Development

This is the category of getting started in evaluation research. Its purpose is to design programs in conformity with intended goals. It seeks answers to questions such as, What is the extent of the target problem population? What research and development program planning and implementation issues need attention?

The specification of target populations often is difficult. Too rigorous or too narrow a definition may result in exclusions from a project of target units that have exceptional or unusual levels of need for the program services, or whose potential for benefiting from the program is high. Too broad a definition may result in uneconomical investments in targets with low potentials for benefiting from the intervention.

In selecting the target population, whether individuals, groups, or organizations, it is important to consider total program resources available for the research and the size of the potential target population, as well as to conceptualize and clearly define the units of analysis. An example of an individual or group target might be the percent of income expended for food by employed single mothers with two or more dependent children receiving food stamps in a particular geographic area.

Several techniques can be employed in estimating the scope of problems requiring intervention efforts and to estimate the target population implied for the most effective deployment of available resources and staff. The following are examples. The key informant technique employs interviews with knowledgeable leaders and experts. This approach works best when specific, concrete information is asked. The community forum approach is like a town meeting. Problems

surface through comments of individuals. Sample surveys may also be useful in estimating scope of investigation and the nature of the target population.

The formal planning of program delivery where an organizational infrastructure does not exist requires a more formidable task than would be adaptation of the processes of an existing organizational unit. For the latter, administrative requirements may be as simple as substitution of equipment or use, reassignment or addition of personnel, or contracting certain tasks. However, when no basis for processing of final outputs exists, a systems approach to planning is necessary. This requires precise identification of final output(s) and the conditions under which delivery is made (e.g., geographical locations, variation in what is to be received by different targets). This is followed by a process of backward planning from the final output delivery through a series of processors or production steps. In either case, resources required at each phase must be planned and budgeted.

Monitoring Evaluation

Monitoring research is conducted to answer two questions: (1) Are program outputs reaching planned targets? (2) Is delivery of services in accordance with program design specifications?

It is essential to define target populations precisely, and it is critical to monitor the extent to which actual participation of targets takes place. Efficient management requires relevant and timely information on participation of subgroups, including those participating through different geographically located facilities. The same applies to relevant target subjects that may vary by attributes such as age, sex, household composition, income, occupational data, and so on. Voluntary participation or self-selection can vitiate project validity and can lead to practices such as "creaming" (allowing participation of those who make the program look better than it is by needing it least). Extent of coverage, or participation by targets, may be measured as the number in need of the intervention less the actual number served as a percent of the number in need.

Record-keeping integrity can perhaps best be measured through sampling of recorded data on records.

Surveys of sampled participants may assist in quality control of data and participation. They also may reveal problems such as those resulting in nonparticipation or dropout. Entire communities might be surveyed, especially when target specificity is not part of the methodology. Other monitoring methods might include direct observation by evaluators and questioning program staff who are service providers.

Outcome Assessment: Models and Limitations

The objective of outcome assessment is to establish, with as much certainty as possible, whether or not an intervention is producing its intended effects. This involves ruling out other explanations of results or lack of results. It is often important to assess outcomes to rule out the occurrence of unintended, undesired additional effects. Outcomes can be assessed in one of three ways:

1. The numeric effects (e.g., scores on a test) on targets after exposure to the intervention (e.g., literacy training) minus scores on the measure before intervention, plus or minus stochastic effects.

2. Scores on measures of targets after exposure to intervention minus scores on measures of a presumably equivalent control group not exposed to the intervention, plus or minus stochastic effects.

3. Differences in scores before and after targets are exposed to intervention minus differences in scores at the two time points of a presumably equivalent control group not exposed to intervention, plus or minus stochastic effects.

The third is the recommended formula. Stochastic effects are measurement fluctuations attributable to chance. By applying the results of appropriate tests of statistical significance, one can judge how often a given result would occur by chance alone. The statistical significance of a particular outcome is therefore compared against what is to be expected by chance when sampling from a hypothetical set of trials in which the true effect is zero.

Validity and reliability are two fundamental tests in social research that must be attended to if outcome data are to be acceptable measures of substantiation or rejection. Reliability is the extent to which the application of a measure to a given situation produces the same results repeatedly. To be reliable, the measured phenomena must not change greatly, for example, in a test-retest situation. Validity, as the extent to which measured research results reflect what is intended to be measured, is more difficult to assess. Research findings should be consistent with other studies measuring the same outcome, especially when several studies have been completed.

Outcomes may be subject to explanations that compete as causes of results. The following are a few of these: endogenous self-directed change, or hypothesized change in target group participants, the effects of long-term change (secular drift) that affect results, short-term interference such as the impact of disasters, and the problem of self-selection involving persons who are most likely to change whether they receive the treatment of the program or not.

Randomized experiments are restricted to assessing the impact of projects that can be legitimately administered on the basis of chance selection to some portions of a target population and withheld from others. Randomization may be carried out by assigning research subjects to experimental and control groups using published tables of random values or computer generated random number tables.

Quasi-Experimental Designs

Alternatives to randomized or true experimental designs are frequently used because sometimes they overcome many of the competing explanations for results of true experimental designs. Quasi-experimental designs often use constructed control groups either for situations in which experimental design or randomization of experimental subjects is not possible. Use of constructed control groups is particularly useful when there are competing explanations of experimental findings. Here, experimental findings may be compared with groups not receiving the treatment, but, say, under varying conditions. For example, outpatient versus inpatient treatment involving the same procedure is compared in groups with similar family, health, and other variables, but the constructed control group, an inpatient group, is evaluated on variables such as ward

atmosphere, client satisfaction, and rehospitalization rate. The question is, Do any of the control group variables explain differences between outpatient and inpatient treatment? For example, does the rehospitalization rate account for the experimental findings?

Another type of quasi-experimental design uses a reflexive control, or measurement of the experimental group findings against the same group before they received the treatment. This design works best when considerable time series data exist.

Cost-Benefit and Cost-Effectiveness Analysis

Cost-benefit analysis requires estimates of the benefits of a program, both tangible and intangible, and the costs of undertaking the program, both direct and indirect. An example of a tangible benefit is increased revenue from a new parking structure; an intangible benefit would be greater willingness of shoppers to patronize city center business. Direct costs of the new structure would be those of construction; however, an indirect cost might be more traffic. Both costs and benefits are usually translated into monetary terms. Benefits and costs can then be compared, usually by computing either a benefit-to-cost ratio (total benefits divided by total costs), the net benefits (total benefits minus total costs), or some other value such as internal rate of return (which applies alternative economic discount rates through trial and error until costs and benefits are equal; the resulting rate is applied to solutions). Discounting is generally used in economic analyses. Total costs and benefits are reduced to their net present value over time by applying the appropriate discount rate. The effects of interventions vary over time and must be brought to a common measure. Discounting does this.

Cost-effectiveness analysis is a more appropriate technique for resource allocation considerations of projects and programs. It would be helpful in program planning and development and monitoring types of research previously discussed.

Cost-effectiveness requires only costs to be monetized. Ratios would be developed using the outcomes of programs or projects. Thus, results of a program to educate new mothers about disease prevention in infants might be expressed as reduction in reported cases of childhood diseases, infant diarrhea, and so on per one hundred target persons educated during the project divided by total program costs.

Statistical Significance in Evaluation Research

The primary test of outcome research is the plausibility that the research could not have happened by chance rather than by the intervention (statistical significance). Frequently, levels of statistical significance are set at .05 and .01, meaning that the research results would have occurred by chance no more than five times in 100 trials (.05) or one time in 100 trials (.01). Although these significance levels are traditional in social science research, many experts caution that errors of judgment might have been made that may dictate the need for higher significance levels such as .0001 (chance outcomes once in 10,000 trials).

Setting the levels of statistical significance in evaluation research involves making judgments about the importance of two inversely related types of errors:

1. Type I Error: False positives—Making a positive decision when the correct decision should have been negative (concluding the program has an effect when it actually does not)

2. Type II Error: False negatives—Making a negative decision when the correct decision should have been positive (failure to detect a real program effect)

A rule of thumb might be that in projects where there is risk of harm to individuals, households, or communities, the possibility of false positives should be minimized, thus a higher test of significance would be applied.

Two common tests of statistical significance are chi-square (χ^2) and *t*-tests. Chi-square is a statistic for nominal level data. Nominal data can be categorized and labeled but cannot be ordered, such as data in measurement or interval scales. They are usually applied in contingency tables. *T*-tests examine the differences between the means of two groups, that is, the relationship between an interval dependent variable and a nominal independent variable. These tests are perhaps most commonly used in social science research. For

descriptions of their calculation, as well as other inferential statistics, the reader is directed to textbooks on research methods and statistical analysis.

—Gilbert B. Siegel

See also Evidence-Based Policy; Knowledge Management; Policy Analysis

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Everyday Maker

An everyday maker is an ideal typical model of democratic citizenship in a governance society where voluntary organizations, firms, and citizens work closely together with public authorities in the governing of society. The emergence of the governance society has changed the image of what it means to be a democratic citizen from that of being a spectator to that of being a co-producer of governance. Traditionally, a democratic citizen has been perceived as a spectator who critically observes how governance processes are being performed by elected elites, public administrators, and professionals to make a sound and qualified judgment on Election Day. This image of the citizen as a critical spectator fits well with the traditional institutions of representative democracy and their focus on voting as the primary form of political participation. However, in a governance society, a multitude of alternative channels of influence are available that, in one way or the other, grant affected citizens, groups, and organizations direct access to participating in the governing process. Consequently, voting is being downgraded in the construction of what democratic citizenship means. New images of citizenship emerge in which it is not considered enough to participate in the traditional institutions of representative democracy to be a good democratic citizen. Citizens are also expected to take an active part in governance processes that affect them. The more directly you are affected, the more you are expected to participate. The image of the democratic citizen is becoming that of the coproducer of governance.

The everyday maker is an ideal-typical model of the democratic citizenship that emerges in a governance society. The ideal-type has been constructed by Henrik Bang and Eva Sørensen on the basis of an empirical study of images of democratic citizenship in Denmark. Empirically speaking, the everyday makers vote, but are not seriously interested in "big" politics and parliamentary democracy. They are more interested in governance processes that have direct relevance for their everyday lives at home, in their neighborhood, at work, and in their ongoing interaction with various public and private institutions. When they act, they do so to solve concrete problems. They are not interested in more abstract or ideological political involvement. Their active engagement is driven by a feeling of necessity and responsibility: "This problem needs to be solved and I feel obliged to do my share." Everyday makers are more active than the voter but less active than the politician. They engage themselves either ad hoc in a short but concentrated period, or part time over a longer period. Everyday makers insist that their engagement in concrete problem solving related to their everyday lives is a political engagement. Hence, they reject a narrow perception of politics as something that has to do with party politics and ideology and that takes place in the formal institutions of representative democracy.

—Eva Sørensen

See also Decentered Theory; Governance

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EVIDENCE-BASED POLICY

The evidence-based policy movement (sometimes, evidence-based policy and practice) is a call for grounding public policies, programs, and practices in empirical evidence. It is an outgrowth of a movement in the United Kingdom in the 1990s calling for "evidence-based medicine," which argued that only those treatment modalities (such as drugs) that are grounded in laboratory (experimental) evidence should be used. Extended to other public policy areas, the question of what the concept of evidence means in this discussion has often been unnamed and unspoken, especially in the initial shift to this discourse. The concept and its arguments can be linked to older, 1970s concerns for a proper evaluation of policy outcomes. They also appear to be tied, however, to the much broader contemporary organizational and management studies concerned with knowledge and learning in organizations—the learning organization is a particular buzzword—and whether such organizational knowing and learning can be managed. These themes also emerge in the new public management that seeks to professionalize management practices and ground them in scientific findings.

Origins

The evidence-based policy movement in various public policy issues and other areas of practice originated in the United Kingdom, according to the preponderance of published work, in the context of medical practices (although at least one source traces its origins, without attribution or designation of place, year, or issue, to the United States; the reference may be to an earlier call in the United States to provide experimental evidence for prescribing particular drugs that were claimed to cure certain illnesses). The problem appears to have been, and currently to be, the professional practice of administering various medical treatments whose application and use are not necessarily grounded in empirical research—specifically, in the randomized controlled trials (RCT) that serve as the basis for experimental testing in medicine and other such areas.

As the movement has spread beyond medicine to other policy issue areas and beyond the United Kingdom to the United States, Australia, and elsewhere, various policies and practices have come under attack for their lack of grounding—as their critics claim—in empirical research. In some sense, the evidence-based movement might be seen as a reiteration of the 1960s and 1970s call for enhanced accountability by public-sector organizations—especially in policy implementation by local governmental organizations—that led to institutionalizing various forms of assessment within the policy cycle a desire to know that governmental funding—taxpayers' sterling or dollars or euros—was achieving desired ends. The evidence-based movement would seem to be a renewed call for accountability through a particular kind of policy and program evaluation, although using different terminology and instituted before implementation rather than during or after it.

The effort to connect social scientific knowledge with policy programs and practices is certainly desirable. Policy evaluation efforts have had their own difficulties, however, including problems in measurement and problems in determining what is capable of being assessed. The periodic expression of frustration with seemingly intractable or insoluble social problems appears now to be turning to questions of knowledge and its management, a current concern within organizational and management studies, expressed in policy arenas through the language of evidence. There has, however, been little reflexivity in the midst of these debates: Proponents of evidence-based policy have, on the whole, used the term uncritically, as if there were only one sort of evidence that can produce scientific results. The kind of evidence they adduce is experimental evidence expressed through statistical analyses—not surprising, perhaps, given the movement's origins in medical practices where experimentation is much at home. However, the experimental and statistical character of evidence assumed in this usage excludes observational evidence derived from local knowledge that emerges from the lived experience of participants in the situation under study, such as might be obtained through clinical or field research.

Conceptualization

In issue areas other than physical medicine where evidence-based movements have developed, such as mental health, education, welfare, and criminal justice, it is not always possible to conduct RCTs, and so policies, programs, and practices do not—and cannot—rest on the same sort of evidentiary claims. For example, county-based mental health departments in the United States have been called to task for administering psychotherapeutic interventions for troubled children if they cannot provide empirical evidence for their effectiveness, even when these programs have been used for several years, with demonstrated case-by-case clinical success. One reading of U.S. President George W. Bush's administration's No Child Left Behind educational policy—which mandates school-wide testing at several grades and ties funding to test-based performance—sees it as an effort to institute evidentiary grounding for teaching practices. One analyst notes that a specific research report reviewing this policy refers more than one hundred times to scientifically based research supporting its claims, without, however, ever defining what it means to be scientifically based or discussing who should conduct such research. Contemporary welfare policy reforms may be seen similarly: The 1996 U.S. Personal Responsibility and Work Opportunity Reconciliation Act may be understood as an effort to ground federal assistance in demonstrable evidence that financial and other support were achieving their intended goals.

Although observational methods such as those used in field research follow the scientific canons of interpretive research, the dominant understanding of evidence in the context of policy practices does not include clinical observations such as those made by teachers in classrooms or social workers and therapists in counseling sessions, or field research observations such as those made by participant-observers or ethnographers doing community studies. In these and other nonmedical policy issue areas, such as welfare and education, experimentation is much less common—and its use might violate the protection of human subjects principles that have been encoded in much social scientific research ethics and practices. Other types of study that yield statistical analyses, such as attitude and other surveys, might also not be appropriate ways to address relevant research questions. This makes the narrowing of the domain of what constitutes acceptable evidence problematic.

The evidence-based policy discourse ties in with contemporary concerns about the character of science and the ability of research methods to produce knowledge and findings that are trustworthy. Critics of the movement argue that the language of evidence works in metaphoric fashion as a kind of shorthand or proxy through which these methodological concerns about truth claims are slipped in to the conversation. Critics note that without critical reflexivity to this language use, it can serve, rhetorically, to foreclose debate. Without explicit discussion of what constitutes scientific evidence, there is also little discussion of what constitutes validation of research findings. They note that evidence derived from experiment-based observations—methodologically positivist procedures—is allowed into the arena of discourse and debate, whereas evidence derived from field-based observations—methodologically interpretive procedures, for example from local knowledge emerging from the lived experience of participants in the situation under study—is implicitly disallowed. That clinical and interpretive research also follows indicators of trustworthiness (the equivalent of validity and reliability in the context of experimental research design) that are different from those used in experimental research has not become part of the evidentiary conversation.

These questions touch on some of the central issues in contemporary political science, including its standing as a science, and its methodologies. The unreflective use of evidence narrows the range of otherwise accepted and legitimate scientific procedures for conducting research. In the context of social policies, arguments that limit funding to those programs based on evidence imply that without complete scientific proof (of whatever the subject is), no action can legitimately be taken. Policy analysts and scholars who focus on the use of language to shape policy debates point out that these terms are being used as if they were neutral descriptions of objective facts, whereas from a critical reflexive perspective, they are avenues for argumentative, rhetorical purposes. Tacitly, the language of evidence lays claim to a domain of scientific practice that is associated with an approach that

sees the possibility of objective research in the human sciences, much as has been established in the natural and physical sciences, including the possibility of a clear separation of facts from values. From this perspective, the evidence-based policy movement is no more likely to solve, or escape, the questions of social values and human decision-making than the program evaluation movement of the 1970s because both ultimately rest on human judgment.

—*Dvora Yanow*

See also Knowledge Management; Local Knowledge; Policy Analysis; Policy Implementation; Program Evaluation

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EXCHANGE-RATE REGIME

The exchange rate represents the price at which one currency can be bought by another. Currency trading takes place on auction markets, known as foreign exchange markets, where annual turnover now exceeds global domestic product (GDP) by a factor in excess of forty. The exchange-rate regime refers to the public management of exchange rate relations, and thus shapes the context for trading on the foreign exchange market. The prevailing exchange-rate regime is determined by the decisions of governments, usually acting collectively under the auspices of an international agreement. On certain occasions, however, economically powerful countries have been able to reconfigure the exchange-rate regime while acting unilaterally.

The academic literature tends to focus on the difference between two types of exchange-rate regime: fixed versus floating. A fixed regime locks in the relative value of domestic currencies, hence determining the price at which they are exchanged. The classical gold standard, in operation in its purest form between 1870 and 1914, provided the basis for one fixed exchange-rate regime. Each currency had a set price in relation to gold and, because gold acted as a common denominator, each currency also had a set price in relation to one another. The postwar international economic order, which was negotiated at Bretton Woods in 1944, was also underpinned by a fixed exchange-rate regime. This time, however, the relationship between the U.S. dollar and gold, rather than gold alone, acted as the lynchpin of the system. By 1971, inflationary pressures in the United States undermined the effective value of the dollar, prompting investors to attempt to convert dollars into gold to protect the value of their assets. U.S. reserves, depleted by the country's first trade deficit of the twentieth century, plus the financial cost of the Vietnam War, were insufficient to meet the demand for dollar convertibility. As a response, U.S. President Richard Nixon reneged on his country's Bretton Woods' commitments by suspending the convertibility of the dollar into gold. With the central coordinating mechanism of the fixed exchange-rate regime thus disabled, the international currency system increasingly took on the characteristics of a floating regime. The international support structure for fixed exchange rates was formally dismantled in incremental stages throughout the 1970s, making the public management of exchange rate relations once again a matter of national policy. Over the following decade, an increasing number of governments decided to liberalize their exchange rates, thus allowing currencies to float freely.

The economic case for floating exchange rates is that they facilitate more flexible management of the international economy. A fixed exchange-rate regime provides asymmetric incentives for governments to negotiate realignments in their currencies' official value. If underlying economic conditions suggest that a currency is pegged at too high a price, it is in the economic interests of both the government in question and the system as a whole for negotiations to

be initiated to lead to the eventual devaluation of the currency. In this way, balance can be restored to the international economic system by reducing the price of the overvalued currency. This is likely to boost the volume of that country's exports, which would have been depressed during the period of overvaluation, and it will therefore enhance the overall level of economic activity within the international system.

By contrast, although it remains in the economic interests of the system as a whole for an undervalued currency to have its price increased relative to others, it is not in the interests of the government in question to have that realignment occur. Indeed, the government may attempt to frustrate negotiations to that end. A country whose currency continues to be undervalued under a fixed exchange-rate regime is likely to enjoy greater levels of exports than would be the case following a revaluation. Consequently, there are few incentives for a government in this position to negotiate a currency revaluation, even though the continued existence of an undervalued currency imparts instability into the international economic system as a whole. Revaluations are therefore always likely to be delayed, possibly until much damage has been done to established patterns of trade within the international economy. A floating exchange-rate regime, by comparison, is likely to speed the process of adjustment. Under such a regime, the value of a currency is determined by trading on an open auction market. Investors are in a better position than are governments to respond to changing economic circumstances because all they have to do is buy or sell their currency holdings on the foreign exchange market as circumstances suggest, and they do not have a strategic interest in maintaining an undervalued currency.

However, the theoretical advantages of a floating exchange-rate regime only hold as long as investors use the foreign exchange market to hedge passively against observed changes in underlying economic conditions. The textbook case for floating exchange rates breaks down because the foreign exchange market is dominated by the speculative trade in currencies. As such, the relative price at which currencies are exchanged may reflect the state of underlying economic conditions, but only coincidentally so. Certainly, currency values are not determined solely by economic fundamentals. They are shaped to a considerable extent by the dominant speculative position within the market. Insofar as there is an economic justification for the prevailing value of a currency, that justification relates primarily to the dynamics of the market itself: Prices follow where the money is within the market. Public policymakers still attempt to influence the value of the domestic currency, even under floating exchange rates, by authorizing the official buying or selling of the currency. Yet, they are constrained in this endeavor by the vast turnover within the foreign exchange market. Official reserves are only sufficient to have a marginal impact on where the money is within the foreign exchange market.

—*Matthew Watson*

See also Foreign Exchange Market; Hedging

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EXECUTIVE

In the classical political thought of John Locke or Charles de Secondat (Baron de la Brède et de Montesquieu), a sharp distinction was drawn between a polity's executive and its legislature. According to theories of democracy that advocate a strict separation of powers, a legislature should formulate, debate, amend, and adopt laws, whereupon an executive should then implement them. In practice, executives throughout the world have developed much greater power by becoming governments that contain a political dimension (heads of government and ministers) as well as an administrative one (civil services). However, the power of executives has recently been questioned and even decreased in countries where governance now genuinely describes the nature and extent of public authority.

Historically, and within each form of democracy, executives quickly developed more autonomy to make decisions than initially expected. Through taking the form of governments, they gained in authority by developing a legitimacy to make decisions when implementing laws adopted by the legislature. More fundamentally still, executives became more powerful because they soon developed the capacity to propose draft legislation to the legislature and marshal parliamentary majorities to ensure much of it would pass into the statute books. In the late nineteenth century and throughout much of the twentieth century, this process accelerated alongside and because of the emergence and consolidation of interventionist welfare states. As increasing numbers of laws and secondary legislation were required to run the public policies set up to fulfill interventionist and welfarist goals, in most countries the executive was granted more autonomy to make decisions with less and less reference to its respective legislature. Indeed, by the 1960s, the power of parliaments in certain polities had receded to such an extent that commentators spoke of "cabinet government" in the United Kingdom, "presidential government" in the United States, and "administrative government" in France.

Since the crisis of governability experienced by many Western states in the 1970s, the power of executives is being more systematically reviewed and criticized. So far, little evidence shows that legislatures have regained ground against them. However, five series of trends brought together in the narrative of governance strongly suggest that during the last twenty years, executive power has generally been on the wane.

The Fragmentation of Central Administrations

As interventionist welfare states grew, parts of each executive specialized in its respective subject area. Centered on ministries in countries such as the United Kingdom and on departments in the United States, this sectorization of public policy making and implementation exacerbated the challenge for executives to coordinate horizontal, cross-sectoral policies. Centralization of power in the hands of a president or

prime minister was one response to this problem of coordination. However, the experiences of countries such as France (e.g., under General Charles de Gaulle) or Britain (e.g., under Margaret Thatcher) reveal that centralization creates great opposition and that, more generally, the notion of a tightly organized executive is largely a myth.

Interest Intermediation

One reason why sectoralization has grown within executives is the proximity between ministries and dominant interest groups. As specialists of interest intermediation have shown, these relationships can become so close as to forge policy communities of a neocorporatist character. From the point of view of the overall evolution of executives, the deepening of these arrangements tends strongly to sap the coherence of governmental action and even challenge the existence of one single central government.

Decentralization

A further challenge to the autonomy and authority of executives has been the considerable changes in center-periphery relations that have taken place in many Western polities during the last twenty years. In Britain, for example, devolution has created new subnational governments in Scotland and Wales, whereas decentralization in France and the autonomous process in Spain have created regional forms of government in two other countries that were previously highly centralized. Although central governments have tended to retain a certain number of key competences (e.g., taxation), each form of decentralization has yet again reduced the authority of its respective executive by creating regional executives.

The Emergence of Supranational Political Systems

If executives have frequently delegated "down" some of their power, in certain countries they have also passed "up" other parts of their authority to supranational bodies. The clearest instance of this phenomenon

is provided by the European Union (EU). Within this set of institutions, national executives are no longer to make policy as they want because EU law trumps that of its member states. If certain studies show that being part of the EU has strengthened executives regarding their respective legislatures (e.g., the UK government versus the House of Commons), the overall balance of power has shifted in favor of a European-wide form of government that contains a multifaceted executive.

The Advent of the World Trade Organization

Throughout the world, the invention of the World Trade Organization (WTO) has created a final and pervasive force that shapes and limits the autonomy of executives. By producing laws and norms through which the world economy is increasingly regulated, this organization now obliges all national governments to consider their interdependence with other states when making a wide range of policies. If the WTO is still finding its way and has yet to develop strong powers of enforcement, it has already become yet another challenge to the power of traditional executives.

In summary, the clear separation of powers between executives and legislatures has long been proven to be political fiction. What the governance perspective on politics enables one to see is that since the 1970s, executives all over the world have been losing their power to make law and policy unilaterally. Indeed, the sharing of power has developed to such an extent that what constitutes an executive today is no longer clear-cut. Consequently, for political science, the concept of an executive could even be said to have lost its analytical purchase.

—Andy Smith

See also Bureaucracy; Decentralization; Public
    Administration; World Trade Organization

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EXPORT PROCESSING ZONES

Also known as free trade zones, export processing zones (EPZs) are industrial areas within a country designed to encourage the establishment of a labor-intensive export manufacturing sector. Firms that locate in EPZs depend on a high proportion of imported inputs that are processed by a (low-cost) local labor force and then exported. Many of the firms located in EPZs are either multinational corporations or are local firms linked to the supply chains of multinationals.

The number of EPZs worldwide has grown rapidly since the establishment of the Shannon Free Trade Zone in Ireland in 1959. In 1970, 10 countries hosted EPZs, but by 2003, the International Labour Organization documented that 106 countries in the world hosted some form of EPZ.

EPZs now play an important role in the export-led development strategies that have been pursued by a number of states across the developing world. States seek to attract investment in EPZs by granting of incentives such as exemption from import duties, tax concessions, removing restrictions on offshore borrowing, exempting various national laws (these often include laws relating to labor rights), and providing high-quality infrastructure in the zones.

There is considerable debate concerning the pros and cons of EPZs. Supporters point to the role that EPZs have played in promoting rapid economic growth and highlight how EPZs bring employment opportunities and the potential role that these firms play in transferring new technologies into the local economy. Critics have argued, however, that levels of technology transfer are limited because the firms remain largely insulated from the local economy. Furthermore, the jobs found in EPZs are mainly low-skill, assembly-line production jobs paying

low wages. One worry is that because a key motivation for firms to invest in EPZs is the low cost of labor in the local economy, they will relocate to an EPZ in another country once labor costs start to rise. Concerns have also been raised about the lack of labor rights, long working hours, low pay, and harsh working conditions.

Around eighty percent of workers in EPZs are women. Firms have often deliberately targeted women workers in their recruitment strategies and may even establish hostels to house female workers migrating to industrial regions. Female workers are the employees of choice because they are regarded as better suited to monotonous assembly-line production; by viewing women as secondary income earners (working to supplement the family income rather than as the major breadwinner), employers can justify low rates of pay. Although the EPZ firms generally pay better than other forms of employment available to women such as domestic service, women working on EPZs are generally confined to the lowest paid, most labor-intensive forms of employment. Indeed, some would suggest that the EPZ model perpetuates, and even globalizes patterns of gender inequality.

—Juanita Elias

See also Free Trade Area of the Americas

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EXTERNALITIES

Market systems work most efficiently when the prices at which goods and services are exchanged accurately incorporate information about social preferences, in which case, the price in question is called the efficiency price or scarcity price. When a price deviates from the efficiency price, it is an arbitrary price, and the transaction in question either imposes costs or confers benefits that are not reflected in the actual market price. These costs and benefits are called externalities.

Pollution is a prime example of a negative externality. When a factory discharges pollutants into water or air, it imposes costs on those affected by the pollutants. If those costs are not counted in the factory's costs of production, as has often occurred in the absence of government regulation, then the factory sells at arbitrary rather than efficient prices, and market efficiency is undermined.

Positive externalities occur when people benefit from the actions of others without paying for that benefit. For example, if I maintain the exterior of my house in impeccable condition, my actions confer an aesthetic benefit on my neighbors and other passersby as well as a monetary benefit to any of my neighbors who choose to sell his or her house. If I can neither charge a fee to those who enjoy the consequences of my actions nor exclude them from that enjoyment, then the benefit I confer on them is called a public good.

Public goods are at the heart of the free rider problem. In general, if people can enjoy benefits without paying the costs of those benefits, they will do so. Lighthouses are a classic example. Because it was often impossible to exclude ship owners who refused to pay for lighthouse services from enjoying the benefits of those services, fewer than the socially optimal number of lighthouses were built and manned. In general, if a good or service possesses the characteristics of a public good—if at least some people can obtain access to the good without paying for it—then the actual price received by the provider of the good will be lower than the efficiency price, and the good is likely to be undersupplied by the market.

Externalities are imperfections in a market system and thus constitute one kind of market failure. When such failures occur, it is often possible for governments to correct them, for example by taxing polluters and other producers of negative externalities and by subsidizing those who provide public goods. These

actions, if calibrated accurately, can bring prices into line with total social costs and benefits, thereby enhancing the efficiency of markets.

It is important to note that externalities constitute only one kind of market failure. Most notably, even if it were possible to devise a perfectly efficient market system, such a system still would fail to supply even the most basic needs of some people because markets supply goods only to those who have something to offer for exchange in the market. This defect can be made good only by some kind of nonmarket corrective.

—David C. Johnston

See also Free Riding; Market Failure

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EXTERNALIZATION

See CONTRACTING OUT

F

FAILED STATE

A failed state is unable to perform the two fundamental functions of the sovereign nation-state in the modern world system: It cannot project authority over its territory and peoples and cannot protect its national boundaries. Its governing capacity is attenuated such that it is unable to fulfill the administrative and organizational tasks required to control people and resources and can provide only minimal quantities of public services. Its citizens no longer believe their government is legitimate, and the state becomes illegitimate in the eyes of the international community.

A failed state is composed of feeble and flawed institutions. Often, the executive barely functions, while the legislature, judiciary, bureaucracy, and armed forces have lost their capacity and professional independence. A failed state suffers from crumbling infrastructures, faltering utility supplies and educational and health facilities, and deteriorating basic human development indicators, such as infant mortality and literacy rates. Failed states create an environment of flourishing corruption and negative growth rates, where honest economic activity cannot flourish.

The dynamics leading to and compounding state failure are many and varied, including civil war, ethnic violence or genocide, and predatory government and bureaucratic behavior. State failure comes in degrees and is often a function of both the collapse of state institutions and societal collapse. A strong state provides core guarantees to its citizens and others under its jurisdiction in the three interrelated realms of security, economics, and politics. A failed state cannot maintain a monopoly on the legitimate use of violence and minimize internal conflict. It cannot formulate or implement public policies to effectively build infrastructure and deliver services or effective and equitable economic policies. In addition, it cannot provide for the representation and political empowerment of its citizens or protect civil liberties and fundamental human rights. Thus state failure manifests itself when a state can no longer deliver physical security, a productive economic environment, and a stable political system for its people.

The total collapse of the state marks the final, extreme phase of state failure, and very few states can be described as completely failed or collapsed. Yet analysts have estimated that 20 to 50 states suffer from various degrees of weakness and are therefore potential candidates for failure. Weak states have been failing with increasing frequency in recent times, most of them in Africa but also a handful in Asia and the Middle East. Failed states are known to be hospitable to and harbor dangerous nonstate actors such as warlords and terrorist groups. For example, Somalia descended into state collapse under rival warlords, and Afghanistan, a failed state under the Taliban regime, harbored the al-Qaeda terrorist group. Furthermore, state failure poses pressing humanitarian issues and possible emergency relief and state-building

responsibilities for the international community. Consequently, understanding the dynamics of state failure and strengthening weak nation-states in the developing world has assumed new urgency.

—*Naazneen H. Barma*

See also Anarchy; Governance Failure; Legitimacy Crisis; Peace Process; Sovereignty; State Building

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FEDERALISM

See INTERGOVERNMENTAL RELATIONS

FEMINIST THEORY

Governance—understood as the shift from hierarchical and bureaucratic forms of decision making to self-organization, networks, and negotiation—has remained elusively immune to a comprehensive feminist analysis at local, state, and international levels. Gendered theories of governance are absent in the conventional literature and are neglected by feminist scholars. There are, however, feminist critiques of theories of international relations, the state, and public policy, all of which touch on governance, and they provide us with an entry point into feminist theories of governance.

A feminist theory of governance will have two main components. The first will be the perspective that informs the theory. Hence, a gendered approach to governance may be liberal and focus on resolving inequalities perpetuated by the private-public sphere dichotomy, it may be radical and seek gender equality through institutional and ideological reform, or it may draw on interpretive theory and view the state as a construction of discourses and practices so that sexual domination is a contingent product of history and not immutable. The second component will be its focus, drawn from the common themes and concerns when gender and governance converge in the fields identified—international relations, the state, and public policy.

Feminist International Relations

Feminist international relations is the field most removed from conventional state-bound or local analyses of governance. It provides critiques of globalization, development, and democratization and addresses the impact of global governance institutions on women. A particular feature is an emphasis on neoliberalism and the role of markets, which is understood as a gendered discourse that has become the paradigm for global governance.

Feminist Theories of the State

Feminist state theory maintains that political processes reflect and reproduce patriarchy, which will not change simply by increasing female representation in political institutions. A fraternal contract, based on essentialist understandings of gender, makes male political participation "natural," and treats women as incidental to the process of governing so that they are marginalized and excluded from decision-making and agenda-setting processes. The token representation of women in the state parallels the token representation of women within gender-blind mainstream state theory. Women are very underrepresented in state structures. The gendering of the state ensures that women's interests are articulated in "feminine" spheres such as welfare and education (opposed to the state's violent and repressive spheres). There is little recognition that state actions reproduce gender relations and identities through regulating marital relations, reproduction, wage discrimination and male violence, so that men are continually favored. However, although these processes reflect and reproduce patriarchy, feminist theorists believe the processes are open to change, rather than fixed.

This notion underpins poststructuralist approaches that assert feminist state theory rests on the illusion that the state is inherently male. The state is not structurally given but, rather, the product of erratic and disconnected discourses and the contingent success of various groups in articulating interests and homogenizing claims. Politics is therefore a set of contests about meanings rather than about objective interests. The importance of discourses is also recognized by standard feminist state theory: fraternal discourses construct the state on the assumption that the subject is male, so rather than explicitly defending male interests, government is conducted as if only men's interests exist and in the belief that men are acting in the interests of society as a whole.

Feminist Critiques of Public Policy

Feminist critiques of public policy are concerned with the role of women, the fate of women's issues in the policy process, and how policy affects women's interests. From a liberal perspective, public policy is framed by male perceptions of the public domain, and the boundaries of the public sphere are positioned so that private problems that all women face in social and economic life are not viewed as public issues. Areas that affect women more than men are badly resourced and do not have a high profile in the public sphere. A more radical reading is that the liberal public-private dichotomy conceals the fact that women are subjugated by patriarchal and class relations with a universalist, egalitarian, individualist gloss.

Gender mainstreaming is the push to institutionalize gender equity in all policy areas at all levels of government, where national machineries or centralized coordinating units ensure the design, implementation, monitoring, and evaluation of all policies and programs so that inequalities are not propagated. However, such initiatives are easily undermined by using public discourse to portray gender mainstreaming as an elite agenda serving special interests, or a rent-capturing agenda of people wanting to live off other people's taxes. Hence, neoliberal or rational choice discourses can sideline equity issues, demonstrating the power of language to shape what can and cannot be seen. Another concern is that successful mainstreaming

allows the state to commandeer the drive for gender justice so that it loses its edge. Gender policy is merely symbolic policy, which is unsynchronized with other policies and will result in only incremental gains at best. A gendered policy proposal will be placed at the bottom of the political agenda, will be marginalized in the formulation process, and thus will not attract adequate policy feedback: This is, for example, why equal pay policies have not been integrated within general employment policy. A radical interpretation is that equity policies are seen as a threat and are actively undermined by male bureaucratic resistance, and the only way female agendas can inform policy is by international feminist movements challenging masculinist actions and discourse to transform the underpinning ideologies of states and bureaucracies.

Most apposite to governance—understood as the shift from bureaucracies to networks—is the work of Adam Tickell and Jamie Peck. They employed a feminist lens to study the regendering of local governance in Manchester, United Kingdom, and found the growth of non- or quasi-state bodies in the decision-making process has naturalized business power and male power as the legitimate conduit for effective local governance. At the national level, Janet Newman assessed the impact of contracting out caring services on women and work in the United Kingdom, and finds a reduction in women's public-sector jobs, whereas competition between service providers drives lower wages and more part-time and insecure employment for women. This spiral reflects the negative value placed on women's labor as jobs such as social care work represent a marketized version of traditional domestic tasks.

Toward a Feminist Theory of Governance

It follows that a feminist theory (or theories) of governance will variously be concerned with the following:

1. How governance institutions and the contracting out of services affect women

2. The representation of women in political institutions, elites, and networks, though recognizing a gendered division of labor, and marginalization and exclusion from agenda setting and decision making

3. Gender mainstreaming of policy and successful routes to implementation through the programming of the bureaucracy

4. The impact of masculinist discursive practices, particularly neoliberalism and markets as a gendered discourse

5. Sexual domination as the outcome of contingent discourses and practices

However, we must be aware of potential inconsistencies or contradictions within such theories. They raise several questions. If there is reduced direct service provision, how can gender accountability be enforced? Does a largely top-down view of implementation neglect the discretion of bureaucrats and service providers to frustrate gendered policy goals and overlook empowering women as citizens in the policy process? Even when gender advocacy networks are in operation, how can the contingency of governance outcomes square with driving women's interests? As Newman observed, networks can disguise issues of equality and formalized power, and rights are rendered less significant than patterns of influence in interpersonal and interorganizational relationships.

—Claire Donovan

See also Gender Equality; Public Sphere

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FINANCIAL MARKET

A financial market is an arena in which prices form to enable the exchange of financial assets to be executed. Given the advent of electronic trading systems, financial markets can now be structured in many ways. Historically, they were physical meeting places in which traders came into face-to-face contact with one another, and trading occurred on the basis of prices being "cried out" on the market floor. Today, many financial markets have lost this intensely human dimension. Instead, prices are displayed across a network of computer screens, and assets are bought and sold at the click of a mouse attached to a computer keyboard. In such instances, the market place has become increasingly virtual, as physical proximity between traders is no longer necessary for trade in assets to commence.

Despite this change in the physical configuration of financial marketplaces, the rationale for establishing financial markets remains much as it ever was. Financial markets exist as a means of redistributing risk from the more risk-averse to the less risk-averse. Some risk is attached to holding all financial assets because the value of those assets can depreciate or appreciate. The more risk-averse the asset-holders, the more that they will seek to use financial markets to find an intermediary who is willing to accept that risk on their behalf. This, of course, will not be a costless exercise. An intermediary's willingness to accept a proportion of the risk embodied in an asset will have to be rewarded through the payment of a fee.

This, for instance, is the principle through which money is raised on the capital market to provide the resources for investment in new productive capacity. An investor with cash reserves may choose to invest that cash in an asset that has a minimal risk attached to it—say, an interest-bearing bank account, which is an extremely safe asset because the bank has almost a zero default risk. Alternatively, those investors may choose to make their cash available to entrepreneurs via the capital market. Entrepreneurs will approach the capital market to raise additional resources when they have insufficient cash reserves of their own to fund their activities, and they will seek investors to

accept some of the risk inherent in their entrepreneurial activities. Investors who make their cash available in such a way will clearly require recompense—that is, a fee—for the additional risks that they are taking, and this recompense takes the form of higher returns than would be available from less-risky investments. The entrepreneur must pay a return in excess of the prevailing rate of interest that the investor would earn from a simple bank account.

Financial markets, then, match the risk-averse with the less risk-averse and savers with borrowers. A smoothly functioning market environment will, in theory, exhibit a symmetrical distribution of risk-aversion around the mean, and it will be populated by an equal number of savers and borrowers. In practice, though, the situation is rather more complicated because of the dominance of the speculative motive for holding assets. Following the liberalization of trade in financial assets from the 1970s onward, financial markets have increasingly become an arena of speculation.

The textbook financial market allows for unproblematic risk pooling, which leads in turn to an efficient structure of risk management. However, the textbook financial market contains no destabilizing speculation. Indeed, in the classic statement of the case for efficient markets, made in the 1950s, Milton Friedman ruled out the possibility of the very existence of destabilizing speculation. He argued that, to destabilize markets, speculators would have to buy assets for more than the prevailing price in the spot market and sell them for less. This strategy is a money-loser, and the continual losses that a destabilizing speculator would make are sufficient to cleanse the market environment of any such actor.

Yet, the speculative trade of assets still dominates contemporary financial markets. In general, investment returns are assumed to be directly proportional to the risks that an investor bears by holding a particular asset. The greater the risks are that an investment may not be profitable, the greater will be the expected returns if it proves to be profitable. Speculative positions are adopted in the search for higher than average levels of return. Investors would hedge rather than speculate if the returns to the two strategies were equal because hedging is a safer strategy than speculating.

However, in attempting to increase their expected rate of return, speculators must also accept an enhanced risk that there may be no realized returns at all. Far from speculative financial markets following the textbook model of risk pooling, in reality they multiply the risks of holding financial assets, by subjecting the price of those assets to the vagaries of momentum trading. Speculative financial markets do not present investors with a predictable price structure that minimizes investment risk. Instead, they offer a means of acquiring additional risk, via the uncertainties of speculative price movements, in the search for higher profits.

Speculative financial markets tend to function relatively smoothly as long as participants in the market remain confident that the price of the assets they hold represents fair value. However, such markets are also prone to moments during which that confidence evaporates. In such circumstances, a flurry of selling activity tends to ensue. This is triggered by investors' attempts to off-load assets to which returns are unlikely to accrue. But all it does is expose the risks that are embedded in assets that are traded speculatively. A market that is bereft of confidence is one in which there is no escape from the enhanced investment risks associated with speculative trading.

—*Matthew Watson*

See also Foreign Exchange Market; Hedging; Irrational Exuberance

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Fiscal Crisis

A fiscal crisis may occur when a deficit develops between a state's expenditures and its tax revenues, which result in a rising and unsustainable level of

government debt. Fiscal crises are characterized by a financial, economic, and technical dimension, on the one hand, and a political and social dimension, on the other. The latter dimension tends to have the major implication for governance, especially when a fiscal crisis necessitates painful and frequently simultaneous cuts in government expenditure and increases in taxes on individuals, households, and companies.

A financial and economic crisis will tend to arise from a fiscal deficit if government debt levels contribute to a loss of market confidence in a national economy, reflected in turn in instability in currency and financial markets, and stagnation in domestic output. A political and social crisis will tend to arise if both the fiscal deficit itself and the necessary corrective measure implemente to eliminate that deficit result in further losses of employment and output, falling living standards, and rising poverty.

The concept of a fiscal crisis first came to prominence in both developed and developing economies during the early 1970s, largely as a consequence of the breakdown of the Bretton Woods international economic order, the October 1973 Arab-Israeli War, and the resulting oil crisis. These events combined to produce inflationary world energy and commodity prices, resulting in declining output and employment, and a simultaneous demand for higher government expenditure at a time of falling government revenues. The concept of a fiscal crisis of the state arose in relation to this fall in government revenues. James O'Connor, a political economist influenced by Karl Marx, argued that the capitalist state was in crisis because of its need to fulfill two fundamental but contradictory functions, namely accumulation and legitimization. To promote profitable private capital accumulation, the state was required to financed expenditure on social capital, that is, investment in projects and services to enhance labor productivity, lower the reproduction costs of labor, and thereby increase the rate of profit. To promote legitimization, the state was required to finance expenditure on social expenses, notably on the welfare state, and thereby maintain social harmony among the workers and the unemployed. However, because of the private appropriation of profits, the capitalist state would experience a growing structural gap, or fiscal crisis, between its expenditures and revenues, which would lead in turn to an economic, social, and political crisis.

O'Connor asserted that the fiscal crisis of the state was actually a crisis of capitalism, for which the only lasting solution was socialism. Although the inflation and recession of the mid 1970s failed to deliver the downfall of capitalism, it did lead to a political crisis for the Keynesian social democratic welfare state. The increasing incidence of budget deficits became associated with the idea that government had become overloaded; that full employment was not a legitimate objective of macroeconomic policy; that the state had become unduly influenced by powerful interest groups, notably trades unions in the public sector; and that society had become ungovernable. The corrective action proposed was that the role of the public domain of the state should be rolled back, to thereby reduce the popular expectations on government, and the role of the private domain rolled forward, to enhance economic freedom and unleash the creative energy of the entrepreneur.

This ideological assault on big government was led by Margaret Thatcher in the United Kingdom and Ronald Reagan in the United States. Such thinking was given powerful credence by the fiscal crises and growing economic and political instability experienced in several major industrialized economies. This was most evident in the United Kingdom when, in September 1976, Chancellor of the Exchequer Denis Healey announced his application to the International Monetary Fund (IMF) for $3.9 billion, the largest credit that had been extended by the IMF. The conditionality that accompanied the IMF loan demanded cuts in government spending of £1 billion in 1977 to 1978 and £1.5 billion in 1978 to 1979, and the sale of £500 million of state assets to redress the fiscal crisis that had arisen largely as a consequence of the 12.5 percent real terms increase in government spending that had occurred in 1974 to 1975.

In the subsequent era of increasingly liberalized financial markets, the consequences of fiscal crises for national economies, and their investors and creditors, including the IMF, have been even more severe, especially when government debt has been denominated in

foreign currency and held by overseas investors, who in turn operate in volatile market conditions. When a fiscal crisis has combined with a currency crisis to create a systemic financial crisis, the consequences have been devastating. In Argentina, for example, weaknesses in fiscal policy and three years of recession led to the ratio of government debt to gross domestic product (GDP) increasing from 37.7 percent at the end of 1997 to 62 percent at the end of 2001. Despite the provision of no fewer than five successive IMF financing arrangements totaling $22 billion, and $39 billion of additional official and private finance, the loss of market confidence in the Argentinean peso in January 2002 was so severe that, having been pegged at parity against the dollar since 1991, the peso's convertibility regime collapsed. Argentina defaulted on its sovereign debt, the economy contracted by 11 percent in 2002, unemployment rose higher than 20 percent, and the incidence of poverty increased dramatically. To avoid the risk of further expensive and destabilizing fiscal crises, the World Bank and IMF have built an extensive framework of best practice and transparency in fiscal policy into their frameworks for good governance in general, and public-sector governance in particular. This framework has sought to limit the role of the state to building institutions for the market and to identifying at an early stage the full fiscal costs associated with public intervention.

—Simon Lee

See also International Monetary Fund; Keynesianism; Marxism; Political Economy

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Fiscal Federalism

The concept of fiscal federalism refers to the financial relations between units of governments in a federal government system. Fiscal federalism is part of broader public finance discipline. The term was originally developed and used first by Richard Musgrave in 1959. Fiscal federalism deals with the division of governmental functions and financial relations among levels of government.

In the early years of federalism, geographic separation, slow communication, and clear division of labor made it possible for each level of government to function without significant interactions with other levels of government. Several reasons caused more interactions and central planning among the levels of government: world wars and the Cold War, improvement in transportation and communication technologies, the New Deal, and the war against poverty. These developments increased the interactions among levels of governments and helped the development of national policy making and state local policy implementation. This also changed traditional intergovernmental relations. National fiscal policies and financial decisions have been the predominant vehicle forming the intergovernmental relations.

The theory of fiscal federalism assumes that a federal system of government can be efficient and effective at solving problems governments face today such as just distribution of income, efficient and effective allocation of resourses, and economic stability. Economic stability and just distribution of income can be done by federal government because of its flexibility in dealing with these problems. Because states and localities are not equal in their income, federal government intervention is needed. Allocation of resources can be done effectively by states and local governments. Musgrave argues that the federal or central government should be responsible for the economic stabilization and income redistribution but the allocation of resources should be the responsibility of state and local governments.

The following are benefits of fiscal decentralization: regional and local differences can be taken into account; lower planning and administrative costs; competition among local governments favors organizational and political innovations; and more efficient politics as citizens have more influence. There are several disadvantages of fiscal federalism as well: the lack

of accountability of state and local governments to constituents; the lack of availability of qualified staff; the possibility for people to choose where to reside; a certain degree of independence of the local governments from the national government; and unavailability of infrastructure of public expenditure at the local level.

Fiscal federalism in a mature federal system, such as the United States, refers to the development of a centralized federal budgetary and financial system including all members of the system. In the United States, fiscal federalism operates through the various federal taxes, grants, and transfers that occur in addition to states and localities. The federal government regulates, subsidizes taxes, provides goods and services, and redistributes income. The government has recently shifted its fiscal federalism practices to empowering the states through a series of reforms and deregulations.

—*Naim Kapucu*

See also Decentralization; Devolution; Intergovernmental Relations

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Fordism and Post-Fordism

Fordism and post-Fordism are apparently complementary concepts that describe successive stages in economic development in the twentieth century. However, although Fordism has a positive content, post-Fordism has often signified nothing more substantial than an economic organization that follows Fordism. Recent work offers more substantive analyses of the successor regime(s) to Fordism and less reference is made to post-Fordism.

Fordism is widely used to describe (a) the system of mass production that was pioneered in the early twentieth century by the Ford Motor Company or (b) the typical postwar mode of economic growth and its associated political and social order in advanced capitalism. Henry Ford helped popularize the first meaning in the 1920s, and Fordism came to signify modernity in general. For example, writing in prison in the interwar period, the Italian Communist, Antonio Gramsci, discussed the economic, political, and social obstacles to the transfer of Americanism and Fordism to continental Europe and highlighted its potential transformative power when controlled by workers rather than conservative forces. Gramsci's comments inspired research on postwar Fordism and its crisis. In its second meaning, Fordism has been analyzed along four dimensions. First, as an industrial paradigm, it involves mass production of standardized goods on a moving assembly line using dedicated machinery and semi-skilled labor. Second, as a national accumulation (or growth) regime, it involves a virtuous cycle of mass production and mass consumption. Third, as a mode of regulation, Fordism comprises (a) an institutionalized compromise between organized labor and big business whereby workers accept management prerogatives in return for rising wages; (b) monopolistic competition between large firms based on cost-plus pricing and advertising; (c) centralized financial capital, deficit finance, and credit-based mass consumption; (d) state intervention to secure full employment and establish a welfare state; and (e) the embedding of national economies in a liberal international economic order. Fourth, as a form of social life, we find mass consumption, mass media, mass transport, and mass politics in a mass society.

The Fordist mode of growth became dominant in advanced capitalism during postwar reconstruction and is often credited with facilitating the long postwar boom. During the 1970s, however, its underlying crisis-tendencies became more evident. The growth potential of mass production was gradually exhausted, and there was intensified working-class resistance to its alienating working conditions; the market for mass consumer durables became saturated; a declining profit rate coincided with stagflation; a fiscal crisis developed; internationalization made state economic management less effective; clients began to reject

standardized, bureaucratic treatment in the welfare state; and American economic dominance and political hegemony were threatened by European and East Asian expansion. These phenomena prompted a wide-ranging search for solutions to the crisis of Fordism, either by restoring its typical growth dynamics to produce a neo-Fordist regime or by developing a new post-Fordist accumulation regime and mode of regulation.

Post-Fordism is used both to describe a relatively durable form of economic organization that happened to emerge after Fordism or a new form of economic organization that actually resolves the crisis-tendencies of Fordism. In neither case does the term as such have any real positive content. This is why some theorists propose substantive alternatives such as Toyotism, Fujisuism, Sonyism, and Gatesism or, again, informational capitalism, the knowledge-based economy, and the network economy. Social scientists have adopted three main approaches to identifying the post-Fordist regime: (a) focus on the transformative role of new technologies and practices regarding material and immaterial production—especially new information and communication technologies and their role in facilitating a new, more flexible, net-worked global economy; (b) focus on the leading economic sectors that enable a transition from mass industrial production to postindustrial production; and (c) focus on how major crisis-tendencies of Fordism are resolved through the consolidation of a new and stable series of economic and extra-economic institutions and forms of governance that facilitate the rise and consolidation of profitable new processes, products, and markets. However, even thirty years after the crisis of Fordism emerged in the mid-1970s, debates continue about whether a stable post-Fordist order has emerged and, indeed, whether Fordist stability was a parenthesis in an otherwise disorderly, crisis-prone capitalist system.

Those who believe that a stable post-Fordism has already emerged or, at least, is feasible, see its key features as (a) flexible production based on flexible machines or systems and a flexible workforce; (b) a stable mode of growth based on flexible production, economies of scope, rising incomes for skilled workers and the service class, increased demand among the better off for differentiated goods and services, increased profits based on permanent innovation and the full utilization of flexible capacity, reinvestment in more flexible production equipment and techniques and new sets of products, and so on; (c) growing economic polarization between multiskilled workers and the unskilled together with a decline in national or industrial collective bargaining; (d) the rise of flexible, lean, and networked firms that focus on their core competences, build strategic alliances, and outsource many other activities; (e) the dominance of hypermobile, rootless, private bank credit and forms of cybercash that circulate internationally; (f) the subordination of government finance to international money and currency markets; (g) a shift from postwar welfare states (as described by John Maynard Keynes) to political regimes that are more concerned with international competitiveness and innovation, with full employability as opposed to jobs for life, and with more flexible, market-friendly forms of economic and social governance; and (h) increasing concern with governing local, regional, supranational, and even global economies.

These features of post-Fordism are unevenly developed, and there are important continuities with Fordist conditions even in the advanced capitalist economies. Post-Fordism can also assume different forms in different contexts: neoliberal, neostatist, or "third way." And although some commentators believe that post-Fordism will prove stable, others argue that capitalism's inherent contradictions mean that it is no more likely to prove stable than Fordism before it.

—Bob Jessop

See also Capitalism; Embeddedness; Governance Failure; Informationalism; Keynesianism; Marxism; Neoliberalism; Production Network; Regulation Theory

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FORECASTING

The activity of forecasting as a means of generating knowledge continues to engender enthusiasm in our modern societies. The principal objective of this field of study is to predict the future in an accurate manner to anticipate and to analyze upcoming events and predict future outcomes using the past and the present as tools to do so.

The polysemic character of this term is obvious: Forecasting concerns the economy and foreign affairs and even the field of legislative elections as well as the weather. Consequently, there is a close relationship between politics and the will to explore the future. In particular, the practice of forecasting has strategic interest within economics through the establishment of economic trend indicators that contribute to the elaboration of future economic and monetary policies. What is the particularity of economic forecasting if we compare it with other mechanisms? To answer this question, one has to get into the meanders of the economic forecasting concept to show that this instrument is not only about figures but also, and possibly most importantly, one of changing actors, of power relations, and consequently, issues of governability. To discern contexts of governance, one needs to identify the large number of actors who intervene in forecasting. Is there a hierarchy between the different organizations that intervene in this activity? What explains the dogmatism often held by large organizations regarding forecasting that leads them, for example, to influence the management practices of the monetary policy of many developing countries heavily? Finally, an attempt will be made to clarify the close relationships that exist between the notion of economic forecasting and the concept of governance.

Concept Identification and a Brief Review of Practices

The rapid expansion of economic forecasting during the twentieth century is mainly the result of the development of statistics and the publication of John Maynard Keynes's general theory in 1936. Moreover, the emergence of globalized economies and societies has added complexity and interdependence to the economic system and has favored some forecasting aspirations that attempt to overcome uncertainty regarding the capability of the states to face up to economic upheaval.

To manage economic policy as well as to prepare and execute public budgets, governments have understood that they should take advantage of expertise in economic forecasting. Based on model building (structural, Keynesian, statistics, econometrics) or on economic trend survey, economic forecasting is based on strict scientific methodologies that distinguish it from the divinatory estimations suggested by clairvoyants or other fortune-tellers. Thus, this wide range of instruments permits forecasters to establish several short-term growth scenarios, generally for the next two years.

In several countries, the places and the levels where forecasting is practiced are fragmented: public administrations, essentially through specialized services of the ministry in charge of finances; autonomous research institutes and expert commissions reporting to the government; and economic services of the banking and financial sector.

In France, the weight that the administration represents within the forecasting function is clearly identifiable and significative (Institut National de la Statistique et des Études Économiques and Direction de la prévision et de l'analyse au Ministère de l'Economie). In the United Kingdom (Economic Assessment Team) and in Italy (Attuazione della programmazione economica), this is also the case. Concerning the recourse to the expertise of research institutes, the cases of the United Kingdom and Germany deserve particular attention because of the utilization and compilation of economic forecasting produced by the main organizations of the economic sector. In addition, in the United States, think tanks have intervened in the field of economic anticipation.

At the same time, the constellation of forecasting organizations at the public level is also accompanied at the international level by the main intergovernmental organizations acting in the economic field. In this way, entities like the International Monetary Fund, the

Organisation for Economic Co-operation and Development, and the European Central Bank have forecasting structures at their disposal.

Toward Coproduced Forecasting?

The explosion and the plurality of participants involved in economic forecasting make it possible to consider that this instrument depends more and more on multiple actors with different perspectives. But economic forecasting at the national level is not an abstract process, built independently from influence and pressure. The stakes involved in this practice involve a considerable sum of actors motivated by their ability to produce challenging arguments, by their mode of mobilization, and by the possibility that forecasting takes place within the public action chain created by economic forecasting.

Therefore, the definition of governance as the process of coordination between actors, social groups, and institutions to achieve their own goals that have been previously discussed and defined collectively within fragmented environments seems to find an echo in economic forecasting mechanisms. As the wielding of power is no longer about domination but, rather, one of exchanges through networks, this often places official and non-official actors on more equal terms than before.

Similarly, forecasting makes it possible to elaborate and to conduct public discussion about monetary policy that today results from the coordination of multiple entities. Again, one sees the importance of each actor's place within the forecasting process. Indeed, the mobilization of resources resulting from the estimations issued by public authorities can often be the source of genuine competition between the organizations, their aim being to put forward the best growth scenario and, consequently, to consolidate a place in the forecasting scene.

Analyzing the repercussions of the domination of economic forecasting orchestrated by large international organizations appears thus to supplant the activity of the other organizations within the economic scene. In this sense, a greater interaction between the competing organizations in the forecasting sector

would perhaps be desirable so that the economic guidelines that result from the forecasting process could be dictated at the international level and be the result of a combination of intellectual opinions.

—*Nicolas Matyjasik*

See also Compliance Cost; Planning; Political Economy

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FOREIGN DIRECT INVESTMENT

Foreign direct investment (FDI) conventionally refers to an investment in an enterprise resident in a country other than that of the foreign direct investor. A long-term relationship is taken to be the crucial feature of this investment. Thus, the investment is made to acquire lasting interest and control of the economic entity, with an implied influence on the management of the enterprise. Some degree of equity ownership is usually considered to be associated with an effective voice. Basic forms of FDI are greenfield investment, mergers and acquisitions, and joint ventures. Three components of FDI are usually identified: equity capital, reinvested earnings, and intra-company loans. Other than having an equity stake in an enterprise,

foreign investors may acquire a substantial influence in many other ways. Those include subcontracting, management contracts, turnkey arrangements, franchising, leasing, licensing, and production sharing.

Foreign direct investment is considered to be both an important indicator and driving force of what is called economic globalization (global integration of production, including qualitative change in the nature of the international political economy). It is not a new phenomenon, though its importance has grown only since the second half of the 1980s. The growth of foreign direct investment cannot be attributed to the technological change only; it has been facilitated by various political actors, including national governments and international organizations. The basic motivations of capital to invest abroad are the pursuit of market, efficiency, or knowledge. Investors are mainly attracted by strong economic fundamentals in the host economies.

The geographical distribution of FDI is highly uneven. The great bulk of it is exchanged between the rich nations. Only a fraction goes to the newly industrializing countries. FDI continues to circulate between the three main blocs of the Triad (Europe, the Americas, Southeast Asia), leaving most of the world population excluded.

FDI inflow is considered as a crucial presupposition of economic development. For instance, it has been presented as a "Marshall Plan for Eastern Europe" in the post-communist transformation. Foreign direct investment has potentially both positive and negative effects on host economies. These effects depend on a number of factors, including a host economy's level of development, the type of investment, and the position of the particular investment site in the investors' business strategy.

States increasingly enter into competition to attract or keep mobile capital in the locality. The aim of attracting investment (or threat of its departure) thus frames different policies and regulations, including social ones. In this respect, what preferences policy makers attribute to the mobile capital are crucial. Significantly, cost-competitiveness and the neoliberal environment are often considered to attract FDI, which leads to deregulation and liberalization. This assumption may not entirely correspond to the actual locational preferences of the investors.

—*Jan Drahokoupil*

See also International Division of Labor; Investment Incentive; Production Chain; Production Network

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FOREIGN EXCHANGE MARKET

A foreign exchange market is the institution for the exchange of one state's currency with that of another state; actually, "the market" is made up of many different markets because the trade between individual currencies—say, the euro and the U.S. dollar—each constitutes a market. The foreign exchange (or forex or FX) markets are the original and oldest financial markets and remain the basis upon which the rest of the financial structure exists and is traded in: Foreign exchange markets provide international liquidity, preferably with relative stability. There are two key related governance issues: (1) systemic governance, that is, the international monetary system, and (2) the governance problems faced by individual governments given the currency markets.

The foreign exchange market is a twenty-four-hour over-the-counter (OTC) and dealers' market, meaning that transactions are completed between two participants via telecommunications technology. The currency markets are also further divided into spot markets—which are for two-day settlements—and the forward, swap, interbank futures, and options markets. London, New York, and Tokyo dominate foreign exchange trading. The currency markets are the largest and most liquid of all the financial markets; the latest triennial figures from the Bank of International Settlements (BIS) put daily global turnover in the

foreign exchange markets at $1.9 trillion in April 2004. It is sobering to consider that an annual world trade's foreign exchange is traded in just less than every five days on the currency markets, although the widespread use of hedging and exchanges into and out of vehicle currencies—as a more liquid medium of exchange—means that such measures of financial activity can be exaggerated.

The original demand for foreign exchange arose from merchants' requirements for foreign currency to settle trades. However, now, as well as trade and investment requirements, foreign exchange is also bought and sold for risk management (hedging), arbitrage and for speculative gain. Therefore, financial, rather than trade, flows act as the key determinant of exchange rates; for example, interest rate differentials act as a magnet for yield-driven capital. Thus, the currency markets are often held to be a permanent and ongoing referendum on government policy decisions and the health of the economy; if the markets disapprove, they will vote with their feet and exit a currency. However, debates about the actual versus potential mobility of capital remain contested, as do those about whether exchange rate movements can best be characterized as rational, "overshooting," or speculatively irrational. Certainly more needs to be done on the actual causes of foreign exchange movements.

The increasingly asymmetric relationship between the currency markets and state governments represents a classic autonomy problem. The "trilemma" of economic policy options available to governments are laid out by the Mundell-Fleming model. The model shows that governments have to choose two of the following three policy aims: (1) domestic monetary autonomy (the ability to control the money supply and set interest rates and thus control growth); (2) exchange rate stability (the ability to reduce uncertainty through a fixed, pegged, or managed regime); (3) capital mobility (allowing investment to move in and out of country).

Historically, different international monetary systems have emphasized different policy mixes; for instance, the Bretton Woods system emphasized the first two at the expense of free capital movement. The collapse of the system destroyed the stability and predictability of the currency markets. The resultant large fluctuations meant a rise in exchange rate risk (as well as in profit opportunities). Governments now face numerous challenges that are often captured under the term *globalization* or *capital mobility:* the move to floating exchange rates, the political liberalization of capital controls, and technological and financial innovation. In addition to these, the rise of the Eurocurrency markets—the exchange of currencies outside the home state (and thus unregulated)—has also increased the pressure on governments.

In the contemporary international monetary system, floating exchange rates are the norm; however, different governments are pursuing a variety of alternative policy mixes or are attempting to minimize exchange rate fluctuations through different strategies. For example, the United States has displayed a preference for ad hoc international coordination, such as the Plaza Agreement in 1985 and the Louvre Accord in 1987, to intervene and manage the price of the dollar; Europe has responded by forging ahead with a regional monetary union, based on the desire to eliminate exchange rate risk, whereas many developing governments with smaller economies have chosen the route of "dollarization," that is, either fixing to or choosing to have the dollar as their currency.

The international governance regime is a complex and multilayered bricolage of institutions, with private institutions taking an important role in governance: witness the large role for private institutions, such as credit rating agencies, in guiding the markets. Also, banks remain the major players in the market and are supervised by the national monetary authorities. These national monetary authorities follow the international guidelines promulgated by the Basle Committee on Banking Supervision, which is part of the BIS. Capital adequacy requirements are to protect principals against credit risk, market risk, and settlement risk. Crucially, the risk management, certainly within the leading international banks, is now largely a matter for internal-setting and monitoring.

The recent series of contagious currency crises in the 1990s—in Mexico, Brazil, East Asia, and Argentina—has again focused policymakers' minds on the problems of the international monetary system.

Moves, albeit limited, have been made toward a new international financial architecture. Most importantly, this has seen the establishment of the Financial Stability Forum, which investigates the problems of offshore, capital flows, and hedge funds, and the G20, which attempts to broaden the international regime's membership and thus deepen its legitimacy. In addition, there have been calls for a currency transaction tax, named after Nobel Laureate James Tobin's proposal, from many civil society nongovernmental organizations as well as some governments. The success of international monetary reform is a crucial issue for governments and their autonomy, firms and the stability of their investment, and citizens who ultimately are those who absorb these effects as they are transmitted into everyday life.

—*David Hudson*

See also Asian Financial Crisis; Bretton Woods; Exchange-Rate Regime; Financial Market; Hedging; International Monetary Fund; Tobin Tax

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FORMAL ORGANIZATION

Formal organization is the component of an organization's social structure designed to guide and constrain the behavior of organizational participants. The label "formal" is used because the concept encompasses the officially sanctioned rules, procedures, and routines of the organization, as well as the role-defined authority relationships among organizational participants. Standard operating procedures and organization charts, which are essentially maps of formal authority relationships, are two of the most important symbols (and products) of formal organization.

Formal organization is, arguably, the concept most often evoked when envisioning any general organization. From a conceptual standpoint, however, formal organization is best described as a type of organizational social structure, rather than a general or specific type of organization. Moreover, formal organization is not simply a collection of rules, procedures, and routines—the concept derives its meaning from how each of these elements is used to guide and constrain the behavior of organizational participants. As a result, formal organization often has important implications for anyone, at any level, seeking to control the members of an organization.

As many scholars have observed, however, not all behavior within an organization can be controlled through formal rules, procedures, and routines. In any organization, rules get bent, procedures are modified to accommodate the task at hand, and nonstandard routines are adopted, often without any formal directive from the organization's leadership. Additionally, the web of relationships in any organization rarely resembles the formal organization chart, as friendship networks, advice networks, and communication networks inevitably develop across intra-organizational boundaries. These observations of nonformal organizational behavior have led scholars to argue that where one finds formal organization, one should also expect to observe informal organization. One cannot exist without the other.

Scholars dispute the proper balance between formal and informal organization. All recognize the importance of informal organization in influencing participants' behavior, but they differ with respect to how much influence it actually has. Thus, scholars who conceptualize organizations as rational systems tend to argue that organizations can be designed in such a way that informal processes can be adequately controlled through formal procedures and routines. Scholars writing in the natural system tradition, on the

other hand, tend to argue that informal organization more strongly influences behavioral patterns than formal organization, and, therefore, creating new rules and procedures or establishing well-defined lines of authority may not always have the intended effect.

Regardless of which perspective one adopts, the interplay between formal and informal organization has important implications for the leadership of any organization—both at the design stage and in the day-to-day coordination of organizational activities. This is because the ability to design formal organizations and manipulate them on a regular basis to achieve defined goals depends on the type of organization and the nature of activities being coordinated as well as on the skills of the executives or governing body running the organization.

—Angelo Gonzales

See also Hierarchy; Informal Organization; Organizational Structure; Organization Theory

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FRAME ANALYSIS

Frame analysis is a broadly applied, relatively flexible label for a variety of approaches to studying social constructions of reality. Erving Goffman, who is credited with developing the phrase in his 1974 book *Frame Analysis,* understood frames to mean the culturally determined definitions of reality that allow people to make sense of objects and events. Goffman envisioned frame analysis to be an element of ethnographic research that would allow analysts to read identifiable chunks of social behavior or strips, so they could understand the frameworks participants were using to make sense of the behavior. This inquiry into framing and its role in social life has had wide effects across the spectrum of social science research interests.

Social psychology and economics found common ground in Daniel Kahneman and Amos Tversky's Nobel Prize–winning research into how the framing of problems influences decision making. Social movement researchers have developed more specific uses for frame analysis, turning the general ethnographic method into a more specified tool for understanding the particular dynamics of activist movements. Media scholars have emphasized the political role played by frames in mass communication, examining the use of frames to guide audiences to preferred conclusions by simultaneously highlighting particular aspects of reality and hiding others.

Social movement research and political communication have been the two main subfields of political science to consider the role of frames. However, work in both areas has moved substantially away from Goffman's formulation by reconsidering the role of intentionality in framing. Goffman saw frames as being either "primary frameworks"—the product of larger culture and shared by all within a culture—or as intentionally fabricated by individuals—a "transformation" of the primary frameworks. Individuals who intentionally deploy frameworks transform a culturally constructed social reality and do so either in play or to deceive. Goffman's reading of intentional framing thus cast it as a move away from a more "authentic," consensual reality, rather than as an element that revealed the struggles for power constituting or maintaining that reality. Meanwhile, both social movement and political communication scholars view the question of intentionality in framing in a substantially different way. Both lines of research see frames as relevant to politics precisely because they can be intentionally deployed to create a change in attitudes. Moreover, many agree with William Gamson's assessment that policy issues can be understood principally as competing symbolic packages, with a particular organizing frame at the heart of each package.

Along with resource mobilization and opportunity structures, framing is now recognized to be one of the three critical pillars of organization activity by American social movement theorists. These theorists moved quickly to recognizing that the intentional deployment of frameworks was an important function played by organizations to mobilize adherents and constituents. Rather than a deception enacted between two people, they recognized the process of frame alignment—the linkage of individual and organizational interpretive frameworks—to be a legitimate means to organizational ends. Typically scholars distinguish four processes that operate within this construct: frame bridging, in which organizations reach out to individuals who already have ideologically congruent interpretive frames; frame amplification, in which organizations must emphasize the significance of a value or belief already held by potential constituents to bring them into alignment; frame extension, in which organizations add goals or programs to their core program to attract potential constituents who might not be attracted to the core elements of the program but would be interested in the new elements; and frame transformation, where potential adherents are converted to an entirely new set of beliefs and values.

In the study of political communication, scholars began to see frames as relevant within the broader context of media persuasion: along with agenda setting and priming, framing is one way that media (or the elites who manipulate them) can influence audiences' political attitudes. Some theorists have developed definitions that point explicitly to framing as an instrument of power. Framing exerts power over audiences by highlighting certain elements of a shared reality in such a way as to define problems, diagnose causes, make moral judgments, or suggest solutions. Although audiences can potentially interpret texts in a number of different ways, people are most likely, in the absence of having additional information, to interpret problems, causes, and solutions for issues in terms of the way that those issues have been framed.

Because it originated in media studies, this perspective on framing has been studied most often in the context of political news, rather than in Goffman's context of interpersonal communication or social movement theory's context of targeted outreach. Primary responsibility for the generation of frames is commonly ascribed to journalists or television production companies. Journalists are believed to generate frames as a result of their particular training, their class and racial affinities, and the present processes of media production. It seems, for instance, that news-frames episodes—which present social issues in terms of individual cases—lead audiences to attribute blame for social problems to individuals rather than to political bodies. However, other scholars deemphasize the role of journalists and, rather, base their analyses on the observation that political elites, providing "spin," create preferred frameworks that media then adopt and transmit.

Finally, Kahneman and Tversky's perspective on framing—although generally quite distinct from the approach of media and social movement researchers—continues to provide a useful point of reference for scholars interested in modifying rational accounts of decision making. Although a rational account of decision making would suggest that the style of presenting information makes no difference as long as the content of the information remains consistent, Kahneman and Tversky demonstrated that decisions under conditions that emphasized potential subjective gains were routinely different from decisions under conditions that emphasized potential subjective losses. This insight, together with several other elements from Kahneman and Tversky's prospect theory, spurred the development of a new area of economics research known as behavioral finance.

—Emily Shaw

See also Groupthink

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FREEDOM OF INFORMATION

Freedom of information (FOI) is a presumptive right of access to official information, qualified by exemptions and subject to independent adjudication by a third party. The adjudicator may be a court, tribunal, commissioner, or ombudsman and may have the power to require actions be taken, or to recommend that the parties should act in a certain way.

Thus defined, FOI is a sufficiently capacious term to allow for much international variation. The definition excludes permissive and administrative access codes and should also exclude statutes—such as the one adopted in Zimbabwe—that purport to be about improved access but are really about suppression of the press. But the definition still accommodates wide variations in the scope of coverage, in the breadth of exemptions, in its temporal range, and in the enforceability of rights.

This diversity becomes even more striking if we consider the evolution of FOI laws. There is room for argument about the precise pattern of spread of modern FOI statutes, but there are three broad phases. First, their adoption begins with the United States in 1966 or, more substantively, with the strengthening of the Freedom of Information Act following the Watergate scandal. Initially, the American lead was not followed—at least not outside Scandinavia and northern Europe. The second wave of FOI did not begin until in the early 1980s. Canada, Australia, and New Zealand all adopted FOI statutes in 1982, and during the next decade, the spread of legislation gathered pace in Europe and the Commonwealth. Throughout the decade, countries were beginning to borrow from one another's experience. But FOI did not become an international norm until the 1990s. Championed by the Organisation for Economic Cooperation and Development, the World Bank, the Council of Europe, and other supranational bodies, FOI is perceived as an essential component of good governance.

The motives for adopting FOI statutes vary widely between jurisdictions and across time. Historians of FOI in the 1960s and 1970s correctly point to the intellectual origins of the new laws in the citizens' rights movement, in consumerism, in distrust of an overmighty bureaucracy, and in the struggle for press freedom. But, by the 1990s, many countries were adopting FOI for quite different reasons: to win credit with donors and, in particular, to fight corruption. This is indicative of a broader pattern. Individual FOI statutes are commonly the product of local political struggles, and their design is influenced by the objectives of the campaigners and legislators engaged in those struggles. They do not follow one, universal template; rather, they are tools shaped for particular purposes and crafted in accordance with local compromises.

Many of the earlier FOI regimes were passed into law before data protection laws were on the statute books (for example, in the United States and New Zealand). Others began as integrated regimes. A third, later, category has been enacted in countries well used to data protection. These sequential differences are not trivial. For some jurisdictions, it has meant that privacy—first in the field—has emerged as the dominant value, more likely to trump access rights when the two are in tension. In other cases, it means, more simply, that the later FOI statute has been grafted onto a legislative framework originally designed for data protection.

And so we have FOI statutes that were conceived for different purposes, that were variously designed to meet local need (or to respond to international pressure or enticement), that make different judgments on the balance between access and release, that reflect local legislative traditions, and that respond to a changing information policy context.

Any attempt to compare and contrast FOI regimes must be rigorous if it is to be meaningful. Rather than asking which statutes have the most elegant or most liberal provisions, we should ask what the laws deliver in practice. Do citizens know more as a result of their implementation? And that is simply a question of whether administrations push more information in the direction of the citizen: effective communication requires more of the communicator than bulk provision of data of questionable intelligibility and quality.

If one is to reach any meaningful conclusions on the efficacy of FOI laws, then the analysis must include,

inter alia, assessments of the speed and quality—both of responses to requests and of the appeals process—including the adherence of authorities to the adjudicator's rulings. But in any rigorous evaluation, we must also take a view on the information infrastructure of the public authorities within the scope of the legislation. Information rights are worthless without good record keeping: The question is whether public authorities are creating and retaining records in a way that enables them to be retrieved later.

But this does not mean that comparative analysis is bound to fail. On the contrary, FOI offers fertile territory for comparative policy making and for comparative policy analysis. But any such comparisons should be informed by an understanding of the political context in which FOI was framed and implemented, the bureaucratic culture within which it is administered, the scope of the legislation (and its relationships with other access provisions), its practical value to applicants (do they get what they request?), and the limitations of FOI statistics. Furthermore, we should acknowledge that we have relatively little empirical research on which we can draw, so any conclusions we may reach now are necessarily provisional. We have much to learn about FOI—within jurisdictions and between jurisdictions.

Having said all of this, what can we say about the first forty years of FOI in the modern era? First, it has been a bumpy ride. FOI has not defined the boundary between access and retention; it has simply provided the context in which arguments may be had about the release of official information. And there may even have been an intensification of a rhetoric of secretiveness: The advent of statutory access rights is accompanied by unflattering stories about public authorities and a stronger focus by the media on governments' denial of access requests. In short, campaigners complain when they lose, journalists write about government refusals and government has to suffer the consequences. By contrast, stories about governments' virtue in releasing information rarely command headlines.

Governments have taken action that has inhibited FOI demand—for example, the fee increases introduced in the Australian Commonwealth system in 1986, or the wide-ranging reform package enacted by the Irish in 2003. Both cut the level of FOI requests

significantly. But it has also been suggested that governments have engaged in more surreptitious resistance to FOI. The charges customarily leveled at officials include manipulation of the record, failure to create records, centralized manipulation of sensitive requests, under-resourcing of FOI administration, and failures of FOI to keep up with the restructuring of the public services.

It is important to disentangle deliberate attempts to undermine FOI from changes in the public sector that may have had an incidental (and deleterious) impact on FOI. Let us take an example from the charge sheet. The disciplines of record keeping are commonly held to be in decline in Western bureaucracies. Any evidence of this decline may be explained by the transition to electronic record keeping—and by the premature removal of posts for staff that kept paper records in order. Bureaucrats may feel the temptation not to document their actions for fear of exposure, but they are also subject to countervailing pressures to leave an audit trail of their actions for fear that they may face charges of maladministration. And the document management systems that most bureaucracies now use have far greater capacity to store information than the paper systems that preceded them. It remains an open question whether that information will remain available over the long term, but in the short term, it is not clear that the FOI user is worse off.

Thus, we may safely conclude that FOI has not been a comfortable regime for government—and that it has not delivered all that its advocates may have sought. Why should this have been so?

The first—and most important—reason is that an FOI statute does not solve anything by itself. Nor is it intended to. It is not like a finance act, which states, definitively, that the standard rate of income tax will be set at a certain level. Rather, an FOI statute provides the context for an argument—or, more accurately, innumerable arguments.

Seen through a different lens, FOI is a species of those American laws of the 1960s and 1970s in which legislators set out broad—and competing—principles, and then left it to the courts to decide on individual outcomes. It exemplifies adversarial legalism. FOI has been expressed in national statute books in many

different ways, but the common feature of such laws is the underlying, and unresolved, tension between competing interests.

To make matters more unsettling for government, the administration of FOI is an inherently unpredictable business. Precedents may serve as a guide, but outcomes can surprise both parties, not least in those (more recent) systems that require adjudicators to examine the public interest—a concept that, inevitably, evolves over time and is case-specific.

FOI statutes are commonly used by a small part of the population, and their purpose is little understood by citizens. If government does not put forward a clear narrative about the value of FOI, it may find itself proclaiming FOI as a public good, but without clear evidence of the benefits that it has delivered to the wider public. Government needs that narrative not just for public consumption, but to maintain its own resolve when FOI proves to be uncomfortable. And that narrative needs to develop over time if it is to win out in an ever-more complex policy environment, where the merits of FOI are increasingly contested. Some now characterize FOI as a product of a simpler age, when security threats were more predictable, the media less oppositional, and government-citizen relations less complex. Advocates of FOI are challenged to refresh the narrative—or to modify their policy prescriptions—to fit the new context.

As if the politics of FOI were not difficult enough, government also faces challenges in administering FOI. This is not a statute that runs itself. It is inherently complex, precedents change over time, it can generate tension between administrators and elected politicians, and it can seem like a distraction from the real business of government. Consequently, a career in FOI administration may seem unattractive: It is difficult work to do well, it offers conflict with external stakeholders, the prospect of delivering unwelcome advice to senior staff, and the sense that one is an unwelcome overhead. For these simple, quotidian reasons, FOI administration has often gone into decline. Starved of resources, central units have been unable to give guidance or to promulgate case notes. Administrative staff unable to cope with the complexity of their casework have been deemed surplus requirements. In their absence,

the more difficult cases are either neglected or passed to lawyers—whose early intervention necessarily legalizes the case and might also inject an element of adversarialism.

It is probably fair to say that it is more difficult to implement FOI successfully now than it was at the time of the Freedom of Information Act of 1966. The delivery of state functions is now in the hands of a much wider range of agencies—many of them outside the boundaries of the formal state. Hence, legislators are faced with a choice between either accepting that FOI will have limited scope and effectiveness or trying to draw in para-state corporations, private companies, and voluntary sector agencies. The latter option is necessarily difficult, although there are examples to demonstrate that it can be done; the extension of access rights to private agencies paying welfare benefits in Australia is a case in point. But the information policy context is now much more complex. FOI statutes have to interact with many more access statutes and regulations (originating from local or state government, from nations themselves, and from supranational organizations). And the statutory regulation of access to information is necessarily more challenging because the advent of the Web has meant that information is stored, managed, and accessed on a scale and in ways that were unimaginable in 1966. This makes the legislator's role technically more demanding, makes the statutes more difficult to implement, and makes it more difficult to explain the particular value of FOI legislation. Once FOI had an iconic value as the tool with which citizens could secure access to information held by government on their behalf. Now our understanding of FOI is more nuanced, and FOI is simply one among many routes that citizens may use to see the official record.

—*Andrew McDonald*

See also Adversarial Legalism; Data Protection; Electronic Records; Information Access Laws; Open Government

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FREE RIDING

Free riding means to benefit from a collective good, without having incurred the costs of participating in its production. This problem was articulated analytically by Mancur Olson in 1965 in *The Logic of Collective Action.* Here, he noted that where collective action is required to secure a common, or public good, rational individuals have the incentive to free ride. His thesis challenged pluralist assumptions in respect of group mobilization, which asserted that groups mobilized to represent sectional interests. His critique demonstrated that although people may feel strongly about an issue, group mobilization to advance a common interest may be difficult. Underpinned by the economic instrumental conception of rationality, Olson argued that individuals have little incentive to participate, given the costs that are incurred, because they will still receive the benefits of the provision of that public good. One of the defining characteristics of a public good is that nobody is excluded; once it is produced, everyone will benefit, whatever their contribution. As such, the pursuit of collective goods will not in and of itself secure members: Rational individuals will free ride. Olson offers the example of trade unions. For example, benefits that result from trade union activity (such as improved working conditions and pay rises) will benefit all employees in an organization. Provision of the good is compromised, indeed threatened, if each individual behaves in this rational manner, but individuals have no incentive to contribute to the costs of providing the collective good. Olson sought to overcome this difficulty by reference to the provision of selective incentives. These are benefits available only to members of the group. Organizations and groups also devise rules in relation to membership to limit the effects of free riding, for example, the closed shop of trade unions.

Others besides organizations and groups face the problem of free riding. The state, for example, also seeks to address this issue by taxing citizens to fund public goods and services. Anthony Downs's 1957 *An Economic Theory of Democracy* implicitly highlights the problem of free riding in relation to democracy. It is rational for an individual voter not to vote, given the costs associated with voting and the infinitesimal chance of influencing the electoral outcome. The concept of free riding has also been used to analyze problems of environmental politics. Garret Hardin wrote in 1968 in "The Tragedy of the Commons" that the exploitation and degradation of the environment is set to continue. It is rational for corporations to free ride given the costs of individual action, which, in an international economy, affect competitiveness and profits. For states, managing environmental concerns places an individual burden on them relative to regulation and expenditure from taxes. Therefore, there is little incentive for individual states or corporations to do anything other than free ride. Yet, collectively, this is the worst possible outcome for the environment. This highlights the fundamental concern at the heart of Olson's identification of this issue—that individually rational behavior (i.e., free riding) is likely to produce collectively irrational outcomes.

—Heather Savigny

See also Collective Action; Economic Governance; Externalities; Generalized Exchange; Political Exchange; Public Goods; Rational Choice Theory; Tragedy of the Commons

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FREE TRADE AREA

See ECONOMIC INTEGRATION

FREE TRADE AREA OF THE AMERICAS

Formal negotiations to create the Free Trade Area of the Americas (FTAA) commenced in Santiago, Chile,

in April 1998. Thirty-four countries from the region have since been involved in negotiations to create a single free trade area spanning the hemisphere in which barriers to trade and investment will be progressively eliminated. These countries are Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, United States, Uruguay, and Venezuela.

The proposal for the FTAA has its roots in the Enterprise for the Americas Initiative, announced by U.S. President George H. W. Bush in 1990. With the successful negotiation of the North American Free Trade Agreement by 1994, the earlier proposal was renewed under the aegis of the President Bill Clinton administration at a summit of the thirty-four participating states in Miami. By 1998, the preparatory work was completed and the formal negotiations began. The FTAA negotiations have been carried out under an agreed structure and timetable. Earlier phases of the FTAA negotiations took place in seven ministerial meetings between 1998 and 2002 and produced three draft proposals. The last proposal contained provisions regarding market access, agricultural subsidies, investment, antidumping measures, competition policy, intellectual property, dispute settlement, government procurement, and services. The final anticipated phase of the negotiations was placed under the co-chairmanship of Brazil and the United States in November 2002, with a view to concluding all negotiations by January 1, 2005, and implementing the agreement no later than December 2005.

However, the January deadline passed with no completion of the agreement. A major stumbling block in the negotiations has been the Latin American countries' disapproval of U.S. continued use of domestic subsidies, particularly in the agricultural sector. Also, the Latin American countries are less willing than is the United States to extend the agreement beyond issues of market access to include rules regarding trade in services and intellectual property.

Since 2002, newly elected Center-Left governments in Brazil and Argentina, among others, have increased resistance to the United States during the negotiations and further contributed to the apparent impasse. It remains to be seen whether the FTAA negotiations will be successfully relaunched, or whether the United States will follow recently signed bilateral agreements with a more concerted strategy of progressively implementing a "hub and spoke" model of trade for the Americas, with itself as the hub.

—*Greig Charnock*

See also Export Processing Zones; Hemispheric Integration; Mercosur; North American Free Trade Agreement

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FREE TRADE ZONES

See EXPORT PROCESSING ZONES

FUNCTIONALISM

Functionalism is an approach to the formation of international organizations that advocates international cooperation on scientific, humanitarian, social and economic issues. Functionalism argues that discrete public-sector responsibilities, or functions, such as exchanging meteorological data, coordinating international air-traffic control, the prevention of pandemic diseases, and promoting sustainable development, are the issues most likely to encourage mutual trust and habits of cooperation between governments rather than attempts to cooperate on more sensitive issues of sovereignty such as citizenship, monetary union, or national defense. The central thesis of the functional

approach is to create international agencies with limited and specific powers defined by the function that they perform. Functional agencies could only operate within the territory of those member-states that choose to join them and do not therefore threaten state sovereignty. The nearly global membership and operations of the specialized United Nations (UN) agencies such as the International Civil Aviation Organization (ICAO), the World Meteorological Organization (WMO), and the World Health Organization (WHO) are typical examples of the functional approach in operation. Under Articles 56 and 57 of the UN Charter, the various specialized agencies were brought into relationship with the UN, which can make recommendations for the coordination of their policies and activities.

The UN itself has created programs such as the UN Children's Fund (UNICEF), the UN Development Program, and the UN Environmental Program, which are also based on functional principles. The UN Charter makes explicit reference, in Article 55, to promoting conditions of stability and the promotion of higher living standards, economic and social progress, and development. Functionalism therefore underpins the UN system's entire range of activities outside of the collective security role.

The period of 1945 to 1975 represented the most successful period for the application of the functional approach, when a broad consensus about the theories of John Maynard Keynes on the provision of international public-goods in sectors prone to market failure prevailed. The last quarter of the twentieth century proved to be problematic. Political disputes occasionally disturbed the technocratic rationale of the agencies. The rise of nongovernmental organizations (NGOs) also challenged the democratic credentials of the agencies. Latterly, globalization in the form of privatization, deregulation, and marketization has challenged the public-sector monopoly basis on which the original functional scheme relied. At the turn of the twenty-first century, the combined growth of global civil society and the transnational business sector appeared to progressively narrow the range of services historically and uniquely associated with the functional agencies. The core functions of technical cooperation and development remain.

New functional issues such as combating HIV/AIDS and promoting wider access to information technologies have arisen, but will most likely combine the traditional role of the functional agencies with NGO and corporate partnerships. A variant form of functionalism, known as neofunctionalism, has been applied at a regional level to explain the early stages in the formation of those institutions that later evolved to form the European Union (EU). The European Coal and Steel Community, European Economic Community, and European Atomic Energy Community (EURATOM) were initially limited to technical, scientific, and tariff reduction mandates. Considerable disputes among academic and policy communities has since ensued as so-called neofunctionalist ideas attempt to use these original limited, functional successes to advance the larger quasi-federal project of the EU. Key indicators of quasi-federal integration, that is, using functional methods to advance federalist objectives, may be detected in the 2002 adoption of the Eurozone single currency and current attempts to create a common foreign and defense policy. Other regional organizations such as the Association of Southeast Asian Nations (ASEAN) have explicitly limited their cooperation to functional issues by emphasizing the sovereignty of the members and doctrines of non-interference in each other's internal affairs.

Rationale

David Mitrany, a Romanian-born British scholar, is most closely associated with promoting a functional approach. Mitrany was employed in the British Foreign Office during World War II, planning postwar reconstruction, and was inspired in part by the New Deal public works programs of U.S. President Franklin Delano Roosevelt's administration. Mitrany was also influenced by observing the elaborate processes of inter-allied collaboration made in preparation for D-Day and the plans for the postwar administration of Europe. The Tennessee Valley Authority (TVA) was an example of a new institution providing a particular public service that was separated from the territorial basis of state-authority. In the TVA case,

seven state governments renounced their authority over the river-watershed and agreed to create one specific agency to plan and execute an ambitious plan of dam construction, hydraulic engineering, electricity generation, and job-creation in an area subject to regular flood damage. Mitrany advocated the creation of a range of similarly constituted technical and scientific agencies with potentially global reach to implement infrastructure and reconstruction programs, organized on a technical or functional basis rather than on a territorial basis.

Many of the specialized agencies actually predate Mitrany's writing and the formation of the UN. An earlier variety of so-called public international unions, such as the International Telecommunications Union founded in 1865 and the Universal Postal Union created in 1874, sought both to promote and to regulate these new technologies. In 1919, the creation of the International Labour Organization (ILO) institutionalized a role for organized labor within the international human rights standard setting. The contribution of Mitrany's writing and advocacy was to promote the expansion of both the number and tasks of the existing agencies, the creation of new ones and their coordination through the auspices of the UN. The construction of what Mitrany called "a working peace system" lay in a two-fold process. James Sewell coined the term "task expansion" to describe the progressive transfer of programs to these agencies. This process would enlarge the mandate and competence of the agencies relative to those of national governments. Thereafter, the network of interdependent relationships that these agencies would come to manage, a process called spillover, would create a so-called working peace system between the members. This argument matured later in many writers on regime theory during the 1970s and after. These writers often described the process of enlarging the competence of the agencies in terms of international organizations progressively acquiring normative, rule creating, rule enforcing, and finally programmatic responsibilities. For example, the International Atomic Energy Agency founded in 1957 gradually expanded its task from low-key technical assistance to the extraordinary legal powers of inspections developed under the auspices of the Treaty on the Non-Proliferation of Nuclear Weapons. The so-called safeguards system administered by the International Atomic Energy Agency (IAEA) in more than 170 countries is the most fully developed example of a functional scheme of regulation. Mitrany also argued that the agencies could apply sanctions to countries that were judged to be acting contrary to international law. Again, the IAEA is a good example through its role in the UN Special Commission (UNSCOM) program to detect and destroy Iraq's chemical and biological weapons program after 1991.

After 1945, the focus of creating new functional agencies shifted from scientific cooperation toward economic development. In addition to the Bretton Woods organizations founded in 1944, subsidiary agencies such as the International Finance Corporation (IFC) of 1956 and International Development Association (IDA) of 1960 represented task expansion for the World Bank group. Further specialization occurred with the creation of the UN Industrial Development Organization in 1967. These agencies and programs were deliberately created to segregate functional cooperation from political and security disputes conducted in the UN General Assembly and Security Council. However, this attempt to distinguish and segregate a technical-managerial approach to the functional agencies, as if a category of low politics could be kept separate from high politics proved problematic in the later development of the functional agencies. After 1970, when the global south acquired a voting majority in the UN General Assembly, and on the governing boards of the specialized agencies, their mandates were increasingly adapted to developmental priorities. In this way, task expansion and spillover acquired new meanings to promote and to disseminate multilateral aid programs. The agencies also became subject to increasingly political disputes in defining their scope of operations.

Critique

The functional scheme was created for a planned recovery and reconstruction of the post-1945 international order. The Anglo American parentage of the specialized agencies derived partly from the U.S. New Deal model

clearly identified them as agencies of Keynesian intervention. Although Functionalism is widely acknowledged as an influence in founding the post-1945 system of economic, technical and welfare cooperation, the approach has also attracted criticism. Inis Claude queried the basic assumption that it is possible to separate functional and political issues, and so insulate functional cooperation from political disputes between member-states. Claude argued that peace creates the conditions for functional cooperation between states, rather than functional cooperation creating the peace.

Robert McLaren highlighted the budgetary issues that all decisions on public policy involve fund raising, resource allocation, and prioritization. So-called technical decisions therefore always have political implications. James Sewell, Charles Pentland, and Ernst Haas suggested that functionalism relied too much on an almost deterministic belief in the ability of technical solutions to resolve political disputes. Mitrany's writings are certainly embedded in what was to become known as modernization theory. Faith in scientific progress was a core liberal value of the middle twentieth century. Mitrany wrote in an era yet to encounter postmodernism, environmentalism, and other constraints on developmental imperatives and faith in scientific progress.

Finally, the UN system of creating numerous development agencies charged with separate functional responsibilities has been criticized as creating sectoralism. This has created problems of coordination, duplication, and bureaucratic competition, which have been the subject of numerous academic and internal debates on reform and efficiency. In their turn, Robert Jackson, Maurice Bertrand, and later the Agenda 21 adopted by the Rio Earth Summit of 1992 all identified the issue and recommended reforms.

In addition to these methodological criticisms, the functional approach has also been subject to ideological, political criticism. As the period of liberal multilateralism, 1945 to 1975, began to break down, the New Deal lineage left the functional agencies vulnerable to critics of both the Right and Left. For conservatives whose criticisms dominated the 1980s, the agencies were too closely tied to social-democratic models of public-sector welfare-bureaucracy.

The agencies attracted substantial criticism after 1975 from successive U.S. administrations. U.S. Secretary of State Henry Kissinger's correspondence with the ILO in 1975 alleged extraneous political decisions and failures of due process. The United States withdrew from the ILO between 1977 and 1980 and briefly suspended its participation in IAEA from 1982 to 1983. In both cases, U.S. criticism turned crucially on accusations that the agencies were adopting discriminatory practices against Israel's rights to participation. The United States left the UN Educational, Scientific and Cultural Organization (UNESCO) on the last day of 1984, citing a wider range of issues concerning budgetary efficiency, overlapping programs, and limited pace of reforms. The U.S. absence from UNESCO continued for more than fifteen years until a review initiated under President Bill Clinton led to President George W. Bush choosing to rejoin after 2001. The agencies were in turn subject to criticism from the Left during the 1990s, especially the Bretton Woods financial institutions, on the grounds that as agents globalization they were neglecting their mandates in poverty reduction and environmental protection.

Future?

Taken collectively these criticisms limit rather than refute the functional model. The agencies have been in existence for more than half a century. They were created, funded, and mandated by a nearly universal membership of 192 sovereign governments. This suggests that most member-states continue to view the agencies as valuable instruments to further multilateral policy goals.

However, the accelerated pace of globalization after 1990 has eroded many distinctive characteristics of the functional approach. The size and scope of the public sector in many countries has been greatly reduced by privatization, deregulation, and marketization. Therefore, some of the functions associated with public-sector provision and, hence, intergovernmental cooperation have passed into the private sector. Intellectual property rights and advanced research in fields of potential international regulation such as

computing and information technology or genetically modified organisms are located in the private sector. Other social changes since 1975 have further eroded the Keynesian consensus on welfare in the Western democracies, and with it the incentive to sustain international cooperation in these fields. The decline of trade unionism and collective bargaining across the Western world has led to the weakening of the ILO's central task of promoting collective bargaining rights. The declining role of official development assistance in third-world development, and the decline of public-sector–led models of economic planning, has led to a downgrading of the UN Industrial Development Organization (UNIDO), and other developmental agencies. The post-Chernobyl decline in civil nuclear power-plant orders has constrained the promotional and developmental aspects of the IAEA mandate, at a time when that agency's safety role and Nuclear Proliferation Treaty (NPT) safeguard responsibilities have acquired greater significance, in relation to Iraq, North Korea, and Iran.

On the other hand, new functional tasks have emerged since the 1990s, in which continued instances of market failure and prisoner's dilemmas continue to create the need for multilateral agreements, most obviously in environmental regulation. The Global Environmental Facility (GEF), the Montreal Protocol, and the Kyoto Protocol of the Framework Agreement on Climate Change are each serviced and enforced by agencies established on functional principles. The Kyoto Protocol will establish a mechanism for international carbon trading, illustrating the creation of a new functional agenda. Issues such as the international control of pandemic disease have been thrust into new levels of activity—most obviously HIV/AIDS, tuberculosis, and malaria. The Joint United Nations Programme on HIV/AIDS (UNAIDS), formed by the merger of numerous sectoral programs within the UN system, each with some responsibility in the field, represents a new generation of multi-agency programs, combining numerous functional sectors.

—*Mark F. Imber*

See also Development Theory; Environmental Governance; Global Civil Society; Globalization; HIV/AIDS;

Interdependence; International Labour Organization; International Regime; Keynesianism; Kyoto Protocol; Market Failure; Public Sector; Public Sphere; Sanctions; Sustainable Development; United Nations; United Nations Educational, Scientific and Cultural Organization

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FUTURES MARKET

The issue of how best to regulate futures markets has recently come to the fore of public policy debates about financial governance. However, futures markets themselves are not new. They were first instituted in Japan in the eighteenth century for trading rice and silk at a set price, and in the 1850s, they were introduced in the United States for markets in cotton, corn, and wheat. Their rationale remains much the same now as then. A futures market is a continuous auction market in which participants buy and sell commodities contracts for delivery on a specified date. The price of the futures contract is a derivative of the price in the spot market for the related commodity. The only real difference between early

and later futures markets is the nature of the commodity against which the contract is drawn. Although the original futures markets traded in agricultural products, today they trade primarily in financial instruments. Contemporary futures contracts relate overwhelmingly to a predetermined exchange of financial products at a price that may or may not diverge significantly from the price of that product in the spot market. If a trader has accepted a contract to buy a product at a particular time for a particular price, this contract is legally binding. That trader is obliged to execute the exchange, irrespective of whether a loss is incurred by doing so.

The likely existence of price differentials between the spot market and the futures market suggests that there are two reasons for operating on the futures market. The first is a form of insurance against financial risk. Traders may attempt to offset the risk from forward price volatility in any financial product—such as foreign exchange, company shares, or the stock market index—by entering the relevant futures markets as a buyer. In this way, traders lock in the price they will pay for a product at a specified date. This hedges the risk of adverse price changes in the interim, and it makes the process of financial planning more predictable.

However, price differentials between the spot market and the futures market also provide traders with incentives to buy futures contracts as speculative assets. Profits can be made either by holding the futures contract until maturity and being on the right side of the market, or by selling the contract to another party at a higher price before it matures. Only a small proportion of futures contracts are held until maturity by the person purchasing the original contract. This suggests that the overwhelming motive for operating on the futures market is to speculate. Moreover, futures markets tend to be highly liquid, encouraging more and more speculators to use them. Trading volumes in futures markets now comfortably exceed trading volumes in related spot markets, and they dwarf levels of activity within the productive economy.

—Matthew Watson

See also Derivative; Hedging

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G8

See GROUP OF 7

GAME THEORY

Game theory is applied mathematics analyzing conflicting interests, assessing gains and losses, and explaining strategic behavior. Game theory can be interpreted literally, viewing conflict as a game with moves and countermoves and aiming to theoretically understand and predict conflict's dynamics. The overriding and necessary assumption of game theory at its most idealistic is that human beings act in rational ways. Economics' model of self-interest is also presumed, specifically, that human beings act rationally to maximize self-interest or reward. Conversely, parties to conflict are presumed to act in ways that minimize risk and cost. Pragmatically, game theory reminds us that parties to conflict have choices. These choices will determine, or at least influence, outcomes. At its most basic, game theory acknowledges parties' interdependence.

Much research on negotiation has been conducted from the perspective of game theory. Simple distributive bargaining, where parties must somewhere find a compromise or a way to split the difference between offers and demands, predictably emulates game theory. Sophisticated negotiators with little to negotiate, such as the price of a good, will often seek to maximize gain and minimize loss. The distributive dance of concessions results.

Global Critique

More complex circumstances, however, inevitably challenge attempts at prediction. Here, game theory does not readily translate to actual conflict. Critics of game theory face no shortage of evidence to disprove and challenge basic premises. First, as the challenges of quantifying international development exemplify, much escapes simple linear analysis. Although measuring an increase in societal schools may be straightforward, attempting to do the same with that same society's political system raises tough questions. How do we measure, for instance, good governance and democratization in its numerous variables? Quantifying outcomes with complex conflict presents similar challenge and debate. Costs, risks, and benefits are not routinely apparent. How do we even begin quantifying the value of interethnic understanding, for example, even though few would dispute its value.

Most conflict, as it is practiced, cannot be equated with chess or any model of rationality. If only genius and years of mastery could result in knowledge of all available options, or moves and countermoves, in our most intractable conflicts, elementary game theory would lead to utopia. Yet human beings, particularly those from diverse and dynamic cultures, inevitably defy prediction.

If anything, human beings from around the world prove again and again their capacity to act irrationally—as their own worst enemies. Perhaps globalization will spread economics' faith in maximizing self-interest, but research shows simultaneous rise in destructive distributive dynamics, increasing impasse, and costs rather than the promotion of productive conflict. Research of the prisoner's dilemma paradigm exemplifies. In this dilemma, winning depends on one's decision to cooperate or compete. The best outcomes occur when the players choose to cooperate; the worst if both compete. Less-skilled negotiators are found to have less capacity for understanding complex information and tolerance for ambiguity. Losing players are also found to lack awareness that their own behavior might influence the other side's response, or lead the other to change. Specifically, losers create a self-fulfilling prophecy with their presumption that cooperation is impossible. Apparently, they equate maximizing self-interest with pure competition.

The Promise of Integrative Negotiation and Mixed Motives

Integrative bargaining is one popular response to many people's propensity for destructive competition, against their own self-interest, given conflict. In-depth analysis of underlying interests is promoted as the means for recognizing common ground and generating creative options that benefit all. With this approach, there is less need to predict or even understand what the other side will do. Attempting to work against the other party is naturally discouraged because competition, explicit and covert, routinely hurts integrative outcomes.

More recent research studies mixed motives as well as straight competition. Like the prisoner's dilemma, the results indicate that with mixed motives, cooperation creates the greatest mutual rewards.

Generous tit-for-tat mathematical research indicates optimal strategy. Parties to conflict who offer the opportunity for an aggressive opponent to shift into cooperation can maximize their gains. Generous tit-for-tat concludes that if only one percent of the population adopted the strategy of offering an olive branch

in response to their opponent's aggression, while being prepared to protect themselves if their opponent does not accept the branch, they have the power to shift an aggressive negotiation climate. This shift to cooperation maximizes profit.

Other research and experience support this view. Evaluating the perceived effectiveness of leaders to multicultural conflict resolution process in the Balkans, Cameroon, Nepal, and Ukraine, participants repeatedly appreciated their leaders' commitment to understanding diverse perspectives. Likewise, a seminal study regarding the effectiveness of lawyer negotiators in the United States found the most effective are assertive and empathetic. Empathetic negotiators are more likely to interpret their opponent's behavior accurately. Participants in dialogue regarding Israel's future requested more than anything the need for flexibility, or the ability to change opinions with new understanding.

Flexibility is one of the key distinguishing characteristics between less skilled and skilled players. Poor negotiators know exactly what they want and refuse to change, whereas the best of negotiators do the opposite as they gather information. Actually, the best negotiators will exercise both competition and cooperation. When they attack, they do so strategically—rarely but hard. Perhaps their excellence in negotiation reflects game theory in its purest form. As in chess, winning strategy, competitive and cooperative, is discerned rationally, move-by-move.

—*Nancy Erbe*

See also Coordination; Deterrence; Equilibrium Theory; Generalized Exchange; Negotiation; Optimal Decision Making; Pareto Optimality; Positive Political Theory; Prisoner's Dilemma; Norms; Public Choice Theory; Rational Choice Theory; Trust

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Garbage Can Theory

Michael Cohen, James March, and Johan Olsen originally proposed the garbage can theory of organizational choice to extend Herbert Simon's discussion of factors comprising the rational model of organizational decision making. The rational model suggests that decisionmakers define a problem, come up with a variety of alternative solutions, then identify and choose the best alternative. Simon observed that although organizations try to make rational decisions to achieve their goals, their capacity to do so is ultimately limited by two main problems. First, decisionmakers may have unclear or ambiguous preferences—within a group of decisionmakers, individuals may have different ideas about what the goal of the decision should be, or an individual may even be unclear about the precise nature of his or her own preferences. Second, decisionmakers have too little information about their options to make perfectly rational decisions. This leads to an element of randomness or trial and error in their decision outcomes.

Extrapolating from Simon's observations, Cohen, March, and Olsen described an ideal-typical organizational form called the organized anarchy, which is characterized by the constant presence of these two problems as well as the additional complication of the fluid participation of decision-making members. In the organized anarchy, decisions are not rational; rather, each decision opportunity resembles an irrational "garbage can" made up of a random draw from each of four elements (or "streams") of decision making. Instead of being defined through group deliberation, problems arise from both inside and outside of the organization. Solutions, instead of being generated in response to the statement of a problem, exist independently and can be said to go actively in search of problems to which they can be applied. Choice opportunities, rather than emerging after the consideration of various alternatives, occur regularly as a result of structural processes and not on a timetable controlled by decisionmakers. Finally, participants in the decision-making process come and go, depending on the time they have available and their interest in

individual problems or solutions. As a result of these assumptions, choice opportunities often do not result in a problem being solved. Rather, the authors claim, decisions either do not result in a solution being offered for a problem, or solutions are offered where there is no existing problem.

The garbage can model has served several purposes in studies of organizations and public administration. Most directly, Cohen, March, and Olsen identified the university as an organization often exemplifying the conditions of organized anarchy and, in several books, analyzed the implications of garbage can model for university decision making. However, their basic theory has been applied to several other organizational contexts, including military decision making, the development of psychological research programs, and the social construction of intergovernmental organizations. Scholars have also investigated the effects of such variables as strong hierarchies, planning, and organizational learning on the basic model.

The model gained new currency with John Kingdon's influential revision of the garbage can model for the decision arena of public policy making. Kingdon identified similarities between Cohen, March, and Olsen's organized anarchy and the United States policy-making process. However, Kingdon reformulated the streams entering the garbage can, naming instead three major processes of governmental agenda setting—problem recognition, policy formulation, and politics—and then specifying two additional elements: policy entrepreneurs and policy windows. The process of problem recognition can occur in a number of locations, including individual political offices, parties, or governmental agencies. Policies, as in the original garbage can model, do not develop in response to problems but, rather, have mysterious, complicated origins. Specific policies are often brought out of this soup by policy entrepreneurs, who are members of the policy community with an attachment to particular policies. The political stream—the environment in which policy is made—is made up of larger, external political conditions including the national mood, organized interest group pressure, and changes resulting from elections. The coupling of problem, policy, and political streams can

only occur during the opening of a policy window—a particular moment of opportunity when an issue is salient because of a change in administration (a "political window") or because of a pressing problem (a "problem window"). The process of coupling policies to problems is performed by policy entrepreneurs, who attach problems to their preferred policies, pay attention to the opening of policy windows, and find appropriate political forums for discussing their new problem-policy formulations.

In addition to the direct application of its original and revised formulations, the garbage can model continues to interest scholars because of the fundamental challenge the model poses to rational accounts of organizational decision making. In its original formulation, the garbage can model envisions organizational decision making as occurring, essentially, by chance. Problems and solutions may find each other during a moment of decision making, or they may not. The connection between problems and solutions is extremely arbitrary. Kingdon's revised model places greater emphasis on the role of intentional actors (the policy entrepreneurs), which introduces the possibility of individual-level rationality. However, even Kingdon's model does not provide any basis for conceiving a rational process at the organizational level, and thus, outcomes remain highly random. In addition to enlarging on the skepticism toward organizational rationality found in Simon's work, the garbage can model may be seen to build on other, earlier theoretical perspectives that challenged the possibility of rational organizational action such as Graham Allison's bureaucratic politics model and Charles Lindblom's theory of "muddling through." Meanwhile, further work on nonrational decision making following the original statement of the garbage can model has deepened and legitimized this original project. Karl Weick's enactment theory and Nils Brunsson's action rationality, for example, provide detailed prescriptions for organizational action in the nonrational decision-making environment.

—*Emily Shaw*

See also Bounded Rationality; Decision Making; Incrementalism; New Institutionalism; Organization Theory; Problem Structure; Sociology of Governance

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GENDER EQUALITY

Gender equality usually refers to a condition of parity between men and women. However, given the widespread tendency to ascribe different roles and status to each in various settings across societies, what should constitute gender equality has provoked fierce debate. Based on the premise that females and males are inherently different in their reproductive, psychophysiological, and consequently social functions, the question remains whether men and women can ever be truly "equal." Answers depend on the degree to which one thinks women's and men's capacities differ, what should be equalized, and by what means.

The Roots of Gender Inequality

The roots of gender inequality are hotly contested (not least within feminist thought itself). Irrespective of any consensus that gender equality should be the overall sociopolitical objective, causal interpretations of why it is such a perennial problem are located along a broad spectrum. These range from essentialist

arguments (including biological reductionism and evolutionary psychology) whereby women's societal experience, with and in relation to men, is a reflection of innate biological or physiological and psychological sex differences, through to more cultural accounts of gender inequality that claim that men and women are largely herded into different or unequally valued roles because of constructed social norms, and legal and institutional obstacles.

Gender in Context

The manifestation of gender inequality is multidimensional, and illustrations of it vary extensively depending on context. In industrialized democracies with highly developed legal systems, there is a contemporary preoccupation with women's employment experience, in particular the perpetual issue of pay and status gaps between men and women in labor-market hierarchies (vertical occupational segregation) and the problems of balancing the demands of paid work and domestic life. In developing countries, the onus has been on educational opportunity, independent financial means for subsistence (particularly relative to motherhood), and health.

Amartya Sen delineates seven forms of gender inequality:

Mortality inequality—a disproportionate female death rate, particularly in North Africa and Asia compared with other less gender-biased societies.

Natality inequality—the consequences of parents' preference for male children facilitated by fetal sex selection technology, particularly in East Asia, China, and South Korea.

Basic facility inequality—the underrepresentation of females in state-coordinated services such as schooling, prevalent in Asia, Africa, and Latin America.

Special opportunity inequality—even where both sexes have access to basic facilities, in many environments substantive opportunities to acquire specialized knowledge and skills such as higher education and professional training are more likely to be open to men. This is a tendency found even in environments framed by extensive gender equality initiatives, such as in the United States.

Professional inequality—gender inequality in employment is a universal phenomenon and relates to the persistent pay inequities between men and women and to the fact that women are more likely to be clustered in low-status occupations with diminished career opportunities, irrespective of the quality of equality legislation. Even after approximately thirty years of progressive gender equality policies across European Union (EU) member states for example, women are still heavily underrepresented in political posts and high-powered positions in public life.

Ownership inequality—this refers to the fact that most privately owned property across the world is held by men, illustrating domestic inequity and the limitations on women's capacity to prosper commercially and even socially.

Household inequality—this form of inequality is often the most difficult to quantify because it may not be blatant. Even in an environment where women and men are equally represented in educational, monetary, and professional terms, the division of labor within households is still likely to be heavily skewed between the sexes. Women predominate as the primary domestic workers and child carers irrespective of other roles they may have outside of the home. This again is a global phenomenon, and many argue it is the most fundamental form of unequal gender relations.

Policy Approaches

Many of Sen's seven forms of gender inequality—for example, mortality inequality or basic facility—could be called issues of human rights and that in attempts to increase the well-being of humans, it is vital that women are not subject to less concern and respect than men—nominally the equal treatment approach. Gender mainstreaming, another general policy, relates to the systematic incorporation of gender issues at both the planning and implementation stage of all organizational policies. In the context of less extreme forms of gender inequality, such as professional inequality, particularly in environments where equality legislation is long-standing and sophisticated, the major debate lies in the degree to which women should be granted special provision and exclusive benefits to equalize background conditions. These provisions take the form of, for example, affirmative

action programs that aim to implement specific measures to boost women's chances of success in employment, and specific protection rights such as paid maternity leave with a right to return to work. The emphasis here shifts from equality of access and of opportunity to creating conditions deemed more likely to result in equality of outcome. However, skeptics of this approach grapple with the extent to which exclusive benefits for women lend themselves to the exacerbation of gender divides without the comparable provision of benefits for men.

Problems of Terminology

The term *gender equality* is, in and of itself, a point of contention. *Gender* and *sex* have recently come to be deployed indiscriminately (or *gender* is increasingly being used to cover both terms). It is, however, worth re-establishing the quintessential difference between the two concepts. Sex as a category of analysis relates to the identification of an individual by biological endowments and functionings (although even this is contested). Gender is concerned with the ascription of social characteristics such as "womanly," "manly," "feminine," and "masculine" that can be seen as culturally variable and not necessarily associated with the sex of an individual. Previously, sex invoked an analysis of men and women based on an a priori set of assumptions about the behavior of each sex. In an attempt to overcome this crude reductionism, the term *gender* was introduced as a way of classifying individuals socially rather than just biologically. This, however, presents some problems for the concept gender equality because its common usage connotes the equality of men and women rather than equality of cultural codes. Moreover, gender also can relate to issues of sexuality, for example, homosexuality, bisexuality, and transsexuality. Accordingly, gender equality is sometimes also used to mean universal equality irrespective of gender, sex, or sexuality.

—*Jude Browne*

See also Equity; Feminist Theory; Global Compact; Human Capital; Segregation; Social Justice; Welfare Reform

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GENERALIZED EXCHANGE

Generalized exchange is a type of social exchange system in which the rewards that an individual receives from others do not depend on the resources provided by that individual. The exchange can occur between persons, organizations, countries, or other social groups. Participants in generalized exchange systems are not in a position to make individual rewards conditional on giving behavior. An individual may give goods or services to one or more others, but the rewards that the individual receives may or may not come from the same others. Examples of such systems include helping a stranded motorist (who may, in turn, help someone else in the future), donating to a public good such as a community park, or passing news to one or more others through some form of communication. In each of these examples, goods or services are exchanged indirectly between at least three or more participants.

The earliest research on generalized exchange is primarily based in anthropology and sociology. One of the first empirical examples of generalized exchange is Bronislaw Malinowski's 1922 study of the Kula Ring Exchange among the Trobriand Islanders of New Guinea in the southwest Pacific. Malinowski found that handmade necklaces and bracelets were traded in opposite directions among the various islands in the region. Thus, these exchanges had ceremonial and symbolic significance for the community even if there were no direct economic benefits to the

participants. This type of generalized exchange that links individuals indirectly to one another is also called network-generalized or chain-generalized exchange. In addition, this form of generalized exchange is sometimes referred to as a gift economy. However, generalized exchange systems do not have explicit reciprocity between participants (as some gift economies do). The indirect nature of generalized exchange distinguishes it from similar forms of exchange such as reciprocal social exchange.

Another major form of generalized exchange deals with participants who choose to contribute to a public good or not. In this form of generalized exchange, individuals provide resources to the public good, and any value comes from the collective good. Thus, individuals benefit indirectly from one another even though goods or services are given to a central location. This type of generalized exchange is also called group-focused or group-generalized exchange. Because benefits come from a public good, this type of generalized exchange is often synonymous with the problem of collective action.

In all forms of generalized exchange, individuals can potentially receive benefits without ever contributing anything (see the Free Riding entry). Thus, generalized exchange systems contain inherent social dilemmas. In network or chain-generalized exchange, free riding occurs when individuals receive goods or services, but fail to give anything to others. In group-generalized exchange, free riding occurs when individuals receive benefits from the public good without contributing to it. Much of the theory and research in generalized exchange systems deals with overcoming these social dilemmas for the benefit of the community.

With particular attention to issues of policy and governance, research in generalized political exchange (GPE) extends some of the principal ideas of generalized exchange to explain outcomes in the political economy. In this view, exchange becomes generalized when expectations about the effects of behavior persist over time and with different exchange partners. This perspective maps the socio-anthropological concept of generalized exchange onto the larger industrial, organizational, and national levels in an effort to understand policy development and societal self-regulation and governance.

—*Coye Cheshire*

See also Collective Action; Embeddedness; Free Riding; Game Theory; Reciprocity

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GLOBAL CITY

The term *global city* refers to an urban center that is considered to occupy a nodal position within a globalizing world economic system. The term has its origins in research carried out into "world cities" during the 1980s. However, with increased attention being paid to processes of globalization during subsequent years, world cities were widely re-termed global cities. Linked with globalization was the idea of spatial reorganization and the hypothesis that cities were becoming key loci within global networks of production, finance, and telecommunications. In some formulations of the global city thesis, then, such cities are seen as the building blocks of globalization. Simultaneously, these cities have become newly privileged sites of local governance within a broader reconfiguration of state institutions in recent years.

Early research on global cities concentrated on key urban centers such as London, New York, and Tokyo. With time, however, research has been completed on emerging global cities outside of this triad, such as Amsterdam, Frankfurt, Houston, Los Angeles, Mexico City, Paris, São Paolo, Sydney, and Zurich. Such cities are said to knit together to form a global

city network serving the requirements of transnational capital across broad swathes of territory.

Within the literature, the rise of global cities has been linked with two globalization-related trends: first, the expansion of the role of transnational corporations (TNCs) in global production patterns and, second, the decline of mass production along Fordist lines and the concomitant rise of flexible production centered within urban areas. These two trends explain the emergence of networks of certain cities serving the financial and service requirements of TNCs while other cities suffer the consequences of deindustrialization and fail to become "global." Global cities are those that therefore become effective command-and-coordination posts for TNCs within a globalizing world economy. Such cities have also assumed a governance role at the local scale and within wider configurations of what some commentators have termed the glocalization of state institutions. This refers to processes in which certain national state functions of organization and administration have been devolved to the local scale. An example of this would be London. Since the 1980s, London has consolidated its position as a global banking and financial center, de-linked from the national economy. Local governance reforms initiated by the Thatcher government have also ceded London a degree of autonomy relative to national state institutions.

The global city thesis poses a challenge to state-centric perspectives on contemporary international political economy because it implies the disembedding of cities from their national territorial base, so that they occupy an extraterritorial space. Global cities, it is suggested, have more interconnectedness with other cities and across a transnational field of action than with the national economy. Global cities are also said to share many of the same characteristics because of their connectedness and shared experiences of globalization. They all exhibit clear signs of deindustrialization. They possess the concentration of financial and service industries within their spatial boundaries, as well as the concentration of large pools of labor. On the downside, many also share experiences of class and ethnic conflict. They often have segmented labor markets in which employees of key industries enjoy well-paid and consumerist lifestyles

while a lower stratum of workers staffs less well-paid, more precarious, and less attractive positions within the urban economy. It has been further argued that the promotion of global cities runs the risk of economically marginalizing non-urban populations within the national economy.

Although global cities are interconnected, embedded as they are in global production and financial networks, they are also locked into competition with one another to command increasing resources and to attract capital. To successfully compete, local governments have been keen to promote their city as global. Such cities have been marketed as "entrepreneurial" centers, sites of innovation in the knowledge economy, and as being rich with cultural capital. A common strategy has been to stress the multi-ethnic qualities of a city, for example. This is intended to stress its cosmopolitan and global character and to disassociate the city from its actual territorial, ethnic, or cultural setting. Such cities also regularly compete to host world events of considerable prestige that present further economic opportunities, such as the Olympic Games.

There has been some skepticism regarding the global city thesis in its simplest formulation. On a qualitative level, some scholars have questioned whether global cities are indeed new phenomena and have pointed to the long-standing existence of similar economic centers over time. One can think of Florence during the Renaissance, or Manchester during the Industrial Revolution, for example. Other commentators have questioned whether the ascendance of global cities implies state decline along zero-sum lines. These skeptics have argued that a more complex and interdependent relationship exists between the state and cities under its national jurisdiction. Indeed, national governments can play a proactive role in the promotion of key urban centers as global cities. Correspondingly, it is possible that global cities occupy the forefront position within a hierarchy of cities and local spaces that together constitute the national economy. Such a perspective would appear to transcend a dichotomizing view of global cities and the national state.

—Greig Charnock

See also Globalization; Transnationalism; Transnational Urbanism; Urban and Regional Planning

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GLOBAL CIVIL SOCIETY

Most broadly, civil society is the set of institutions and values that help reconcile the needs of community with individual autonomy. Global civil society is both when these institutions take direct actions in multiple countries by providing services, education, or policy advocacy and when they take indirect actions by funding the development of organizations in other nations or seeking different governmental policies toward other nations.

At its core, the term *civil society* owes a debt to those Greek philosophers who wrote about *polis*—a city-state with a developed sense of community that embodied the organization and fulfillment of the social relations of humans. That made sense in an era where nearly all people spent their entire lives within one small community. Globalization, because of the steadily declining time and cost of communications and transportation since the 1950s, has lead to a rapid growth in global civil society. Relatively few people in developed nations now spend their entire lives in one community, and many of them are not even bound to one nation. Their interests are thus more global.

One part of global civil society is the array of nongovernmental organizations (NGOs) that have grown out of the United Nations concept, and another key part is civil society organizations that were grounded in one nation and have grown to take on a multinational or even global agenda. Since 1960, such cross-border organizations have expanded dramatically in scope and number, partly because of regional governance institutions and trading blocks such as the European Union (EU), the North American Free Trade Agreement (NAFTA), and the Central American Common Market and partly because of the interests of major philanthropists.

Two Views of Global Civil Society

With this brief background, global civil society has two distinct variants: (1) libertarian global civil society is the view of civil society within a regional or international perspective, so that "community" is broadened beyond national borders, yet must still be reconciled with the needs of individuals; whereas (2) communitarian global civil society sees the balance as between various national or subnational actors as the individuals and community as the broader regional or global community. This latter view is most common. Both views are grounded in an ecological perspective in that the ecology of a particular policy issue drives both the definition of community and the sense of the relevant individuals or institutions. In either case, nongovernmental organizations play an active role in helping define and express the wishes of the general public, although it may be said that the public is inherently a limited stratum of society that is concerned about a specific policy issue.

Globalization and Interdependence

Robert L. Kahn argued that the interdependence of individuals and of nations is extensive, and that organizations mediate these relationships. The dynamics at play include

- corporations whose gross revenues exceed the gross national product of all but a few dozen nations;
- the mobility of goods and services fueled by drastically reduced shipping, transportation, and communications costs;
- foundations such as the Ford Foundation, the Pew Charitable Trusts, the W. K. Kellogg Foundation, and

others that use their assets to leverage change throughout the world;

- the creation of regional and international organizations such as the Pacific Salmon Commission, the North Atlantic Treaty Organization, the EU, the World Bank, and many others that bridge the gaps between national interests and the need for collective action; and
- a free flow of information throughout most of the world via the Internet and widely distributed news outlets such as newspaper, radio, and television news.

Although there are numerous supporters for both the globalization and antiglobalization movements, few would argue that individuals and NGOs do not play an active role in today's globalization. Rather than spell the end of the nation-state, a global civil society has clearly emerged wherein governments need private-sector and nonprofit supporters to get things done, and the private sector also needs government and nonprofit supporters to be productive and profitable. Ali Farazmand argued that in the modern international environment capitalism and democracy do not necessarily go hand-in-hand, and so corporate powers are colonizing some parts of the world in much the same way that Great Britain, France, Spain, and others originally colonized much of the world. Frequently, this occurs with the tacit consent and support of an authoritarian government or a government seeking to follow the Western model of privatization.

This, of course, puts a negative twist on global civil society, whereas organizations that support human rights, manage natural resources such as fish and lumber, ensure adequate food supplies, and fight diseases like HIV/AIDS take advantage of the same dynamics in an effort to promote a better world. The core of global civil society is thousands of nongovernmental organizations (NGOs) such as Amnesty International, Friends of the Earth, the Open Society Institute, and Greenpeace, working together with quasi-governmental organizations such as the UN Environment Program, the International Monetary Fund, the World Health Organization, and so on. Finally, a layer of official governmental representatives from various legislative bodies and bureaucratic departments is concerned

with a particular issue. These three types of organizations—NGOs, quasi-governmental institutions, and governments—interact to form the global civil society. In addition, on some issues the private sector is actively involved, and on some issues a number of influential individuals are involved.

These organizations and governments frequently interact in a horizontal fashion, with each bringing relevant expertise, relationships, and resources to the table, yet elements of the vertical relationship are seldom far from the surface. This is true because governments are sovereign and are the primary sources of funds to help solve highly complex problems. This need for official sanction is part of the reason so many policy issues develop in the direction of international agreements such as the Biodiversity Convention, the Kyoto Protocol on global warming, the International Whaling Convention, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, and so on. Some of these agreements create NGOs to help coordinate and implement the agreement, such as the Canada–U.S. Pacific Salmon Treaty that established the Pacific Salmon Commission. The danger, as has been seen repeatedly, is that such conventions and agreements, which represent extremely serious commitments by some governments and NGOs, frequently are symbolic policy for other governments and NGOs.

Finally, NGOs are, more or less, advocacy groups. Criticisms of domestic advocacy and public interest groups are thus also relevant to any analysis of global civil society. For example, it is unclear to what extent these organizations represent their members, some specific target population, or the broader society. This leads to a potential danger to democracy if governments step back and simply assume these organizations are doing good. Methods are needed to hold civil society accountable for positive outcomes and wise use of resources, and this is even truer in a global or international sense because multiple governments need to coordinate accountability systems.

—Matthew S. Mingus

See also Antiglobalization; Civil Society; Convergence and Divergence; Functionalism; Globalization; Glocalization; Internet Governance; Nongovernmental Organization; Poverty Reduction; Quango; Transgovernmentalism; Transnationalism

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GLOBAL COMPACT

The Global Compact is the idea of United Nations Secretary-General Kofi Annan and was initiated in response to widespread concerns about the impact of corporate practices on human, environmental, and labor standards. It was also intended to divert attention away from organizations like the World Trade Organization (WTO) that had become targets for the antiglobalization movement. The compact brings business, labor, and civil society together in a network of open, and Internet-facilitated, dialogue. At the core of the network are the Global Compact Office, the Advisory Council, the UN Environment Programme (UNEP), the International Labour Organization (ILO), the UN High Commissioner for Human Rights, the UN Development Program (UNDP), and the UN Industrial Development Organization (UNIDO).

The compact was announced at the January 1999 annual meeting of the World Economic Forum (WEF) and launched on July 26, 2000, by a UN high-level meeting, with the aim of promoting "good" corporate practices among the global business community through the voluntary adherence of firms to nine (later ten) principles drawn from three (later four) key international texts: the 1992 *Rio Declaration on Environment and Development;* the 1948 *Universal Declaration of Human Rights;* and the ILO's 1998 *Fundamental Principles on Rights at Work.* The tenth principle and fourth key text (the UN Convention Against Corruption) were added in June 2004.

These principles require that corporations support and respect the protection of international human rights within their sphere of influence, make sure they are not complicit in human rights abuses, uphold freedom of association and the effective recognition of the right to collective bargaining, support the elimination of all forms of forced and compulsory labor, promote the effective abolition of child labor, uphold the elimination of discrimination in respect of employment and occupation, support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility, encourage the development and diffusion of environmentally friendly technologies, and work against corruption in all its forms including extortion and bribery.

The compact is not, however, an enforceable commitment to good corporate practice, nor is it a code of conduct with monitoring or verification procedures; rather, it relies on public accountability, transparency, and enlightened self-interest to fulfill its aims. The idea is that participating corporations post information about their activities on the compact Web site (www.unglobalcompact.org). This information is then open to scrutiny by other participants.

By the end of 2004, corporate signatories to the compact numbered more than 1,700 and included BP, Danone, Deloitte Touche, GAP, HSBC, ICI, Nestlé, Nike, and Tata. The number of labor and civil-society participants has not, however, matched the enthusiasm with which the compact has been greeted in corporate quarters. Only a small number of these

organizations have signed up, reflecting some of the skepticism in civil society quarters about the compact's abilities to temper corporate malpractice.

—Rorden Wilkinson

See also Corporate Governance; Gender Equality; Global Governance; International Labour Organization; World Trade Organization

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GLOBAL GOVERNANCE

Global governance is a new and much contested area of scholarly enquiry. Situated principally in the discipline of international relations, global governance is broadly understood to be a term of reference for the various and collected ways in which life on this planet is managed. The absence of a world state (or other overarching political body) ensures that global governance is currently concerned with a host of actors—states, international and regional organizations, nongovernmental organizations (NGOs), multinational corporations, and financial markets, to name the most obvious—and the impact of their actions on the global environment, world economy, the international political system, and the social and cultural orders therein. The study of global governance also has a distinctly normative quality—that is, it is concerned with how the globe is governed and how it might be governed.

Interest in global governance emerged out of a dissatisfaction with existing ways of understanding world politics in the face of a series of changes that occurred in the closing years of the twentieth century. This interest was prompted by a need to better understand the changing role of the state, the growing significance of regional and international organizations, increasing global interdependence, the problems and possibilities presented by developments in information and communication technologies, and the increasing significance of nonstate actors—not just NGOs, but also private military companies, multinational corporations, business and legal associations, and credit rating agencies, among others—and their overall contribution to world politics in the post–Cold War era. Scholars explored changes in global governance in relation to developments such as growing global inequalities, accelerating environmental degradation, an upsurge in civil and regional conflicts, and increasing anxiety about the activities of some global "actors" (especially international organizations such as the World Trade Organization [WTO]). Similarly, scholars discussed changes in global governance in relation to concerns about a decline in global democracy (especially its accountability and transparency) and concerns about the inadequacy of existing intergovernmental machineries for dealing with crises such as mass human rights violations, global warming, and infectious disease.

Despite a widespread recognition of the events that sparked an interest in how global affairs are managed, scholarly attempts to wrestle with such a vast field of study have yet to produce a common definition. Moreover, little progress has been made on clearly delimiting the terrain of study. For instance, scholars have been unable to agree on whether global governance refers simply to the way in which interstate interaction is managed or whether it should be expanded to include the actions and activities of a host of nonstate actors. It is unsurprising to find, then, that global governance has been used as a term of reference for the study of, and everything associated with, international organizations; it has been used as shorthand for the growing array of nonstate actors and their increasing influence on the world stage; it has become a leitmotif for the need to find global solutions to problems of planetary significance (particularly those of an environmental nature); and it has come to be synonymous with the governance of globalization and neoliberalism.

Unsurprisingly, the apparently catch-all quality of global governance has ensured that it has been widely criticized. For instance, global governance has been criticized as a catch-all phrase for "virtually everything," a synonym for anything "post–Cold War," and shorthand for what has emerged that we can concisely and coherently explain. Questions have also been raised about the need for yet another addition to the vocabulary of international relations, as well as the value of adding "global" as a prefix to the word governance. Indeed, concerns have been raised that global governance is simply old wine in a new bottle, and a few scholars have commented that international relations traditionally understood is more than capable of exploring the phenomena with which global governance is concerned.

These criticisms aside, there exists a burgeoning literature on global governance that takes as a starting point an understanding that world order (that is, the current arrangement of global political power) is no longer shaped by (and some argue it never was) the actions and interactions of states alone; rather, a burgeoning array of actors, processes, and mechanisms (of which the state is one, albeit the most significant)—some new and some already-existing—have grown in significance and are, to varying degrees, influencing the way in which global life is organized. Within this literature, general agreement is that the term *governance* connotes a system of rule that is more informal, less tangible, and, in some instances, less legitimate than that associated with "government"; there is general acceptance that global governance and global or world government are not the same thing (though it is not inconceivable that one outcome of the former might be the development of the latter); and it is widely held that existing ways of conceptualizing international relations lack the explanatory power necessary to account for a changing global order. Where the literature diverges is in its emphasis on the actors, processes, and mechanisms involved; the manner in which governance is exercised; the role of the state; and how the most pressing problems of the early twenty-first century can be addressed.

Four broad themes have developed in the literature on global governance. Although some overlap exists among each of these themes, they can be thought of as referring to (a) studying international governance—the study of international institutions and regimes; (b) enhancing global governance—the means by which global governance can be made more effective; (c) globalization and the transformation of global governance; and (d) the refashioning of global governance. To get a better sense of the various ways in which global governance has come to be understood it is necessary to explore briefly each of these themes.

International Governance—Institutions and Regimes

The most familiar—to students of international relations at least—theme in the literature on global governance (albeit one only recently adopting the term) draws from long-established research programs into international regimes and institutions. In large measure, this literature is concerned with the various ways in which the interactions between states are governed, as well as with how more powerful states—and the United States as the most significant of them all—are able to influence the shape of the international system. The focus on states and their interaction suggests this theme is better understood as international rather than global governance because much of the work in this vein has been confined to the interstate level alone. Most scholars agree that a key dimension of global governance is the focus on a variety of actors including, but not limited to, states. International governance is nevertheless an important part of the wider puzzle that makes up global governance.

In much the same way that the study of global governance has sought to draw attention to the deficiencies of focusing too exclusively on states as the primary unit of analysis in world politics, research into international regimes and institutions grew out of an attempt to redress oversights in traditional conceptions of international politics that failed to account adequately for the role of international institutions (not just formal bodies but also informal rules, norms, and

decision-making procedures that produced regularized patterns of behavior) in shaping the interactions of states. Scholars working on international institutions and regimes (as particular instances of institutionalized behavior) have sought to explain why, in certain circumstances, states enter into arrangements that constrain their behavior in particular issues areas (such as nuclear proliferation; the global environment; law of the seas; landmines; international trade, finance, and development; human rights; and international labor standards), what the impact of such arrangements is, what holds these patterns of behavior together, and how they change over time. Unlike the term *global governance,* there is a common definition of what constitutes an international regime (as there is an international institution—see later). In 1983, Stephen Krasner produced the most widely accepted definition, suggesting that international regimes are best conceived as principles, norms, rules, and decision-making procedures in areas of international relations around which actor expectations converge. In this way, regimes are understood as intervening variables among causal factors and behavior and outcomes. As such, they have a governance function.

With the exception of some early work, much of the focus of the international regimes literature was on better understanding why states engage (or became entangled in) regimes and the impacts that flowed therefrom. More recently, scholars have begun to move away from a focus on the state to an understanding of regimes that includes a greater plurality of actors. This brings regime analysis much more closely into line with current thinking in global governance. Much of this work on regimes has been done with regard to instances of international environmental regulation. Oran Young's approach to international environmental regimes is indicative of this intellectual turn. Young's work moves beyond a concentration on the regularization of state behavior dominant in the early literature, to an examination of the increasing involvement of nonstate actors in the creation, maintenance, and functioning of regimes. For Young, states remain the central actors in international regimes, but in a host of functional areas—endangered species, hazardous waste, climate change, and ozone depletion

among others—the involvement of nonstate actors has been striking.

A related research program is that concerned with international institutions. Much of the work in this area sought to qualify orthodox assumptions about the nature of interstate relations (and in particular assumptions that genuine cooperation among states is rare and exists only in instances when it serves state need and even then only for a limited period of time) by suggesting that at moments in time state behavior is mitigated by international institutions—defined by Robert Keohane in 1990 as persistent, connected, formal, and informal rule sets that prescribe behavioral roles, restrict activity, and shape expectations. Keohane is the scholar most associated with this body of work. A related body of work has sought to refine thinking on international institutions by exploring the content of one of its manifestations—multilateralism. Here, scholars have been concerned principally with understanding what makes multilateral organizations and institutions qualitatively different from their bilateral and imperial counterparts, why they are preferred as forms of organization by small states, but also how such institutions can cloak, obscure, and reinforce relationships of power.

Enhancing Global Governance

A second theme in the literature is as familiar to students of international relations as the focus on international governance. This deals with enhancing the capacity of global governance to address problems of global concern. Here, global governance is defined more pluralistically encompassing a broader range of actors—NGOs, multinational businesses, international organizations as well as states—though it is nevertheless more often than not centered around improving the capacity of international organizations to deal with global crises. Indeed, much of this work grows out of a belief in, and a commitment to, the principles and values that underpin the United Nations (UN) system; a recognition of the changed circumstances in which the organization finds itself; and an acknowledgement of the problems associated with organizational overstretch, an absence of appropriate political leadership

among key member states and the shortfalls in the UN's operational capacities. A crucial difference between work in this area and that associated with international governance is that it seeks to go beyond a focus on interstate institutions to innovations that recognize as well as draw strength from combinations of actors to bring about more effective solutions to global problems.

The Report of the Commission on Global Governance, *Our Global Neighbourhood,* is perhaps the most familiar work in this vein. The report sought to identify the major challenges confronting humanity at the turn of the millennium and to think about ways in which these challenges could be met. The report argued that a measure of state authority had been eroded by increasing global interdependence. As a result, states had become less able to deal with challenges old and new. At the same time, states had been joined on the world stage by a host of other actors, all of which are able to exercise a measure of authority. Moreover, the commission noted, the arenas in which this burgeoning array of actors operated were no longer clearly delineated. Many fulfilled the roles formerly deemed the preserve of states, and others carved new roles. For the commission, the emergence of these new sources of authority represented an opportunity—to address the most pressing of global crises by harnessing the potential of these new sources of authority and, under the guidance of the UN, confront the most pressing of challenges: conflict, poverty, inequality, population growth, the environment, and democratic accountability.

Although the Commission on Global Governance focused specifically on reinvigorating the UN, others working in this vein have sought to draw on, and develop further, the idea of using networks of actors to solve global crises. One idea is the utilization of a subcontracting model wherein responsibility for the fulfillment of a particular task is devolved to an appropriate actor under the guidance of a particular international organization (normally the UN or one of its specialized agencies). Such a devolution of responsibilities is perceived to have a number of benefits: It overcomes the operational overstretch afflicting many international organizations (and the UN in particular),

it more appropriately addresses operational problems, it makes better use of limited resources, and it lends legitimacy to the actions of a range of nonstate (and often unaccountable) actors by bringing them under the umbrella of an international organization.

The idea of networks of governance has become particularly salient in the work of those scholars dealing with the global environment. Many scholars working in this vein see a central, coordinating role for the UN Environment Programme (UNEP) in a wider network of other actors—transnational corporations, NGOs, scientific communities—that would contribute to the agenda setting, issue framing, monitoring, verification, rule making, norm development, enforcement, capacity building, and financing of a more robust and appropriate form of global environmental governance. Other scholars have also begun to explore the utility of drawing other actors—primarily corporate and civil society institutions—into partnerships with international organizations. The idea of bringing together a range of actors in the pursuit of a specific goal has also found expression in various international public/private partnerships. The UN's Global Compact is perhaps the most well known of this group, though informal gatherings such as the World Economic Forum also have salience.

Transformation, Globalization, and Global Governance

A third theme in the literature connects global governance with processes of globalization and the rearticulation of political authority therein. The scholars working within this field share a perception that power is increasingly located within and exercised by a range of actors, processes, and mechanisms of which the state is just one, and most would subscribe to the notion that something like global governance has existed since at least the onset of industrialization, albeit manifest in different forms through time.

James Rosenau's work is perhaps the most well known of this group. He offers a view of global governance that draws on a more transformative depiction of world politics. His work clearly departs from approaches to global governance that emphasize the

continued centrality of states or the need to enhance global governance by drawing on the expertise of other actors under the guidance of world organizations. Rosenau sees a world wherein the nature of authority is fundamentally changing, where clear distinctions between international and domestic politics are no longer valid, and where the structures of global politics are in flux. He asks that we understand governance in this context and that we appreciate that the sources of governance, the mechanisms through which it is enacted, and the actors involved in its operationalization will be both recognizable and unfamiliar. Importantly, he warns that an inquiry into global governance should not focus exclusively on actors and structures that are global in reach. Instead, it should focus on how governance is organized "in the world," rather than "of the world."

The work of Robert Cox and Craig Murphy exemplify other important contributions in this theme. Cox offers an account of global governance that explores the role of ideology, among other things, in fashioning domestic, transnational, and increasingly global political and civil societies in a manner conducive to the expansion of capitalist production. He also identifies international organizations as key mechanisms in the dissemination of global ideologies and in regulating life in a manner conducive with the further expansion of capitalism. Murphy's examination of the relationship between international organization and industrial change picks up from and develops further some of the ideas developed by Cox. Murphy explores the role international organizations have played in facilitating the spread and development of industrial orders since the mid-nineteenth century. Like Cox, Murphy draws his analytical tools from the social theory of Antonio Gramsci. In doing so, both eschew a crude economic determinism as the driving force behind the rise and development of international organizations for a mutually constituted interplay between ideas, institutions, social forces, and material capabilities.

Refashioning Global Governance

The fourth theme in the literature deals with the kind of global governance that might be—though this is an endeavor quite distinct from the enhancing global governance theme. An important dimension of the work of the scholars herein is to offer a critique of prevailing patterns and systems of global governance and to explore the possibility for, as well as the form and function of, alternative scenarios. This literature differs markedly from themes one and two in that it seeks to build global governance from the ground up—that is, to harness the potential of a growing global civil society as a means for developing democratic, representative, and accountable systems of governance. In this way, it is closely related, and in some cases developed from, those working broadly under theme three. This literature also offers an important corrective to accounts that see the piecemeal inclusion of NGOs on the peripheries of the meetings of world organizations as substantive improvements in global governance.

Among the most well known of works in this theme is Robert O'Brien, Anne Marie Goetz, Jan Aart Scholte and Marc Williams's exploration of the development of relations between the World Bank, IMF, and WTO and global social movements (GSMs). Their sustained analysis reveals that the encounter between multilateral economic institutions (MEI) and GSMs has had only a modest impact on the practices and procedures of the MEIs, largely confined to small institutional modifications rather than to substantive policy innovations. These researchers suggest the continuation of such encounters is unlikely to have a significant impact in the short term, though they posit that in the long term, the possibility exists for continuing incremental change to result in a substantive pluralization of the governance structures of each MEI.

Other work in this vein has sought to determine what kinds of forms of governance ought to be put into place to ensure a more equitable and participatory system. Here, scholars have sought to work out the foundations of a workable system of governance that shows appropriate respect for human rights, is drawn from a widespread consensus among cultures, promotes peace and well being, and takes adequate account of the needs of the global environment as well as of marginalized groups within and across the world.

Conclusion

Despite the lack of a common definition, or indeed empirical terrain, global governance continues to gain purchase and spark interest among students, scholars, and practitioners alike. For many, the absence of an agreed upon terrain actually lends global governance strength. This strength lies in the capacity of global governance to offer an alternative way of looking at world politics that focuses on the role of multiple actors, a diffusion of power, and a terrain of processes, procedures, networks and relationships, all of which have yet to be properly understood. Moreover, global governance has at its core a normative concern for the state of the planet as well as how a more appropriate form of world governance might be constructed. Indeed, much of the current work on global governance is engaged in this vein.

—Rorden Wilkinson

See also Antiglobalization; Bretton Woods; Commission on Global Governance; Corporate Governance; Environmental Governance; Global Civil Society; Global Compact; Globalization; Good Governance; Group of 7; HIV/AIDS; International Law and Treaties; International Organization; International Regime; Interregional Relations; Multilateralism; Multilevel Governance; Political Economy; Security; Social Democracy; Sustainable Development; Sustainability; United Nations; World Economic Forum

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GLOBALIZATION

Globalization is one of the most used terms in contemporary social science. It is also one of the most controversial and one of the most contested. Substantial literatures on globalization can be found within political science and international studies and prominently within the disciplines of sociology, anthropology, geography, economics, cultural studies, legal studies, and business studies. The presence of multiple disciplinary discourses on globalization is one reason why a straightforward and coherent definition is elusive. A second reason worthy of note is the ubiquity of the term within the everyday vernacular of policy, journalistic, and corporate communities. Consequently, the analysis of globalization is rendered problematic because multiple definitions give rise to many globalization hypotheses. In other words, globalization studies lack a "normal science." Meanwhile, that much contemporary policy is made in the name of an undefined prevailing condition called globalization demonstrates the limits of rigorous and sustained academic analysis on the subject.

The idea of globalization came to prominence during the 1990s, and it is probably fair to say that the term came to be used as a shorthand term to describe the quality of world order following the dissolution of

the Cold War after 1989. The term was used sporadically in both social science and corporate discussions before this period, but the recent explosion of academic work at least purporting to be about globalization suggests that the idea captured a set of contemporary perceptions about the changing nature of worldwide social relations.

Economic Globalization

Many definitions locate globalization as a phenomenon within the domain of the economy generally and more specifically within the circuits of production, trade, and finance. Thus, globalization is used to describe the increasingly transnational character of economic transactions. It follows that the significance of barriers and distinctions between discrete national economic spaces is diminished significantly. Moreover, the idea of globalization implies that physical distance is of declining importance to the possibility of human (economic) interaction. This last defining facet suggests that globalization is made possible by developments in information and communications technology that, for example, allow instantaneous financial interactions to take place between geographically distant localities. Beyond these broad features, there is significant variation in the precise meaning given to globalization. For some, globalization simply refers to dramatically increased volumes in international trade. For others, globalization is better thought of as global economic integration. Here, cross-border flows of capital, goods, labor, and firms are creating genuinely global markets, which in turn accentuate the permeability of national economic borders. In addition, globalization is sometimes treated as a form of corporate strategy, where firms denationalize the entire chain of production activities and thereby initiate de facto transnational economic spaces. Though these developments are sometimes seen as following the "hidden hand" logic of market capitalism, more often than not, globalization is understood to be prompted and underwritten by one or more of the following three prominent variables:

- The hegemonic role of the United States in the current world system, which acts as both ideological cheerleader and security guarantor for a globalized/globalizing world order.
- The growth of a set of global economic institutions (the International Monetary Fund, the World Bank, and the World Trade Organization) are held to be responsible for creating the formal rules and informal norms within which globalization is made possible.
- The rise to prominence across the world of neoliberal ideas, which emphasize the virtues of unfettered markets, privatization, and the retreat of the interventionist state.

These economistic definitions tend to provoke supplementary observations about the possibilities for economic governance. Sovereign governments, it is suggested, are losing the capacity to exercise effective economic governance over their own national jurisdictions. For example, the colossal volume of unfettered financial flows allows speculative attacks on national currencies. The prospect of these in turn narrows the range of policy choice for governments, which are forced to calibrate domestic economic strategies in accordance with the supposed preferences of global financial market actors. Extensive public expenditure (of the sort usually associated with the construction and maintenance of the European welfare state) is regarded as an increasingly unsustainable growth strategy. Similarly, the selection of national fiscal strategies—particularly in the realm of corporate taxation—is significantly constrained by the capacity of capital (in the form of inwardly investing firms) to relocate with relative ease. States, in both the developed and the developing world, are recast as "competition states" whose *raison d'être* becomes the adjustment of the domestic political economy to imperatives of a new range of powerful nonstate forces that dominate the contemporary global economy. Autarchic, developmental, and (traditional) social democratic growth models, which require a degree of economic closure, become implausible in an environment requiring market discipline and exposure to global forces.

It follows that such accounts of globalization imagine a significant rearrangement of global power relations. In particular, the discussion of (economic) globalization challenges significantly the view of the world of sovereign states that forms the basic imagery of international relations. Instead, a more variegated and multi-actor picture emerges, in which transnational firms, financial market actors, and global institutions acquire authority as power shifts markedly from the public to the private domain—in effect from states to markets.

These processes are usually read as sustained challenges to the agency of states, but two rather important qualifications can be made. First, it is often argued that states themselves are the primary authors of globalization. Indeed to trace the origins of capital mobility is to discover deliberate decisions by sovereign governments, beginning in the 1970s, to liberalize capital controls. Second, the growth of regional organizations and regional integration projects from the mid-1980s are often understood as collective responses of governments seeking to reclaim degrees of autonomy (albeit through the partial pooling of sovereign resources) in the face of powerful globalizing pressures. These qualifications in turn unleash further debates. With regard to the first of these, the move toward the deliberate loosening of capital controls could well have been the only maneuver available to states confronted with powerful financial market forces. Moreover, such decisions were undertaken by the most advanced states within the developed world, an observation that both illustrates power asymmetries in the international system and suggests that globalization might be best read as a project emanating from the most advanced capitalist states. The second qualification—regionalism as a deliberate response to globalization—raises multiple questions about the capacity for the agency of states. For example, regional projects—usually in the form of free trade agreements—can be understood less as efforts to contain the forces of globalization and more as methods for propagating their advancement through the deliberate creation of integrated liberal regional economic spaces. In any case, the rise of formal regional agreements might simply reflect states playing games of "catch up" given the *de facto* growth of regional transnational spaces. States become important to the creation of rule-bound orders compatible with the needs of globalizing capital, but they are far from being in control of that process.

Criticisms of the (Economic) Globalization Hypothesis

The foregoing represents the essence of what might be called the globalization hypothesis—a set of ideas found within both academic and policy discourse. Many criticisms have been leveled at this type of argument.

The bulk of these criticisms—at least within the literatures of political science and political economy—tend to operate within a broadly economistic understanding of globalization. Perhaps the most potent is the empirical argument that globalization is largely a myth and that the evidence in favor of the globalization hypothesis simply does not stack up. A large body of research results casts doubt on core claims about the prominence and extensive power of transnational firms and the near perfect mobility of capital. If these basic claims are no longer axiomatic, then it follows that governments have rather more room for maneuver in redistributive and fiscal policy than is commonly supposed. In addition, scholars working within the institutionalist tradition have assembled much evidence to suggest that, even if transnational economic processes are rife, the interception of globalization within domestic polities is often variable and occasionally subversive. Indeed, several studies support the counter-intuitive claim that national welfare institutions remain robust and that moves to dismantle them are misguided or ideologically driven. Evidence of the persistence of national variation supports many of the arguments of the "varieties of capitalism" school of thought and is used to caution against the assumption that globalization necessarily undermines the social contacts that reside

beneath distinctive historic national political economies. Further, the claim that economic activity has become globalized has been challenged consistently by those who prefer to advance the development of regionalization as a more plausible description of the contemporary world economy. Indeed, if globalization is understood in terms of rising volumes of world trade, then a significant proportion of globalization since the 1970s is straightforwardly explained by the growth of intra-European trade induced by the European Union (EU).

Another bout of skepticism follows from the work of numerous economic historians and historical sociologists. There are two broad lines of argument here. The first mobilizes empirical evidence to show that, in terms of key numeric indices, the late nineteenth century was considerably more globalized than the late twentieth and early twenty-first centuries. Aside from casting doubt upon the historical novelty of globalization (and by extension on the claims that we are living through a transformative moment), such analysis also carries significant implications for claims about the diminished autonomy of the state in the present period. Governments, it would seem, have confronted previous bouts of capital mobility, mass migration, and market integration of which they have been aware and that have threatened their capacity to act autonomously. Statecraft and the fashioning of collective institutions were able to secure policy-acceptable levels of state autonomy, and—in many ways—in the twentieth century, states claimed for themselves the capacity to construct national growth models and (after 1945) build a global institutional order that made this domestic autonomy possible. The second line of historical argument agrees with the idea that transnational economic exchange is ever present in human history and has certainly been integral to the evolution of the capitalist mode of production. However, the emphasis here pays more attention to the structure of the argument that proponents of globalization arguments tend to use. Central to these claims is the idea that globalization is tearing apart a state-centered world order that has been *in situ* since the 1648 Treaty of Westphalia. The historical sociological critique casts substantial doubt upon Westphalian order as the primary organizing dynamic

of world order, preferring instead to see transnational economic relations as nurtured by (rather than in contradiction to) the norm of territorial sovereignty. From this viewpoint, globalization may describe some of the dynamics of contemporary capitalism, but to advance globalization as a new form of social theory is seriously mistaken.

Beyond Economism

Some writers on globalization counter these criticisms by arguing that much of the debate is operating with a hopelessly elastic concept and further that the category globalization should be reserved for particular forms of social relations that are only discernible in the present period. Globalization should, therefore, be rendered analytically distinct from the likes of internationalization, Americanization, and liberalization. Instead, discussion of globalization should be confined to supraterritorial interactions where considerations of time and space and the constraints of territorial geography no longer apply. This amounts to a call for interdisciplinary or postdisciplinary work as the way ahead of globalization, implying in turn that much of the present literature runs into trouble because it is inserted unreflectively into ongoing disciplinary discourses.

The mainstream academic discourse on globalization tends, as suggested here, to confine itself to a series of processes that are taking place within the domain of the economy. Many scholars working within the sociological and anthropological tradition find this emphasis to strip their concept of much of its nuance. Instead of an unremitting process of liberalization leading to a world of near perfect factor mobility bound up with a singular logic of capitalism, globalization is thought of as a complex mixture of interacting cultural circuits and flows, the outcome of which is likely to be far from homogenous, coherent, and predictable. Nor does this literature necessarily envisage globalization as a negative or remorseless phenomenon. Increased transnationalization, the immanent possibilities of informational technology, and the supposed irrelevance of territorial space to human interaction include significant possibilities for

the construction of alternative globalizations organized around all sorts of political impulses.

One way in which the present period is sometimes differentiated is that human beings for the first time are aware of globalization. This leads some discussion to the conclusion that rather than trying to capture the objective, empirical essence of globalization, research should instead focus on the growth of ideas about globalization and the emergences of powerful discourses that seek to present globalization as a set of ineluctable realities from which certain policy logics follow. At one level, this adds up to studies that look to the ways in which strategically minded elites deploy the term *globalization* as a rhetorical device designed to legitimate their preferred courses of action. At a deeper level, this becomes a discussion of the performative qualities of globalization. Rather than being an analytical description of the world as it is, the term becomes embedded as a common sense set of assumptions about the world, which in turn lead actors to create a world resembling the norms of globalization.

—*Ben Rosamond*

See also Antiglobalization; Capitalism; Capital Market Integration; Competition State; Competitiveness; Cosmopolitanism; Economic Integration; Functionalism; Global City; Global Civil Society; Global Governance; Global Market; Glocalization; Human Capital Mobility; International Division of Labor; International Monetary Fund; Localization; Neoliberalism; New Regionalism; Open and Closed Regionalism; Political Economy; Production Chain; Production Network; Reflexivity; Social Democracy; State; State-Society Relations; Sustainability; Transnationalism; Transnational Urbanism; Triadization; Washington Consensus; World Bank; World Economic Forum; World Trade Organization

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GLOBAL JUSTICE

Global justice refers to a congeries of progressive causes exported from national politics into the global arena. They included environmentalism, climate change, humanitarian intervention, debt relief, and the impact of global capitalism on local affairs. At its core, the impetus for global justice is egalitarian.

Transnational spillovers feature prominently in global justice issues. Spillovers present built-in incentives to both export costs and free-ride benefits. Further, powerful states may be in a position to offload costs onto weaker states, violating the principal of vertical equity. Power, fairness, constraints, norms, and incentives are thus key aspects of global justice.

The concept of justice lies at the heart of the issue. It revolves around to whom justice is owed and by whom, whether it should be measured by process or outcome, and whether justice is exogenous (implying universality) or endogenous and therefore relative. An equal-regard standard that rejects asymmetric valuing of human life is global in its conception, independent of parochial concerns.

Both in practice and theory, the structure of world politics makes the universal-regard standard difficult to apply. It demands fair trials, the rule of law, enforcement of contracts, respect for the environment, action against genocide, and toleration for diversity. These require courts, police, military capability, and ways to choose leaders, all of which are directly connected to national sovereignty, and some of which represent values that are highly contested.

Stark differences in living standards, life expectancies, institutional arrangements, and cultural norms have led to different approaches to the demands for global justice. There are, however, some common threads. There is hesitance to embrace globalization, suspicion of liberal free-market economies, and a tendency to favor direct democracy. Global justice

political activists have tended toward grassroots organizing and strategic alliances with other like-minded groups. But some groups such as *Medecins Sans Frontieres* describe their humanitarian work as apolitical and have expressed concern about being co-opted by politics. Churches have incorporated and adapted traditional social-justice teachings into missionary work. At the institutional level, governments have formed international policy regimes that offer mutual legal assistance and enforce and monitor agreements.

The concept of global justice, and its mechanisms, has only recently begun to take shape. At one end of the spectrum, it resembles a loosely defined social movement, galvanized by the disruptions of globalization, fearful of corporate economic dominance. At the other, it represents cross-border legal arrangements between governments. In the middle are efforts by charities offering services to marginalized groups.

—*Joseph F. Benning*

See also Antiglobalization; Climate Change; Environmental Governance; Humanitarian Intervention

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Global Market

A market is an institution that allows participants to exchange goods and services, in the process setting standard prices of exchange. Historically, marketplaces were situated in a physical location limiting involvement to participants who could physically be in that location at a given time. The idea of a global market or markets is linked to the concept of economic globalization, a problematic term that suggests a process heading toward, or an outcome already achieved, linking economic actors wherever they are physically located on the globe. This requires that the marketplace is no longer situated at a physical location, but is a virtual medium of exchange utilizing network technologies to link participants. Defining how we understand the terms *global* and *market* and the necessary conditions for the functioning of a global market is crucial to determining whether what is a theoretical ideal type exists in reality.

The market part of global market suggests symmetry in power relations between participants. The image of a market invoked by economic theory is of multiple individuals coming together as buyers and sellers, with no single agent having the power to determine prices. At its most de-territorial, the global part of global market implies that geographical location and distance between actors should be, or is becoming, irrelevant to the process of exchange. Therefore, exchange should be equally likely between agents that are situated on opposite sides of the world as between those situated next to one another (given nonprohibitive transport costs). This definition of the term *global* suggests instantaneous connections forming between buyers and sellers in every part of the globe. To be global, either buyers or sellers, or ideally both, would need to represent every part of the globe.

A nonterritorial global market must overcome certain informational problems that are more easily addressed in a physical marketplace. First, the products or services being traded must be standardized, with specifications available to all participants. Second, trust (which previously may have been based on a personal familiarity built on the common legal, social, and cultural backgrounds of actors) must now be based on a shared confidence that every party will adhere to the contractual rules of the particular virtual market. Third-party service providers are central to this process, providing information on transacting parties (for example, universally recognized credit ratings), and facilitating the transaction itself (for example, through the provision of insurance and

holding or escrow accounts). A global market is arms length for transacting parties' knowledge of one another, but reduces the physical and reputational barriers of entry of a physical marketplace to the ability of participants to create confidence in other parties that they will fulfill market rules and follow particular transactional mechanisms.

Having constructed an ideal type definition of a global market, we can ask whether any real world markets fulfill these criteria. Markets that span national territorial borders certainly exist in raw materials, energy, agricultural produce, manufactured intermediate and final goods, financial capital as either direct bank loans or foreign direct investment (FDI), financial assets such as shares, bonds, and national currencies, complex hedging or speculative instruments labeled derivatives, and other financial services such as insurance. Markets in many other services may be said to exist, but are extremely difficult to trade without a physical presence local to the purchaser. Global firms often provide a local presence; but where markets for such services exist, from a buyer's perspective they may be considered local rather than global. It is problematic to argue that there is a global market for labor, but for certain specialized occupations, such as informational technology or health care, there is state-supported competition between developed countries for skilled labor, and hence, an international market. Whether the international markets listed fit our ideal type definition of a global market is questionable.

It is first necessary to weaken the orthodox economic assumption of multiple individuals engaged in a market. With the exception of financial markets, it is highly unlikely that individuals acting as sellers and buyers are directly engaged in the markets listed. The main reason is that capitalist production tends toward economies of scale, necessitating the formation of large-scale producers, large volume wholesalers and distributors, and large retail groups in the supply chain linking producers with consumers. Examples exist both where the supply chain is fragmented into different global firms, referred to as "horizontal integration," and where companies are vertically integrated, controlling the entire supply chain. A rule of

thumb estimate is that at least one-third of international trade is intrafirm, therefore not arms length or subject to market prices. Where scale or access to products or consumers creates power asymmetries, then the market mechanism does not operate in the economic sense. Even in financial markets where individuals may be involved in buying and selling products, prices can be deliberately moved by the operations of large-scale brokers and traders.

The second part of the definition that requires weakening is the globalness of global markets. The flow of goods and services is not de-territorial but displays geographical patterns of direction and exclusion within the markets mentioned. World Trade Organization statistics demonstrate the significance of regional flows both within and between North America, Western Europe, and South East Asia, with 82.9 percent of merchandise exports and 85.5 percent of imports attributed to this triad in 2003. (Data for commercial services trade are available only to 2000, showing similar patterns of triadization, but for much smaller total values, approximately 25 percent of merchandise). As one measure of the market for investment, FDI also demonstrates the highly selective geographic nature of global markets, with 88 percent sourced from developed market economies, and 67 percent invested there in 2000. The predominant source of FDI from developing countries is the newly industrializing East Asian countries, with this group plus selected Latin American countries the main recipients.

In conclusion, the term *global market* is problematic for real-world exchanges, both for the market mechanism involved and the extent to which markets are global. The term obscures the particular structure of agents, power asymmetries, and flows occurring for the goods, services, and factors of production that must be considered. More accurately, exchange relationships are selective and uneven between specific geographic locations.

—*Paul C. Lewis*

See also Antiglobalization; Capitalism; Competitiveness; Derivative; Globalization; Liberal Market Economy; Market; Political Economy; Triadization

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Global Warming

Global warming and climate variability occur as natural phenomena. The issue of governance relates to human-induced global warming as it is defined by the United Nations Framework Convention on Climate Change (UNFCCC) as climate change either directly or indirectly attributable to humans changing the global atmosphere's composition separate from expected climate changeability in a comparable period. The term typically evokes the effects on the climate of human activities, particularly the burning of fossil fuels (coal, oil, and gas) and large-scale deforestation, which cause emissions to the atmosphere of large amounts of greenhouse gases (carbon dioxide, methane, nitrous oxide, perfluorocarbons, hydrofluorocarbons, and sulfur hexafluoride). Such gases absorb infrared radiation emitted by the earth's surface and act as blankets over the surface, keeping it warmer than it would otherwise be. Global warming is often considered as the most important environmental problem the world faces and one of the major challenges for global governance and management.

Global Warming and the Science-Policy Interface

The global warming agenda has been pushed by a cooperative interaction between scientific inquiry and policy action. During the 1980s, intergovernmental and nongovernmental scientific organizations (such as the World Meteorological Organization and the International Council for Science) and international research initiatives (such as the World Climate Research Programme and the International Geosphere-Biosphere Programme) played a crucial role in constructing a consistent scientific discourse for communicating the dimensions and consequences of global warming. In 1988, the World Meteorological Organization and the United Nations Environmental Program established the Intergovernmental Panel on Climate Change (IPCC) to assess the state of climate science as a basis for informed policy action. The IPCC marked the entering of global warming in the political arena.

The scientific consensus on the reality of global warming is clearly expressed in the assessment reports of the IPCC. This explicit consensus has been crucial for advancing the global agenda for combating global warming. The IPCC, thus, exemplifies the relevance of organizations accountable to both science and policy in the task of building governance arrangements in which scientific information is effectively used for making decisions. However, global warming also shows the limitations of the mythic notion that governance consists of logical thinking based on complete scientific information. The vast complexity and uncertainties of the regional consequences of anthropogenic climate change, as well as adaptation and mitigation, pose enormous difficulties to global warming governance. For instance, evidence of causal relationships between global warming and hurricane activity is still inconclusive. Nonetheless, the high stakes involved demand action even if just counting on questionable data subjected to alternative interpretations. In this context, the precautionary principle (i.e., minimizing future regret) is often invoked as a guiding principle for policy making. Governance arrangements at the national level will also play important roles for adaptation and coping.

Global Warming and Global Governance

Global warming was fully incorporated in the international policy agenda through the coming into force of the UNFCCC in 1994. The Kyoto Protocol, including legally binding measures, and the European Union Emissions Trading System entered into force in 2005 as important additions to the UNFCCC. The

Kyoto Protocol marked an important shift in the governance arrangements for dealing with global warming. It overcame the usual soft approaches characterized by loose and largely undefined targets and introduced a regulatory framework under which countries get committed to implementing quantified targets (i.e., reducing emissions by around 5.2 percent below 1990 levels from 2008 to 2012).

The long process of negotiating the Kyoto Protocol evidenced the difficulties of establishing governance structures, in which individual countries share responsibilities for dealing with global problems, in a context characterized by inequity between South and North and strong political economy implications among developed countries. Its proponents argue that this type of negotiation might contribute to addressing global environmental problems while alleviating global inequities—for instance, through the clean development mechanisms included in the Kyoto Protocol in which developed countries will pay for reductions achieved in developing countries.

Since 2000, the governments of Australia and United States (the largest emitter of greenhouse gases) have consistently resisted the efforts to bring into force a global binding agreement for combating global warming. Initially, U.S. President George W. Bush's administration denied the existence of global warming regardless of the overwhelming scientific consensus. In its second mandate, the Bush administration opted for acknowledging the existence of anthropogenic climate change, but instead of joining the Kyoto Protocol, the United States is promoting bilateral and multilateral agreements for technology transfer among high emitting countries. In particular, a new pact known as the Asia-Pacific Partnership for Clean Development and Climate has been announced as a more flexible (non-enforcing) and supposedly more cost-effective mechanism than the Kyoto Protocol.

Global Warming and Global Action

The politics of the Kyoto Protocol illustrate the importance of power, equity, and efficiency in the formation of global governance regimes for preventing global warming and protecting humanity from climate change. Global warming prevention and adaptation require actions with a global reach, including close cooperation between North and South, as well as national initiatives.

General consensus is that global warming must be mitigated and adapted to its already inevitable consequences. This consensus is strengthening the formation of a global governance regime for climate change policy. However, economic concerns reduce the effectiveness of this new regime. Any action has inevitable costs as well as benefits, and the right balance between short- and long-term interests is not always evident. So far, only a few countries, such as Denmark, Germany, and the United Kingdom, have been (modestly) successful in translating its aspirations into substantive reductions in emissions, and post-2012 international governance regime is a "hot" issue.

—*David Manuel-Navarrete and Joseluis Samaniego*

See also Climate Change; Environmental Governance; Kyoto Protocol; Sustainable Development; United Nations

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GLOCALIZATION

The neologism glocalization highlights the simultaneity of both universalizing and particularizing tendencies in contemporary social, political, and economic systems. The term is used in the social sciences to

challenge simplistic notions of globalization processes as linear expansions of territorial scales. Glocalization indicates that the growing importance of the continental and global levels is occurring together with the increasing salience of the local and regional levels. Tendencies toward homogeneity and centralization appear alongside tendencies toward heterogeneity and decentralization. But the term *glocalization* entails an even more radical change in perspective. It points to the simultaneity of globalizing and localizing processes, and to the interconnectedness of the global and local levels. Local spaces are shaped and local identities are created by globalized contacts as well as by local circumstances. Globalization entails neither the end of geography nor declining heterogeneity.

Glocalization is a linguistic hybrid of globalization and localization. Not surprisingly, most users of the term assume a two-level system (global and local) and point to phenomena such as hybridization as the result of growing interconnectedness. But a more specific use of the term starts with a three-level system (supranational, national, and subnational) and analyzes primarily the consequences of growing contacts among supranational and subnational actors.

Glocalization in a Two-Level System

Sociologist Roland Robertson, who has popularized the term *glocalization,* believes Japanese economists invented it to explain Japanese global marketing strategies. In the marketing context, glocalization means the creation of products or services for the global market by adapting them to local cultures. For example, in France, McDonald's replaced its familiar Ronald McDonald mascot with Asterix the Gaul, a popular French cartoon character.

Robertson rejects essentialist polarities between the global and the local, such as between economic globalization and local culture. Traditionally, local identities have been invented and nurtured mainly through contacts with others. They have been stimulated and shaped primarily by translocal interaction, comparison, and trends. There are two typical reactions and results of this interplay of global and local forces—both encourage diversity. The opportunistic

reaction is the creation of hybrids. Especially in world cities where immigrants and elites must adjust to each other and maintain ties abroad, mixed cultures and identities arise. The rebellious reaction is to foster a resistance identity defending local history, traditions, and authentic cultures.

The local is fundamentally shaped by the global, but the opposite is also true. Location has never been as important for economic life as now, when free trade regimes have opened national boundaries to trade and investment. Similarly, the expanding information economy has not dispersed production and consumption across geographic space. The new economy is instead characterized by the clustering of companies in specific city-regions and by geographic concentration. The most popular examples are the financial districts in London and New York, or the Silicon Valley computer industry in the 1990s. Thus, globalization increases territorial differentiation in both cultural and economic terms. Local milieus play an important role in a networked economy and society by providing content and contextual support for innovations. Furthermore, there is leeway for local agency—there are many divergent scales and flows linking places and people. Certainly, the economy is at the forefront of glocalizing processes, but beyond the dynamics of capital accumulation, there are further motives. Culture and environment, for example, provide other focal points and perspectives for glocalized networking and innovation.

Glocalization in a Three-Level System

Glocalizing processes can also be understood in a three-level system containing subnational/local, national, and supranational/global levels. The modern political system has been fundamentally shaped by the norm of national sovereignty. National executives occupy a gatekeeper position between the international and the domestic political spheres because they are the only legitimate actors in both spheres. In this context, glocalization points to increasing transnational interactions among subnational entities from different countries and to contacts among subnational and supranational entities—both generally circumventing the national level and undermining the

gatekeeper position of national executives. In political science, these phenomena have been labeled paradiplomacy or studied as multilevel governance.

That subnational political entities such as states, provinces, and cities are getting involved in international activities can be interpreted as a reaction to the socioeconomic processes of glocalization. City regions that serve as nodal points for the information and network economy are becoming disembedded from the national context because their fates depend more on their international contacts than on their national ones. Diverging interests and autonomous activities in the international field are the consequences.

There is another line of argument for explaining the stronger involvement of subnational political entities in international activities. The starting point of this line of reasoning is the assumption that transnational socioeconomic integration has strengthened the roles of national executives. To regulate socioeconomic interactions on a larger scale, national executives have successfully acquired more competencies and have managed to reduce the restrictions and controls they usually face in purely domestic political processes. From this viewpoint, the transnational activities of subnational actors are strategies to either defend autonomy and competences or to compensate for the loss of regulatory leeway using nonregulatory means of governance.

—Joachim K. Blatter

See also Antiglobalization; City-Region; Devolution; Global Civil Society; Globalization; Localization; Nongovernmental Organization; Space; Territoriality; Transnational Urbanism

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GOOD GOVERNANCE

There are various definitions of the term *good governance*. These definitions are based on normative assumptions about how decisions should be made within organizations and the functioning of formal and informal structures for implementing such decisions. The United Nations' Commission on Human Rights identifies transparency, responsibility, accountability, participation, and responsiveness as key attributes of good governance. By linking good governance specifically to human rights and sustainable human development, the UN explicitly recognizes that governance issues are global in nature and consequently require a more nuanced and integrated approach. The Canadian International Development Agency defines good governance as the exercise of power by an organization (or government) in an effective, equitable, honest, transparent, and accountable way. This definition is consonant with a shift among member countries of the Organisation for Economic Co-operation and Development to respond to increasing pressure ushered in by fiscal crises, a globally coordinated economy, and dissatisfied citizens. Some of the trends that flow from this changing governance context include downsizing the public service, undertaking regulatory reforms, measuring performance, benchmarking progress, and linking more explicitly actions and outcomes. This approach to governance focuses on how organizations are directed, controlled, and shown to be acting responsibly.

Good governance is increasingly seen as essential for ensuring national prosperity by increasing the accountability, reliability, and predictability of decision making in governments, corporations, and nongovernmental organizations. Furthermore, this concept is being used in the development and management literature because "bad" governance is often identified as a root cause of social inequality, development failures, and corporate scandals.

The UN Development Program (1997) articulates eight principles of good governance. First, good governance involves equality of participation in decision making. All people, irrespective of sex, class, or race should be heard and allowed to participate in deliberations that affect them directly or indirectly. In

democratic societies, citizens can participate in various ways, ranging from voting to involvement in acts of civil disobedience. Unfettered participation is key to good governance since it counterbalances dominant actors in society with checks and balances that expand the discursive space in which societal debates can unfold. In many instances, participation must be informed and organized through civil society actors who can often leverage resources more successfully. Good governance implies that organizations encourage participation from those who may both benefit or be harmed by any decisions taken. Additionally, good governance involves sacrificing some decision-making authority by empowering other actors to seek and collectively achieve ends that maximize the public good. Lastly, participation also means that individuals have the rights of freedom of association and expression, and to participate in organized civil society without fear of retribution or the stigma of being labeled unfairly as a "special interest" group.

Second, organizations must be responsive to the needs of all stakeholders in a reasonable timeframe. Good governance is about building trust and ensuring that all stakeholders are treated fairly. To achieve these goals, organizations must have the technical and managerial competence to respond in a timely manner. On one level, this means that organizations must hire, train, and retain employees to achieve optimal response time and high quality outcomes. On a more general level, organizations must ensure that they have the capacity, and in some cases the autonomy, to implement changes to structure and management systems to maximize efficiency.

Third, organizations must mediate differences between stakeholders to reach a broad consensus. This implies that organizations, especially governments, work to achieve sustainable human development and fairness of outcomes. In many instances, consensus is difficult, if not impossible, to achieve. For example, current societal debates on morally charged issues such as abortion, stem-cell research, capital punishment, human cloning, and euthanasia demonstrate how problematic consensus formation can be. Nonetheless, good governance requires that organizations involved in divisive issues like those listed previously enter

such debates in the spirit of cooperation and mediation. To achieve this goal, organizations must treat all stakeholders consistently and fairly.

Fourth, organizations must be accountable to the stakeholders they serve. Good governance requires a broad definition of who such stakeholders may be. Many organizations limit intentionally the list of those they define as valid stakeholders to narrow the scope of decision-making authority, the range of topics addressed, and the nature of the decisions that are made. In general, organizations should be accountable to those affected by the entire range of decisions or actions made and implemented by an organization. Regulatory authority often proscribes this requirement of accountability in narrow ways that inevitably challenge organizations when additional stakeholders demand consideration. For instance, publicly traded corporations are accountable to shareholders. In some cases, this relationship between corporation and shareholder erects obstacles that interfere with the ideals of good governance. The desire of a publicly traded corporation to maximize return on investment in the form of increased share value and dividend payments may postpone or prevent some corporations from investing in other areas (e.g., environmental stewardship, community development) that could satisfy a wider range of stakeholders.

Fifth, organizations must strive for transparency in their decision-making processes so that interested parties can understand the bases of decisions and monitor progress. Information must be freely available and accessible to all stakeholders. Good governance requires that organizations justify decisions made by demonstrating how such decisions respect the precedent from previous decisions. Consistency and fairness in the application of rules and regulations are needed to ensure that stakeholders can appreciate that due diligence and the principle of equality were followed. To achieve this goal, some organizations have developed decision-making matrices that feed into other instruments such as the balanced scorecard approach for measuring and managing key indicators within an organization that correlate with various outcome metrics.

Sixth, organizations must work within legal frameworks that are crafted in fair ways, enforced

impartially, and attuned to human rights issues. The rule of law must prevail and be overseen by an independent judiciary and an incorruptible police force. Good governance means that a country's legal environment should be conducive to development. Investors must feel comfortable that due process will be followed in all countries of interest, and that a wide range of issues including protection of intellectual property, fair application of trade subsidies and sanctions, and a regulated financial marketplace exist. Organizations must also follow the laws of the land and ensure that all decisions made are consistent with such laws. However, good governance requires an additional step. To satisfy the other criteria discussed previously (e.g., accountability to all stakeholders, consensus orientation), organizations should also develop a set of voluntarily imposed regulations and best practices internally and through external bodies such as industry associations. Leadership in a field, policy realm, or industrial sector that goes beyond minimum criteria as specified by law is an indicator of an organization's willingness to adopt and expand on good governance practices.

Seventh, decisionmakers should have a broad and long-term vision on how to better the processes of governance to ensure continued economic and social development. Processes must be in place to ensure the most productive use of resources. Ideally, such decisions should be made within the context of environmentally responsible stewardship and be cognizant of criteria for sustainability.

And eighth, good governance involves guaranteeing the rights of all individuals to maintain and improve their well-being in an equitable and inclusive manner. This last point is perhaps the most important principle of the UN approach to good governance because it requires that all decisions of an organization be made within a framework that is outward looking and future-oriented. Moreover, this principle conveys the message that good governance is about stewardship and care and that it involves the highest ethical positioning possible.

Clearly, good governance is more political than technical in nature and emphasizes the primacy of equality and the value of vision, strategic thinking, and planning. Good governance is a tool for making organizations work more effectively in a world where trust is declining in government, industry, science, and other institutions.

Good governance is about fostering trust and ensuring the accountability of decisionsmakers. Trust implies a willingness to make oneself vulnerable to another by delegating certain functions to individuals or organizations to achieve mutual goals. Trust reduces complexity and uncertainty when it is high and creates anxiety or anomie when it is low. Because trust is usually given to an actor based on incomplete (or even absent) information, an assessment of trustworthiness is likely to be a function of informal and formal accountability mechanisms. In an informal sense, accountability implies that social sanctions can be directed toward actors that fail to meet the expectations of others. Such sanctions vary in their degree of intensity and duration, based on the nature of the relationships between actors; the seriousness of the situation (e.g., consequences, reversibility, alternative courses of actions) and cultural or subcultural differences. By contrast, formal accountability mechanisms include legally sanctioned audits, market mechanisms, regulations, and a range of criminal and civil code provisions. Trust is often difficult to build, yet easy to destroy. By its nature, trust falls along a continuum and is distributed according to the following considerations: (a) Trust is higher when values are shared. This provides a basis for comparing outcomes with expectations. (b) Trust is higher when intentions are known and understood, and when actors are consistent with their roles. (c) Trust is higher when individuals or organizations have the competence to carry out assigned tasks. (d) Trust is higher when such tasks can be verified independently in a transparent environment (e.g., when accountability exists).

Good governance is based on democratic values that stimulate administrative reforms that affect a range of organizations. A series of public-sector management reforms have been instituted on a global basis to improve the capacity of governments to respond to external demands for better and more responsive services, managing budget deficits and surpluses, and addressing competitive pressures

resulting from globalization. Additionally, these responses are often geared toward increasing the effectiveness of bureaucracies through a range of organizational, administrative, and policy reforms. The World Bank has compiled a list of six dimensions of public-sector governance that are used in an aggregate fashion to measure the quality of governance: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. As new global standards of governance emerge, indicators like these can be used to diagnose failures and to suggest solutions to a range of performance and process issues. Performance measures assess the quality of governance by examining the severity of corruption within government, the degree to which civil liberties are supported, bureaucratic efficiency, and the predictability of policy making. Process measures describe how institutional inputs result in good governance outcomes and include measures such as how salaries of civil servants compare with equivalent private-sector employees, the nature of electoral rules and the type of political system, and the organization of government (e.g., the number of independent branches of government). Good governance is about recognizing those forces within a society or organization that may work against building capacity to undertake economic and social reforms.

Within the context of corporate and nongovernmental organizations, different models of governance prevail and generally focus on the function of the board of directors. The agency or stewardship model views the board's role as an auditing function where boards ensure that an organization's resources are safeguarded by identifying and minimizing risks and articulating strategic plans and executing them. The principles of good governance are critical for ensuring that boards can conduct their oversight function and so that individual members have the opportunity to practice due diligence in the performance of their duties. The political model assumes that boards function as intermediaries to represent the competing interests of multiple stakeholders. In this role, boards assist organizations by resolving disputes and aligning the organization's business and strategic plans to maximize the benefit of stakeholders. The managerial

model treats boards as the apex of an organization and directs board recruitment on the basis of the expertise and contacts that individual directors can bring to an organization's decision-making processes to maximize value. It has been suggested that a board's main functions are to act as trustees for ownership, set explicit policies for governance that reflect the values of the organization, and to ensure executive performance. These functions require good governance practices to assist boards in being proactive, forward thinking, and externally focused.

Good governance is an ideal that is difficult to achieve. Although good governance requires a systematic approach to ensure that organizations are transparent, honest, and oriented toward equity issues, its practice is uneven across organizations and sectors. To ensure that good governance prevails, elected representatives, corporative executives and boards of directors, professional bodies, and civil society groups need to become more active in learning about the perils associated with "bad" governance and push for stronger laws and policies that protect the public interest.

—*Michael D. Mehta*

See also African Governance; Asian Governance; Effectiveness; Global Governance; Governance; Governance Indicators; Governmentality; Policy Transfer; Rule of Law; Transparency

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GOVERNABILITY

Governability is a concept borrowed from the hard sciences by the social sciences to refer to "governableness," which can be defined as the quality of being governable, that is, capable of being controlled or managed. Arising during the economic crisis of the mid-1970s in North America, Western Europe, and Japan, the question of modern industrial societies' governability has gradually given rise to further thought on the working-out of new policy-making devices in a globalized space. In this way, governance and its mechanisms, which are derived from new public management, appear to be a response to the governability crisis that confronts contemporary societies at a world level.

What Solution for What Governability Crisis?

Definition criteria and the meaning of the governability concept have evolved during their usage. First, the structural crisis that confronts industrial societies during the 1970s in Western Europe, North America and Japan was the subject of analysis in terms of a governability crisis. Subsequently, under the effects of globalization from the 1980s onward, such an analysis has both diversified and extended its area of application worldwide.

The relation between social demand and the action capacity of governments, as conceptualized in the input-output relation in David Easton's political system theory, became problematic in the context of economic crisis of the 1970s. The resources of governments did not allow them to respond to ever-increasing social demand. According to Michel Crozier, Samuel P. Huntington, and Joji Watanuki, the authors of the Trilateral Commission's report submitted in 1975, this crisis of governability had its origins in the democratic mechanisms as means of social demand expression in Western Europe, North America, and Japan. Here, the concept of governability was far from being ideologically and politically neutral, given that it could be used for justifying restrictions on democratic mechanisms. Toward the end of the 1970s, Richard Rose and Guy B. Peters took an interest in the relation between the governed and those in power, a relationship on which, according to them, political authority depends. The two essential components of the latter are effectiveness (of those in power through regulating institutions and allocating resources) and consent (of the governed). One of the effects of the economic crisis of the 1970s was to throw this relation off balance, so much so that a threat of political bankruptcy hung over governments. Reflecting no longer only about the governed and what could make them ungovernable, but also about the way political authority is exercised opened the way for a new use of the concept of governability.

Thus, since the 1980s, framing the question of governability in a globalized space had led one to think about new policy-making devices—in short, the problems of governance. According to this approach, the traditional linear model of policy making—that is, a top-down decision-making process—is no longer able to overcome the governability crisis of modern societies. That is why it must be replaced by a network-type taking part of public and private actors in policy-making processes focused on promoting both interaction and deliberation, and this from the creation to the implementation of policies. By linking public authorities, businesses, research centers, and all kinds of communities, a reticular governance model of this type, within the framework of the wider process of globalization, increases recourse to the concept of governability. This is currently diversifying and taking on a worldwide dimension: The question of governability is no longer exclusively considered at the level of states, or only asked about some of them as was the case originally in North America, Western Europe, and Japan. Indeed, the concept is applied to other cases such as India's, Latin America's, South Africa's, Australia's, China's, and so forth. As for the diversification of the use of the governability concept, it has occurred from both a societal and territorial angle. The governability concept is applied to all kinds of groups—that is, social, economic, or scientific, and so on, but the governability question is asked at the national levels and at the supranational levels—as is the case with the European Union—as well as at the local or regional level.

Related Concepts

Governability is a two-sided concept: Emphasis can be laid either on the governed or on those in power. In other words, by using such a concept, it is possible to consider both the aptitude of a group for being governed and the ways of governing this group. Considering the governability concept's duality is essential to understanding its connection with other fundamental concepts such as government, governance, and governmentality.

This dialectic relation between the governed and those in power varies according to economic, social, and political context. This also generates an oscillation between a normative approach and a functional approach to governability.

In the 1970s, when emphasis was laid on the ungovernability of the governed, the approach used for justifying a restriction of expression democratic mechanisms could be described as normative because it referred to the more general problems of "good government." Later, toward the end of the 1970s, laying emphasis on the relation between the governed and those in power became a functional approach because it expressed the governability question in terms of effectiveness (of government policies) and consent (of the governed).

Since the 1980s, the governed have been invited to take part in the policy-making process, according to a good governance approach, which could be described as normative. As for those in power, their failures to act are tackled in a functional approach of efficiency and legitimacy.

Finally, however this dialectic relation between the governed and those in power is considered, it is worth stressing the underlying power stakes behind it. These stakes are a central issue in Michel Foucault's works on governmentality, which raises the governability question again, no longer from the point of view of institutions, but from that of governmental practices, by conducting research on the internalization of group norms that is at the root of the government of conduct.

—*Isabelle Janin*

See also Individualism; Organization Theory; Policy Analysis; Political Exchange; Self-Regulation

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GOVERNANCE

The term *governance* can be used specifically to describe changes in the nature and role of the state following the public-sector reforms of the 1980s and 1990s. Typically, these reforms are said to have led to a shift from a hierarchic bureaucracy toward a greater use of markets, quasi-markets, and networks, especially in the delivery of public services. The effects of the reforms were intensified by global changes, including an increase in transnational economic activity and the rise of regional institutions such as the European Union (EU). So understood, governance expresses a widespread belief that the state increasingly depends on other organizations to secure its intentions, deliver its policies, and establish a pattern of rule.

By analogy, governance also can be used to describe any pattern of rule that arises either when the state is dependent upon others or when the state plays little or no role. For example, the term *international governance* often refers to the pattern of rule found at the global level where the United Nations (UN) is too weak to resemble the kind of state that can impose its will on its territory. Likewise, the term *corporate governance* refers to patterns of rule within businesses—that is, to the systems, institutions, and norms by which corporations are directed and controlled. So understood, governance expresses a growing awareness of the ways in which diffuse forms of power and authority can secure order even in the absence of state activity.

More generally still, governance can be used to refer to all patterns of rule, including the kind of

hierarchic state that is often thought to have existed before the public-sector reforms of the 1980s and 1990s. This general use of governance enables theorists to explore abstract analyses of the construction of social orders, social coordination, or social practices irrespective of their specific content. They can divorce such abstract analyses from specific questions about, say, the state, the international system, or the corporation. However, if we are to use governance in this general way, perhaps we need to describe the changes in the state since the 1980s using an alternative phrase, such as "the new governance."

Whether we focus on the new governance, weak states, or patterns of rule in general, the concept of governance raises issues about public policy and democracy. The increased role of nonstate actors in the delivery of public services has led to a concern to improve the ability of the state to oversee these other actors. The state has become more interested in various strategies for creating and managing networks and partnerships. It has set up all kinds of arrangements for auditing and regulating other organizations. In the eyes of many observers, there has been an audit explosion. In addition, the increased role of nonelected actors in policy making suggests that we need to think about the extent to which we want to hold them democratically accountable and about the mechanisms by which we might do so. Similarly, accounts of growing transnational and international constraints on states suggest that we need to rethink the nature of social inclusion and social justice. Political institutions from the World Bank to the EU now use terms such as *good governance* to convey their aspirations for a better world.

A Conceptual History of Governance

A general concept of governance as a pattern of rule or as the activity of ruling has a long lineage in the English language. Nonetheless, much of the current interest in governance derives from its specific use in relation to changes in the state since the late twentieth century. These changes date from neoliberal reforms of the public sector in the 1980s.

Neoliberalism

Neoliberals argue that the state is inherently inefficient when compared with markets. Often, they also suggest that the postwar Keynesian welfare state is in crisis; it has become too large to be manageable, it is collapsing under the burden of excessive taxation, and it is generating ever-higher rates of cyclical inflation. Neoliberals believe that the postwar state cannot be sustained any longer, especially in a world that is now characterized by highly mobile capital and by vigorous economic competition between states. Hence, they attempt to roll-back the state. They often suggest, in particular, that the state should concentrate on making policy decisions rather than on delivering services. They want the state to withdraw from direct delivery of services. They want to replace state provision of public services with an entrepreneurial system based on competition and markets. David Osborne and Ted Gaebler distinguish between the activity of making policy decisions, which they describe as steering, and that of delivering public services, which they describe as rowing. They argue that bureaucracy is bankrupt as a tool for rowing. And they propose replacing bureaucracy with an "entrepreneurial government," based on competition, markets, customers, and measurement of outcomes.

Because neoliberals deride government, many of them look for another term to describe the kind of entrepreneurial pattern of rule they favor. Governance offers them such a concept. It enables them to distinguish between "bad" government (or rowing) and necessary governance (or steering). The early association of governance with a minimal state and the spread of markets thus arose from neoliberal politicians and the policy wonks, journalists, economists, and management gurus who advised them.

The advisers to neoliberals often drew on rational choice theory. Rational choice theory extends a type of social explanation found in microeconomics. Typically, rational choice theorists attempt to explain social outcomes by reference to microlevel analyses of individual behavior; and they model individual behavior on the assumption that people choose the course of action that is most in accord with their preferences. Rational choice theorists influence

neoliberal attitudes to governance in large part by way of a critique of the concept of public interest. Their insistence that individuals, including politicians and civil servants, act in their own interest undermines the idea that policymakers act benevolently to promote a public interest. Indeed, their reduction of social facts to the actions of individuals casts doubt on the idea of a public interest beyond the aggregate interests of individuals. More specifically, rational choice theorists provide neoliberals with a critique of bureaucratic government. Often they combine the claim that individuals act according to their preferences with an assumption that these preferences are typically to maximize one's wealth or power. Hence, they argue that bureaucrats act to optimize their power and career prospects by increasing the size of their fiefdoms even when doing so is unnecessary. This argument implies that bureaucracies have an inbuilt tendency to grow even when there is no good reason for them so to do.

Because rational choice theory privileges micro-level analyses, it might appear to have peculiar difficulties explaining the rise of institutions and perhaps their persistent stability. Microeconomic analysis has long faced this issue in the guise of the existence of firms. Once rational choice theorists extend such micro-analysis to government and social life generally, they face the same issue with respect to all kinds of institutions, including political parties, voting coalitions, and the market economy itself. The question is, if individuals act in accord with their preferences, why don't they break agreements when these agreements no longer suit them? The obvious answer is that some authority would punish them if they broke the agreement and they prefer not being punished. But this answer assumes the presence of a higher authority that can enforce the agreement. Some rational choice theorists thus began to explore how they might explain the rise and stability of norms, agreements, or institutions in the absence of any higher authority. They adopted the concept of governance to refer to norms and patterns of rule that arise and persist even in the absence of an enforcing agent.

Social Science

The neoliberal concept of governance as a minimal state conveys a preference for less government. Arguably, it often does little else, being an example of empty political rhetoric. Indeed, when social scientists study neoliberal reforms of the public sector, they often conclude that these reforms have scarcely rolled back the state at all. They draw attention instead to the unintended consequences of the reforms. According to many social scientists, the neoliberal reforms fragmented service delivery and weakened central control without establishing proper markets. In their view, the reforms have led to a proliferation of policy networks in both the formulation of public policy and the delivery of public services.

The 1990s saw a massive outpouring of work that conceived of governance as a proliferation of networks. Much of this literature explores the ways in which neoliberal reforms created new patterns of service delivery based on complex sets of organizations drawn from all of the public, private, and voluntary sectors. It suggests that a range of processes—including the functional differentiation of the state, the rise of regional blocs, globalization, and the neoliberal reforms themselves—has left the state increasingly dependent on other organizations for the delivery and success of its policies. Although social scientists adopt various theories of policy networks, and so different analyses of the new pattern of rule, they generally agree that the state can no longer command others. In their view, the new governance is characterized by networks in which the state and other organizations depend on each other. Even when the state remains the dominant organization, it and the other members of the network are now interdependent in that they have to exchange resources if they are to achieve their goals. Many social scientists argue that this interdependence means that the state now has to steer other organizations instead of issuing commands to them. They also imply that steering involves a much greater use by the state of diplomacy and related techniques of management. Some social scientists also suggest that the proliferating networks often have a considerable degree of autonomy from the state. In

this view, the key problem posed by the new governance is that it reduces the ability of the state not only to command but even to steer effectively.

Social scientists have developed a concept of governance as a complex and fragmented pattern of rule composed of multiplying networks. They have done so partly because of studies of the impact of neoliberal reforms on the public sector. But two other strands of social science also gave rise to this concept of governance. First, a concept of governance as networks arose among social scientists searching for a way to think about the role of transnational linkages within the EU. Second, a concept of governance as networks appeals to some social scientists interested in general issues about social coordination and interorganizational links. These latter social scientists argue that networks are a distinct governing structure through which to co-ordinate activities and allocate resources. They develop typologies of such governing structures—most commonly bureaucracies, markets, and networks—and they identify the characteristics associated with each structure. Their typologies often imply that networks are preferable, at least in some circumstances, to the bureaucratic structures of the post-war state and to the markets favored by neoliberals. As we will see, this positive valuation of networks sometimes led to what we might call a second wave of public-sector reform.

Resistance and Civil Society

Radicals, socialists, and anarchists have long advocated patterns of rule that do not require the capitalist state. Many of them look toward civil society as a site of free and spontaneous associations of citizens. Civil society offers them a nonstatist site at which to reconcile the demands of community and individual freedom—a site they hope might be free of force and compulsion. The spread of the new governance has prompted them to distance their visions from that of the neoliberal rolling back of the state. Hence, we find two main uses of the word governance among radicals. They use it to describe new systems of force and compulsion associated with neoliberalism. And they use it to refer to alternative conceptions of a nonstatist democratic order.

There is disagreement among radicals about whether the new governance has led to a decline in the power of the state. Some argue that the state has just altered the way in which it rules its citizens; it makes more use of bribes and incentives, threats to withdraw benefits, and moral exhortation. Others believe that the state has indeed lost power. Either way, radicals distinguish the new governance sharply from their visions of an expansion of democracy. In their view, if the power of the state has declined, the beneficiaries have been corporations; they associate the hollowing out of the state with the growing power of financial and industrial capital. Radical analyses of the new governance explore how globalization—or perhaps the myth of globalization—finds states and international organizations acting to promote the interests of capital.

Radicals typically associate their alternative visions of democratic governance with civil society, social movements, and active citizenship. Those who relate the new governance to globalization and a decline in state power often appeal to parallel shifts within civil society. They appeal to global civil society as a site of popular, democratic resistance to capital. Global civil society typically refers to nongovernmental groups such as Amnesty International, Greenpeace, and the International Labour Organization as well as less formal networks of activists and citizens. Questions can arise, of course, as to whether these groups adequately represent their members, let alone a broader community. However, radicals often respond by emphasizing the democratic potential of civil society and the public sphere. They argue that public debate constitutes one of the main avenues by which citizens can participate in collective decision making. At times, they also place great importance on the potential of public deliberation to generate a rational consensus. No matter what doubts radicals have about contemporary civil society, their visions of democracy emphasize the desirability of transferring power from the state to citizens who would not just elect a government and then act as passive spectators but rather participate continuously in the processes of governance. The association of democratic governance with participatory and deliberative

processes in civil society thus arises from radicals seeking to resist state and corporate power.

These radical ideas are not just responses to the new governance; they also help to construct aspects of it. They inspire new organizations and new activities by existing social movements. At times, they influence political agreements—perhaps most notably the international regimes and norms covering human rights and the environment. Hence, social scientists interested in social movements sometimes relate them to new national and transnational forms of resistance to state and corporate power. To some extent, these social scientists again emphasize the rise of networks. However, when social scientists study the impact of neoliberal reforms on the public sector, they focus on the cooperative relations between the state and other institutionalized organizations involved in policy making and the delivery of public services. In contrast, when social scientists study social movements, they focus on the informal links among activists concerned to contest the policies and actions of corporations, states, and international organizations.

The New Governance

The current interest in governance derives primarily from reforms of the public sector since the 1980s. The new governance refers to the apparent spread of markets and networks following upon these reforms. It points to the varied ways in which the informal authority of markets and networks constitutes, supplements, and supplants the formal authority of governments. It has led many people to adopt a more diverse view of state authority and its relationship to civil society.

Recent public-sector reform has occurred in two principal waves. The first wave consisted of the new public management (NPM) as advocated by neoliberals; these reforms were attempts to increase the role of markets and of corporate management techniques in the public sector. The second wave of reforms consisted of attempts to develop and manage a joined-up series of networks informed by a revived public-sector ethos. They were in part responses to the perceived consequences of the earlier reforms.

Some advocates of NPM imply it is the single best way for all states at all times. The same can be said of some advocates of partnerships and networks. Studies of both waves of reform can imply, moreover, that change has been ubiquitous. It is thus worth emphasizing at the outset both the variety and the limits of public-sector reform. Reforms have varied from state to state. NPM is associated primarily with neoliberal regimes in the United Kingdom and United States, as well as a few other states, notably Australia and New Zealand. Although many other developed states introduced similar reforms, they did so only selectively, and when they did so, they often altered the content and the implementation of the reforms in accord with their institutions and traditions. Typically, developing and transitional states adopted similar reforms only under more or less overt pressure from corporations, other states, and international organizations. Public-sector reform has also varied across policy sectors within any given state. For example, even in the United Kingdom and the United States, there have been perilously few attempts to introduce performance related pay or outsourcing into the higher levels of the public service, which are responsible for providing policy advice. The varied extent of public-sector reform should itself make us wary of overstating the extent to which governance has been transformed. Of course, there have been extensive and significant reforms. But bureaucratic hierarchies still perform most government functions in most states.

The New Public Management

The first wave of public-sector reform was NPM. It is inspired by ideas associated with neoliberalism and public choice theory. At first, NPM spread in developed, Anglo-Saxon states. Later it spread through much of Europe—though France, Germany, and Spain are often seen as remaining largely untouched by it—and to developing and transitional states. In developed countries, the impetus for NPM came from fiscal crises. Talk of the overloaded state grew as oil crises cut state revenues, and the expansion of welfare services saw state expenditure increase as a proportion of gross national product. The result was a quest

to cut costs. NPM was one proposed solution. In developing and transitional states, the impetus for NPM lay more in external pressures, notably those associated with structural adjustment programs.

NPM has two main strands: marketization and corporate management. The most extreme form of marketization is privatization. Privatization is the transfer of assets from the state to the private sector. Some states sold various nationalized industries by floating them on the stock exchange. Other state-owned enterprises were sold to their employees through, say, management buyouts. Yet others were sold to individual companies or consortiums. Industries subject to dramatic privatizations included telecommunications, railways, electricity, water, and waste-services. Smaller privatizations have involved hotels, parking facilities, and convention centers, all of which are as likely to have been sold by local governments as by central states.

Other forms of marketization remain far more common than privatization. These other measures typically introduce incentive structures into public service provision by means of contracting out, quasi-markets, and consumer choice. Marketization aims to make public services not only more efficient but also more accountable to consumers, who are given greater choice of service provider. Prominent examples of marketization include contracting-out, internal markets, management contracts, and market testing. Contracting out (also known as outsourcing) involves the state contracting with a private organization, and on a competitive basis, to provide a service. The private organization can be for-profit or nonprofit; sometimes it is a company hastily formed by those who previously have provided the service as public-sector employees. Internal markets arise when departments are able to purchase support services from several in-house providers or outside suppliers who in turn operate as independent business units in competition with one another. Management contracts involve the operation of a facility—such as an airport or convention center—being handed over to a private company in accord with specific contractual arrangements. Market testing (also known as managed competition) occurs when the arrangements governing the provision of a service are decided by means of bidding in comparison with private-sector competitors.

Typically, marketization transfers the delivery of services to autonomous or semi-autonomous agencies. Proponents of NPM offer various arguments in favor of such agencies. They argue that service providers are then able to concentrate on the efficient delivery of quality services without having to evaluate alternative policies. They argue that policy makers can be more focused and adventurous if they do not have to worry about the existing service providers. And they argue that when the state has a hands-off relationship with a service provider, it has more opportunities to introduce performance incentives.

Corporate management reform involves introducing just such performance incentives. In general, it means applying to the public-sector ideas and techniques from private-sector management. The main ideas and techniques involved are management by results, performance measures, value for money, and closeness to the customer, all of which are tied to various budgetary reforms. Although these ideas and techniques are all attempts to promote effective management in the public sector, there is no real agreement on what would constitute effective management. To the contrary, the innocent observer discovers a bewildering number of concepts, each with its own acronym. For example, management by objectives (MBO) emphasizes clearly defined objectives for individual managers, whereas management by results (MBR) emphasizes the use of past results as indicators of future ones, and total quality management (TQM) emphasizes awareness of quality in all organizational processes. Performance measures are concrete attempts to assure effective management by auditing inputs and outputs and relating them to financial budgets. Such measures also vary widely because there is disagreement about the goals of performance as well as how to measure results properly. Nonetheless, value for money is promoted mainly through performance measures to influence budgetary decisions.

The success of NPM has been unclear and remains the source of considerable debate. Few people believe it proved the panacea it was supposed to. Studies suggest that it generates at best about a three percent

annual saving on running costs, which is modest, especially when one remembers that running costs are typically a relatively small component of total program costs. Even neoliberals often acknowledge that most savings have come from privatization, not reforms in public-sector organizations. The success of NPM also appears to vary considerably with contextual factors. For example, the reforms are often counterproductive in developing and transitional states because these states lack the stable framework associated with elder public disciplines such as credible policy, predictable resources, and a public service ethic. It is interesting to reflect that, in this respect, NPM appears to require the existence of aspects of just that kind of public service bureaucracy that it is meant to supplant.

Networks, Partnerships, and Inclusion

Although discussions of the new governance often highlight NPM, public-sector reform is a continuous process. Typically, managerial reforms have given way to a second wave of reform focusing on institutional arrangements—networks and partnerships—and administrative values—public service and social inclusion. The second wave of reforms includes a number of overlapping trends, which are often brought together under labels such as "joined-up governance," "one-stop government," "service integration," "whole-of-government," or "Aktivierender Staat" (activating state). Some commentators even describe this second wave as a "governance approach" or "new governance" defined in contrast to NPM.

Several connected reasons can be given for the altered nature of public-sector reform. One is the shifting tide of intellectual and political fortunes. To an extent, the fortunes of public choice theory and neoliberalism have ebbed, while those of reformist social democrats and network theorists have risen. The rise of New Labour within the United Kingdom is perhaps the most obvious example of this tide. A second reason is a growing sensitivity to a new set of external problems. These problems include terrorism, the environment, asylum seekers, ageing populations, and the digital divide. Many of these problems have

led people to turn to the state, rather than markets, and to do so with concerns about equity, rather than efficiency. Yet another reason for the changing content of public-sector reform resides in the unintended consequences of the earlier managerial reforms. Observers emphasize that NPM has led to a fragmentation of the public sector: Because public services are delivered by networks composed of a number of different organizations, there is a new need to coordinate and manage networks. Observers also emphasize that NPM has raised dilemmas of accountability: Even if the autonomous and semi-autonomous organizations now involved in delivering services are more efficient, they are not always easy to hold accountable on matters of equity. These worries about accountability have been exasperated by recent exposures of corruption in the private sector and by studies emphasizing the public's lack of trust in government.

The main thrust of the second wave of reforms is to improve coordination across agencies. This ambition to join-up networks reflects concerns that the earlier reforms have led to the fragmentation of public service delivery. Joined-up governance promotes horizontal and vertical coordination between the organizations involved in an aspect of public policy. Although the boundary between policy making and policy implementation is blurred, joined-up approaches look rather different in each case. Joined-up policy making brings together all the agencies involved in dealing with intractable problems such as juvenile crime or rural poverty. Joined-up policy implementation coordinates the actions of agencies involved in delivering services so as to simplify them for citizens: An example is one-stop shops at which the unemployed can access benefits, training, and job information.

Joined-up governance often draws on the idea that networks can coordinate the actions of a range of actors and organizations. Indeed, its proponents often suggest that networks offer a superior mode of coordination to both hierarchies and markets in many circumstances. For example, networks tie an enabling or facilitative leadership within a network to greater flexibility, creativity, inclusiveness, and commitment. Hence, joined-up governance is as much about fostering networks as it is about managing them. Indeed, the

second wave of reforms characteristically attempts to promote networks or partnerships rather than markets. These partnerships can be ones between public, private, and voluntary bodies, as well as between different levels of government or different state agencies. In many countries, the emphasis has shifted from competitive tendering to the public sector building long-term relationships based on trust with suppliers, users, and other stakeholders. Public-private partnerships are said to have a number of advantages based on their ability to combine the strengths of each sector. For example, they can ease the burden of capital investment on the public sector while reducing risks of development for the private sector.

Partnerships and joined-up governance are often advocated as ways of promoting social inclusion as well as increasing efficiency. Ideally, they increase citizen involvement in the policy process. Citizen groups participate as partners in aspects of policymaking and policy implementation. The second wave of public-sector reforms seeks to activate civil society. Partnerships and joined-up governance are supposed to provide settings in which public-sector bodies can engage stakeholders—citizens, voluntary organizations, and private companies—thereby involving them in democratic processes. It is also hoped that involving stakeholders in the policy process will build public trust in government.

Governance Beyond the State

The literature on the new governance highlights the role of markets, networks, and nonstate actors. It thereby weakens the distinction between states and other domains of social order. All social and political regimes appear to depend on a pattern of rule, or form of governance, no matter how informal it might be. Hence, the term *governance* has come to refer to social and political orders other than the state.

Some patterns of rule appear in civil society. The most discussed of these is corporate governance, which refers to the means of directing and controlling business corporations. Current interest in corporate governance owes something to theoretical questions within a microeconomic framework about how to

account for the stability of firms: Most responses to these questions parallel those that rational choice theorists give to questions about the origins of social norms, laws, and institutions. Yet, the main source of interest in corporate governance is probably public, shareholder, and governmental concerns about corporate scandals, corruption, abuse of monopoly power, and the high salaries paid to top executives. Three broad themes dominate the resulting literature on corporate ethics. They are openness through disclosure of information, integrity through straightforward dealing, and accountability through a clear division of responsibilities.

Although much has been written on corporate governance, it need not detain us longer. Our concern is with political orders. Hence, the main forms of governance beyond the state that interest us are regional governance and international governance.

Regional Governance

The rise of new regional regimes and institutions, such as the EU, plays two roles in discussions of the new governance. Many commentators suggest, first, that the cause of the new governance is that the rise of these regional regimes has eroded the autonomy of nation states. And, second, the new regional regimes are often taken to be examples of a networked polity and so of the new governance rather than an elder government.

The most prominent case of the new regional governance remains the EU. Studies of the EU gave rise to an extensive literature on multilevel governance: The EU is a level of governance above the nation state, which, in turn, often contains various levels of local and federal government. The literature on multilevel governance in the EU posits links in the EU between the Commission, national ministries, and local and regional authorities. It emphasizes the rise of transnational policy networks especially where policy making is depoliticized and routinized, supranational agencies depend on other agencies to deliver services, and there is a need to aggregate interests.

Transnational policy networks are arguably the defining feature of a new pattern of regional (and also

international) governance. We should recognize, though, that these transnational networks do not always lead to the deep linkages associated with the EU. Regional projects can consist of little more than loose preferential trading agreements. We should also recognize that transnational agreements do not always correspond to actual geographic regions. Much North-South regionalism consists, for example, of agreements between one or more developed state and one or more less developed state—agreements that secure access to one another's markets while also diffusing particular regulatory and legal standards.

International Governance

The concept of international governance has much the same relation to the new governance as does that of regional governance. On one hand, some commentators suggest that international processes are eroding the importance of the state; the relevant processes include the internationalization of production and of financial transactions, the rise of new international organizations, and the growth of international law. And, on the other hand, the international sphere is itself portrayed as being a case of governance in the total or near absence of the state or government.

Regional governance is, moreover, a prominent part of the pattern of rule that currently operates at the international level. Of course, global organizations, such as the United Nations (UN) or the World Bank, help to create and sustain the laws, rules, and norms that govern international politics. Nonetheless, even when we allow for these organizations, many of the interactions and agreements between states and other global actors are situated in the context of the transnational policy networks associated with the new regionalism. If the Cold War was a bipolar era based on the predominance of the United States and the Soviet Union, international governance now consists of a multipolar regionalism, albeit perhaps in the context of U.S. hegemony.

The new regional and transnational organizations appear to share certain broad characteristics. They are typically fairly open to countries from outside the region: They are perhaps less a series of protectionist

pacts and more a series of interconnected webs within an increasing global economy. Their policy objectives extend beyond the economy to areas such as security, the environment, human rights, and "good" governance. And last, they often incorporate a variety of nonstate actors as well as states themselves. This new type of regional governance has combined with increased economic flows and elder international organizations to transform the world order—that is, to create a new form of international governance.

Theories of Governance

As we have seen, while recent interest in governance owes much to public-sector reforms of the late twentieth century, these reforms and the interest they inspired cannot be easily separated from theories such as rational choice and the new institutionalism. It is important to recognize that the meaning of governance varies not only according to the level of generality at which it is pitched but also the theoretical contexts in which it is used.

Rational Choice

The neoliberal narrative of governance overlaps somewhat with rational choice theory. Both of them draw on microeconomic analysis with its attempt to unpack social life in terms of individual actions, and its attempt to explain individual actions in terms of rationality, and especially profit or utility maximization. Yet, although neoliberals deployed such analysis to promote marketization and the new public management, rational choice theorists were often more interested in exploring cases where institutions or norms were honored even in the absence of a higher authority to enforce them.

Rational choice theory attempts to explain all social phenomena by reference to the microlevel of rational individual activity. It unpacks social facts, institutions, and patterns of rule entirely by analyses of individuals acting. It models individuals acting on the assumption that they adopt the course of action most in accord with their preferences. Sometimes rational choice theorists require preferences to be

rational: Preferences are assumed to be complete and transitive. Sometimes they also make other assumptions, most notably that actors have complete information about what will occur following their choosing any course of action. At other times, however, rational choice theorists try to relax these unrealistic assumptions by developing concepts of bounded rationality. They then attempt to model human behavior in circumstances where people lack relevant information.

The dominance of the microlevel in rational choice theory raises issues about the origins, persistence, and effects of the social norms, laws, and institutions by which we are governed. One issue is the abstract one of how to explain the rise and stability of a pattern of rule in the absence of any higher authority. Rational choice theorists generally conclude that the absence of any effective higher authority means that such institutions have to be conceived as self-enforcing. Another issue is a more specific interest in the effects of norms, laws, and institutions on individuals' actions. Rational choice theorists argue that institutions structure people's strategic interactions with one another: Stable institutions influence individuals' actions by giving them reasonable expectations about the outcome of the varied courses of action from which they might choose. Another, more specific issue is in models of weakly institutionalized environments in which the absence of a higher authority leads people to break agreements and so create instability. Examples of such weak institutions include the international system and nation-states in which the rule of law is weak. Rational choice theorists explore self-enforcing agreements, the costs associated with them, and the circumstances in which they break down.

The New Institutionalism

An institutional approach dominated the study of the state, government, public administration, and politics up until sometime around the 1940s. Scholars focused on formal rules, procedures, and organizations, including constitutions, electoral systems, and political parties. Although they sometimes emphasized the formal rules that governed such institutions, they also paid attention to the behavior of actors within them. This institutional approach was challenged in the latter half of the twentieth century by a series of attempts to craft universal theories: behavioralists, rational choice theorists, and others attempted to explain social action with relatively little reference to specific institutional settings. The new institutionalism is often seen as a restatement of the elder institutional approach in response to these alternatives. The new institutionalists retain a focus on rules, procedures, and organizations: Institutions are composed of two or more people, they serve some kind of social purpose, and they exist over time in a way that transcends the intentions and actions of specific individuals. But the new institutionalists adopt a broader concept of institution that includes norms, habits, and cultural customs alongside formal rules, procedures, and organizations.

It has become common to distinguish various species of new institutionalism. Rational choice institutionalists examine how institutions shape the behavior of rational actors by creating expectations about the likely consequences of given courses of action. Such institutionalism remains firmly rooted in the type of microanalysis just discussed. Hence, we should focus now on other new institutionalists who eschew deductive models in which outcomes are explained by reference to rational actions. These institutionalists typically explain outcomes by comparing and contrasting institutional patterns. They offer two main accounts of how institutions shape behavior. Historical institutionalists tend to use metaphors such as path dependency and to emphasize the importance of macrolevel studies of institutions over time. Sociological institutionalists tend to argue that cognitive and symbolic schemes give people identities and roles.

Historical institutionalists focus on the way past institutional arrangements shape responses to political pressures. They argue that past outcomes have become embedded in national institutions which prompt social groups to organize along particular lines and thereby lock states into paths of development. Hence, they concentrate on comparative studies of welfare and administrative reform across states in which the variety of such reforms is explicable by path dependency.

Sociological institutionalists focus on values, identities, and the ways in which these shape actors' perceptions of their interests. They argue that informal sets of ideas and values constitute policy paradigms that shape the ways in which organizations think about issues and conceive of political pressures. Hence, they adopt a more constructivist approach to governance that resembles the interpretive theories we will consider later on. They concentrate on studies of the ways in which norms and values shape what are often competing policy agendas of welfare and administrative reform.

Systems Theory

Although sociological institutionalism can resemble interpretive theories, it often exhibits a distinctive debt to organizational theory. At times, its exponents conceive of cognitive and symbolic schemes not as intersubjective understandings, but as properties of organizations. Instead of reducing such schemes to the relevant actors, they conceive of them as a kind of system based on its own logic. In doing so, they echo themes that are developed more fully in systems theory. A system is the pattern of order that arises from the regular interactions of a series of interdependent elements. Systems theorists suggest that such patterns of order arise from the functional relations between, and interactions of, the elements. These relations and interactions involve a transfer of information. This transfer of information leads to the self-production and self-organization of the system even in the absence of any center of control.

The concept of governance as a socio-cybernetic system highlights the limits to governing by the state. It implies that there is no single sovereign authority. Instead, there is a self-organizing system composed of interdependent actors and institutions. Systems theorists often distinguish here between governing, which is goal-directed interventions, and governance, which is the total effect of governing interventions and interactions. In this view, governance is a self-organizing system that emerges from the activities and exchanges of actors and institutions. Again, the new governance has arisen because we live in a centerless society, or at

least a society with multiple centers. Order arises from the interactions of multiple centers or organizations. The role of the state is not to create order but to facilitate sociopolitical interactions, to encourage varied arrangements for coping with problems, and to distribute services among numerous organizations.

Regulation Theory

Just as sociological institutionalism sometimes draws on systems theory, so historical institutionalism sometimes draws on Marxist state theory. The main approach to governance derived from Marxism is, however, regulation theory. Karl Marx argued that capitalism was unstable because it led to capital over-accumulation and to class struggle. Regulation theorists examine the ways in which different varieties of capitalism attempt to manage these instabilities. They study forms of governance in relation to changes in the way these instabilities are masked.

Typically, regulation theorists locate the new governance in relation to a broader socioeconomic shift from Fordism to post-Fordism. Fordism refers to a combination of "intensive accumulation" and "monopolistic regulation"—a combination associated with the mass production pioneered by Henry Ford in the 1920s. Intensive accumulation rested on processes of mass production such as mechanization, the intensification of work, the detailed division of tasks, and the use of semi-skilled labor. Monopolistic regulation involved monopoly pricing, the recognition of trade unions, the indexing of wages to productivity, corporatist tendencies in government, and monetary policies to manage the demand for commodities. According to regulation theorists, intensive accumulation and monopolistic regulation temporarily created a virtuous circle: Mass production created economies of scale, thereby leading to a rise in productivity; increased productivity led to increased wages and so greater consumer demand; the growth in demand meant greater profits due to the full utilization of capacity; and the increased profits were used to improve the technology of mass production, creating further economies of scale, and so starting the whole circle going again.

Regulation theorists ascribe the end of Fordism to various causes. Productivity gains decreased because of the social and technical limits to Fordism. Globalization made the management of national economies increasingly difficult. Increased state expenditure produced inflation and state overload. Competition among capitalists shifted the norms of consumption away from the standardized commodities associated with mass production. All of these causes contributed to the end not only of Fordism but also the bureaucratic, Keynesian, welfare state associated with it. Although regulation theorists can be reluctant to engage in speculations about the future, they generally associate the new post-Fordist era with the globalization of capital, neoliberal politics, contracting-out, public-private partnerships, and the regulatory state.

Interpretive Theories

Interpretive approaches to governance often emphasize contingency. They reject the idea that patterns of rule can be properly understood in terms of a historical or social logic attached to capitalist development, functional differentiation, or even institutional settings. Instead, they emphasize the meaningful character of human actions and practices. In this view, because people act on beliefs, ideas, or meanings—whether conscious or not—we can explain their actions properly only if we grasp the relevant meanings. Some of the elder interpretive approaches suggest that beliefs, ideas, or meanings are more or less uniform across a culture or society. Hence, they inspire studies of the distinctive patterns of governance associated with various cultures. Other interpretive approaches place a greater emphasis on the contests and struggles over meaning that they take to constitute so much political activity. Hence, they inspire studies of the different traditions or discourses of governance that are found within any given society.

Although interpretive theorists analyze governance in terms of meanings, there is little agreement among them about the nature of such meanings. The meanings of interest to them are variously described, for example, as intentions and beliefs, conscious or tacit knowledge, subconscious or unconscious assumptions,

systems of signs and languages, and discourses and ideologies. Interpretive theorists often explore many of these varied types of meanings both synchronically and diachronically. Synchronic studies analyze the relationships between a set of meanings abstracted from the flux of history. They reveal the internal coherence or pattern of a web of meanings: they make sense of a particular belief, concept, or sign by showing how it fits in such a web. Diachronic studies analyze the development of webs of meaning over time. They show how situated agents modify and even transform webs of meaning as they use them in particular settings.

The diverse interpretive studies of the synchronic and diachronic dimensions of meaning all have in common a reluctance to reduce meanings to allegedly objective facts about institutions, systems, or capitalism. In this view, patterns of rule arise because of the contingent triumph of a web of meanings. The new governance arose, for example, alongside neoliberalism, which inspired much of the new public management, and discourses in the social sciences, which inspired the turn to networks and public-private partnerships. Sometimes interpretive studies relate the rise of neoliberalism and network theory to new relations of power, changes in the global economy, or problems confronted by states. Even when they do, however, they usually suggest that these social facts are also constructed in the context of webs of meaning.

Public Policy

Public policy refers generally to the set of actions—plans, laws, and behaviors—adopted by a government. Concern with the new governance draws attention to the extent to which these actions are often performed now by agents of the state rather than directly by the state. There are a vast number of studies of specific policy areas, and even specific policy problems and governmental responses to them. These studies offer detailed accounts of the impact of the new public management and the rise of the new governance within particular policy sectors, such as health care, social welfare, policing, and public security. However, policy analysis often includes a

prescriptive dimension as well as a descriptive one. Students of public policy attempt to devise solutions to policy problems as well as to study governmental responses to them. Of course, their solutions are sometimes specific proposals aimed at a particular policy problem. At other times, however, they concern themselves with the general question of how the state should seek to implement its policies.

The rise of the new governance raises the question: How should the state try to implement its policies given the proliferation of markets and networks within the public sector? Answers to this question typically seek to balance concerns over efficiency with ones over ethics. To some extent, the leading types of answer reflect the leading theories of governance. Rational choice theory tends to promote market solutions; its exponents typically want to reduce the role of the state in implementing policies. Institutionalists tend to concentrate on strategies by which the state can manage and promote particular types of organizations; its exponents typically offer advice about how the state can realize its policy agenda within a largely given institutional setting. Interpretive theory tends to promote dialogic and deliberative approaches to public policy; its exponents typically want to facilitate the flow of meanings, and perhaps thereby the emergence of a consensus.

Planning and Regulating

The stereotype of "old governance" is of a bureaucratic state trying to impose its plan on society. Formal strategic planning did indeed play a prominent role in much state activity in the latter twentieth century. However, there remains widespread recognition that strategic planning is an integral feature of government. Plans help to establish the goals and visions of the state and its agencies, and they facilitate the concentration of resources in areas where they are thought to be most likely to improve an organization's efficiency in relation to its dominant goals. Of course, plans are not set in stone. Rather, they are made on the basis of assumptions that might prove inaccurate, and visions that might change, in ways that require the plan to be modified.

Although planning remains an integral feature of government, there has been much debate over how the state should implement its plans and policies. Earlier we saw how neoliberals wanted the state to concentrate on steering not rowing. Sometimes they argued that a focus on steering would actually enable the state to plan more effectively: When state actors step back from the delivery of policies, they have more time to consider the big picture. Neoliberalism represented less a repudiation of planning than an attempt to contract out or otherwise devolve the delivery of policies to non-state actors. Typically, its advocates suggested that devolving service delivery would do much to foster a more entrepreneurial ethos within public services—they said that the new public management would free managers to manage. Nonetheless, if some neoliberals appear to think that market mechanisms can ensure non-state actors will do as the state (or citizens) wish (or should wish), others recognize that the state still has to structure and to oversee the policy process. The state still has to set the goals for other actors, and it has to audit and regulate these actors in relation to these goals. Even as the state forsook direct intervention, so it expanded arms-length attempts to control, coordinate, and regulate other organizations. The new governance includes expanded regimes of regulation. A growing number of agencies, commissions, and special courts enforce rules to protect competition and social protection.

Managing Networks

Social scientists often conclude that the withdrawal of the state from service delivery has led to a proliferation of networks as well as regulatory institutions. The spread of networks appears further to undermine the ability of the state to control and coordinate the implementation of its policies. Social scientists, notably institutionalists, thus argue that effective public policy now depends on mechanisms for controlling and coordinating networks. There are several different approaches to the management of policy networks. Some approaches attempt to improve the ability of the state to direct the actions of networks by means of law, administrative rules, or regulation. Others focus on the ability of the state to improve the cooperative

interactions between the organizations within networks; typically, they suggest the state can promote cooperation by altering the relevant incentive structures. Yet, other approaches concentrate on negotiating techniques by which the state might promote incremental shifts in the dominant norms and cultures within networks.

The different strategies of network management can be seen as complementing one another. In this view, the state should deploy different policy styles as appropriate in different settings. This perspective returns us to something like the idea that public policy is an incremental process of muddling through. Public-sector managers respond to citizen references and specific problems in concrete settings. Generally, they have to bear in mind multiple objectives, including meeting quality standards, promoting efficiency, remaining democratically accountable, and maintaining public trust and legitimacy. Their responses to problems are typically pragmatic ones that aim to satisfy all of these objectives rather than to maximize performance in relation to any one of them.

Many of the current approaches to network management reject the command and control strategies associated with hierarchic bureaucracies. In this view, because the state now depends on other organizations, it has to rely on negotiation and trust. Some social scientists thus suggest that the new governance requires a new ethic of public service. The state should neither row nor merely steer. It should act as a facilitator or enabler. It should help foster partnerships with and between public, voluntary, and private-sector groups. It will encounter citizens not merely as voters or as consumers of public services but as active participants within such groups and so policy networks. Instead of defining the goals of public policy in advance, it might even allow the public interest to emerge from dialogues within networks.

Dialogue and Deliberation

Sociological institutionalism and interpretive theory highlight the ways in which meanings, beliefs, cognitive symbols, and conceptual schemes impact upon the policy process. Some of their advocates suggest that the state might try to manage public policy by means of negotiation and other techniques designed to produce incremental shifts in the culture of networks. Others are less focused on the state; they advocate dialogue and deliberation as means to give greater control of the policy process to citizens. These latter advocate giving greater control to citizens partly for democratic reasons and partly because doing so can improve policy making and policy implementation. Some of them argue that the direct involvement of citizens has become both more important and more plausible as a result of the rise of the new governance and the emergence of new information technologies.

Advocates of dialogue and deliberation argue that they facilitate social learning. In their view, public problems are not technical issues to be resolved by experts. Rather, they are questions about how a community wants to act or govern itself. Dialogue and deliberation better enable citizens and administrators to resolve these questions as they appear in concrete issues of policy. They enable a community to name and frame an issue and so to set an agenda. They inform those involved about their respective concerns, preferences, and ideas for solutions. They help to establish trust and so cooperative norms within a community. And perhaps most important, they are said to help reveal common ground, even to generate a consensus about the public good. Hence, they appear to pave the way for common action.

Critics point to various problems with dialogic and deliberative policy making. They argue that it is unrealistic given the size of modern states, it ignores the role of expertise in making policy decisions, it inevitably excludes groups or viewpoints, it is slow, and it cannot respond to crises. Critics also suggest that some policy areas—such as national security—are particularly inappropriate for direct citizen involvement. Despite such criticisms, citizen involvement, even if only as voters, is surely a necessary requisite of good, democratic governance.

Democratic Governance

Questions about public policy are partly normative. We want the policy process to reflect our values.

Today these values are generally democratic ones. However, the new governance raises specific problems for our democratic practices. Democracy is usually associated with elected officials making policies, which public servants then implement. The public servants are answerable to the elected politicians who, in turn, are accountable to the voting public. However, the rise of markets and networks has disrupted these lines of accountability. In the new governance, policies are being implemented and even made by private-sector and voluntary-sector actors. There are often few lines of accountability tying these actors back to elected officials, and those few are too long to be effective. Besides, the complex webs of actors involved can make it almost impossible for the principal to hold any one agent responsible for a particular policy. Similar problems arise for democracy at the international level. States have created regulatory institutions to oversee areas of domestic policy, and the officials from these institutions increasingly meet to set up international norms, agreements, and policies governing domains such as the economy and the environment.

There is no agreement about how to promote democracy in the new governance. To some extent, the different proposals again reflect different theories of governance in general. Rational choice theorists sometimes suggest markets are at least as effective as democratic institutions at ensuring popular control over outcomes. Institutionalists are more likely to concern themselves with formal and informal lines of the accountability needed to sustain representative and responsible government. These institutional issues merge gradually into a concern to promote diverse forums for dialogue—a concern that is common among interpretive theorists.

"Good" Governance

Concerns about democratic governance first arose in discussions of economic development. Economists came to believe that the effectiveness of market reforms was dependent upon the existence of appropriate political institutions. In some ways, then, the quality of governance initially became a hot topic not because of normative, democratic concerns but because it impinged on economic efficiency, notably the effectiveness of aid to developing countries. International agencies such as the International Monetary Fund (IMF) and the World Bank increasingly made good governance one of the criteria on which they based aid and loans. Other donors followed suit.

The concept of good governance was thus defined by institutional barriers to corruption and by the requirements of a functioning market economy. It was defined as a legitimate state with a democratic mandate, an efficient and open administration, and the use of competition and markets in the public and private sectors. Various international agencies sought to specify the characteristics of good governance so conceived. They wanted checks on executive power such as an effective legislature with territorial (and perhaps ethno-cultural) representation. Likewise, they stressed the rule of law, with an independent judiciary, laws based on impartiality and equity, and an honest police. They included a competent public service characterized by clear lines of accountability and by transparent and responsive decision making. They wanted political systems effectively to promote a consensus, mediating the various interests in societies. And they emphasized the importance of a strong civil society characterized by freedom of association, freedom of speech, and the respect of civil and political rights. Some international agencies, such as the World Bank, also associated good governance with the new public management; they encouraged developing states to reform their public sectors by privatizing public enterprises, promoting competitive markets, reducing staffing, strengthening budgetary discipline, and making use of nongovernmental organizations. Other organizations, such as the UN, place greater emphasis on social goals, including inclusiveness, justice, and environmental protection.

Nonmajoritarian Institutions

It was perhaps ironic that international agencies and Western donors began to emphasize good governance just as the proliferation of markets and networks posed questions about their own democratic credentials. The

new governance sits oddly beside the ideal of representative and responsible government in accord with the will of the majority. It involves private and voluntary sector actors in policy processes even though these actors are rarely democratically accountable in as straightforward a way as are public-sector actors.

There are many responses to the tension between governance and democracy. These responses vary from the suggestion that we might benefit from less democracy, through proposals to make networks and markets more accountable to elected officials, and on to calls for a radical transformation of our democratic practices. The suggestion that we might benefit from less democracy generally comes from people indebted to rational choice theory. Their argument contrasts democracy, which allows citizens to express their preference by voting only once every few years and only by a simple "yes" or "no" for a whole slate of policies, with the market, which allows consumers to express their preferences continuously, across a range of intensities, and for individual items. In addition, they worry that democracy entails certain political transaction costs that make it prone to incessant increases in public expenditure: One problem is that the costs of any item of expenditure are thinly distributed across a large population, which thus has little reason to oppose them, whereas the benefits are often concentrated in a small population, which thus clamors for them. Hence, they advocate nonmajoritarian institutions as ways of protecting crucial policy areas, such as banking and budgeting, from democracy.

Democratic Visions

Many people are uncomfortable with the growing role of nonmajoritarian (or undemocratic) organizations in government. Often they associate the growing role of such organizations with growing public disinterest in or distrust of government. There has been much discussion about the democratic legitimacy of new forms of governance. Parts of this discussion have sought to reconcile the new governance with democracy by rethinking the concept of democratic legitimacy. Historically, this concept has privileged electoral accountability together with a bureaucratic

accountability in which the actions of unelected agents are controlled, evaluated, sanctioned, and answered for by elected officials. Perhaps we should expand this concept of democratic legitimacy to incorporate efficacy, legal accountability, or social inclusion.

So, perhaps the legitimacy of organizations and their decisions might rest on their effectiveness in providing public goods—a possibility that clearly resonates with the arguments for the efficiency of markets and nonmajoritarian institutions. Alternatively, we might ascribe legitimacy to organizations that are created and regulated by democratic states no matter how long and obscure the lines of delegation. In this view, democratic legitimacy is maintained whenever elected assemblies set up independent organizations in accord with rules that are monitored by independent bodies such as courts. Legitimacy is maintained here because the independent organizations are legally accountable, and a democratic government passed the relevant laws. Alternatively, the legitimacy of institutions and decisions might rest on their being fair and inclusive. Proponents of this view often emphasize the importance of a strong civil society in securing a form of accountability based on public scrutiny. Voluntary groups, the media, and active citizens monitor institutions and decisions to ensure that these are fair and inclusive. They thereby give or deny organizations the credibility required to participate effectively in the debates, negotiations, and networks that generate policy.

Discomfort with the democratic credentials of the new governance can also lead people to search for new avenues of citizen participation, or at least to try to enhance the elder avenues of participation. Here we might divide the democratic policy process into stages such as those of deliberation, decision, implementation, evaluation, and review. Typically, citizens already have avenues of participation at several stages. Citizens often can participate, for instance, by writing to newspapers, voting on ballot measures, and serving on advisory boards. Nonetheless, because many stages of the policy process are increasingly outside of the direct control of elected officials, there is a case for enhancing opportunities for participation even if one does not believe in participatory

democracy as a political ideal. Proposals for enhancing participation include: public hearings, town hall forums, referenda, deliberative polls, citizen representatives on committees, various types of self-steering, and citizens' juries. Advocates of more participatory democracy are often acutely aware that different citizens possess different resources for participating. Hence, they often attend carefully to process issues about who participates in what ways and under what circumstances. So, for example, they might advocate state support for underrepresented groups. Typically, their goal here is to increase equality and social inclusion in relation to participation.

Conclusion

We have seen how the term *governance* can be used at various levels of generality and within various theoretical contexts. The diversity of uses exceeds any attempt to offer a comprehensive account of governance by reference to a list of its properties. There does not appear to be a single feature shared by all those cases to which we might apply the term. Perhaps we would do well to look instead for a series of family resemblances between its various uses.

The concept of the new governance refers, most prominently, to an institutional shift at all levels of government—from the local to the international—from bureaucracy to markets and networks. Of course, it is important to remember that this shift is neither universal nor uniform, and that bureaucracy probably remains the prevalent institutional form. Nonetheless, the shift from bureaucracy to markets to networks means that the central state often adopts a less hands-on role. Its actors are less commonly found within various local and sectoral bodies, and more commonly found in quangos concerned to steer, coordinate, and regulate such bodies.

The concept of governance conveys, most important, a more diverse view of authority and its exercise. In the new governance, the neoliberal quest for a minimal state and the more recent attempts to promote networks are attempts to increase the role of civil society in practices of rule. Likewise, theories of governance generally suggest that patterns of rule

arise as contingent products of diverse actions and political struggles informed by the varied beliefs of situated agents. Some of these theories even suggest that the notion of a monolithic state in control of itself and civil society was always a myth. The myth obscured the reality of diverse state practices that escaped the control of the center because they arose from the contingent beliefs and actions of diverse actors at the boundary of state and civil society. In this view, the state always has to negotiate with others, policy always arises from interactions within networks, the boundaries between the state and civil society are always blurred, and transnational and international links and flows always disrupt national borders.

—Mark Bevir

See also Clientelism; Coordination; Corruption; Democratic Theory; Global Governance; Good Governance; Government; Interpretive Theory; Network; New Public Management; Policy Development; Policy Network; Public Administration; Public-Private Partnership; Rational Choice Theory; Regulation; Representation; Social Practice; Sociology of Governance; Sovereignty; Stakeholder; State; State Capture; Steering

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Governance Failure

There is much work on market failure and state failure but comparatively little on the forms and causes of governance failure. This involves the failure of the sort of self-reflexive deliberation and self-organization that occurs in networks, public-private partnerships, corporatism, private interest government, regulated deregulation, and so on. Yet, as such forms of governance become more important in contemporary societies, it becomes more urgent to consider if they too are prone to failure and what happens if they fail.

Different modes of governance fail in different ways. Market failure occurs when markets fail to allocate scarce resources efficiently in and through pursuit of monetized private interest. State failure is generally seen as a failure to secure substantive collective goals based on political divination of the public interest. The recurrence of market and state failure has prompted interest in networking, corporatism, partnerships, and other forms of reflexive self-organization. But it is not just market forces and imperative coordination that fail; so do continuing deliberation and negotiation even when conducted in good faith. The criterion for governance failure is nonetheless different. There is no pre-given formal maxim or reference point to judge its success, as there is with profits in the economy or the (imaginary) perfect market outcome. Nor is there a substantive criterion—realization of specific political objectives connected to the (imagined) public interest—as in top-down state command and control. However, insofar as governance is intended to modify goals in and through negotiation and reflection, it will fail when there is continuing disagreement about the continued validity of the shared objectives for networked cooperation for all the partners.

Bob Jessop distinguishes four more specific factors behind the failure of governance. First, the conditions of successful action may have been oversimplified or there may be deficient knowledge about causal connections affecting the object of governance. This raises the "governability" problem; that is, could the object of governance ever be manageable, even with adequate knowledge? At best, one finds partially successful governance of delimited objects of governance within specific spatial and temporal horizons of action—at the expense of deliberately neglected or unrecognized costs elsewhere. Second, coordination problems may occur within and across the interpersonal, interorganizational, and intersystemic levels where governance is adopted. These levels are often related in complex ways. Third, gaps can open between representatives engaged in communication (networking, negotiation, etc.) and those whose interests and

identities are being represented. This is common in corporatism, political parties, and social movements and raises questions of legitimacy, effectiveness, and resistance. Fourth, where several distinct governance arrangements exist to deal with interdependent issues, problems can arise due to inconsistent definitions of the objects of governance, different spatial and temporal horizons of action, and their association with different interests and balances of force.

These generic tendencies to governance failure may be reinforced in specific historical contexts. For example, capitalism requires a contradictory balance between marketized and nonmarketized organizational forms. Although this balance is often understood in terms of the relative weight of market and state in securing the conditions for economic growth and stability, governance adds another site where the balance between market and nonmarketized solutions can be contested rather than introducing a neutral third term. This is why the promise of symmetry in social partnership may not be realized and why governance arrangements cannot permanently suspend or harmonize the inherent contradictions and crisis-tendencies of capitalism. Similarly, problems arise from the overall institutional architecture and operations of the state. One alleged advantage of governance is that it can cut across different scales of government and their associated territorial boundaries, but this raises tensions over the ultimate location of sovereignty in multilevel systems with variable geometries. The European Union provides many examples of this. Analogous problems arise regarding temporal horizons of action. A major function of current forms of governance is to enable decisions with long-term implications to be divorced from short-term political (especially electoral) calculations. This separation is not always easy to maintain. Finally, even where coordination mechanisms have clearly specified functions, national territorial states typically monitor their effects on their own political capacities and their implications for social cohesion. In short, all forms of coordination—market, command, governance, solidarity—are liable to be exercised under the primacy of the political.

Failure is a routine feature of everyday life, and markets, states, and networks all fail regularly.

Nonetheless, the multiplicity of satisficing criteria and the range and variety of actors with potential vested interests in one or another outcome means that at least some aims will be realized to a socially acceptable degree for at least some of those affected. Unsurprisingly, actors will also reflect on their failures, adjust their projects, and consider whether individual modes of coordination should be modified or a new balance should be struck between them. This can be discussed relative to metagovernance, that is, the organization of the conditions for coordination. This can occur in relation to each mode of coordination (e.g., redesigning and reregulating markets, organizational innovation and constitutional change, reorganizing the conditions for governance through self-organization) and in relation to the overall balance between all forms of coordination. The latter response can be called collibration (rebalancing) or metagovernance. This involves the judicious mixing of market, hierarchy, and networks to achieve the best possible outcomes from the viewpoint of those engaged in metagovernance. Governments have a key role to play in this regard. However, because every practice is prone to failure, collibration or metagovernance is also likely to fail. Despite the temptations to fall into fatalism, stoicism, or cynical opportunism, metagovernance failure can also lead to a renewed search for an appropriate repertoire of modes of coordination rather than excessive reliance on just one, a continued monitoring of warning signs that failure is getting out of hand so that remedial action can be taken, and a positive commitment to recognition by those involved that, although failure is likely, they must proceed as if success were possible.

—*Bob Jessop*

See also Contract Enforcement; Crisis Management; Failed State; Fordism and Post-Fordism; Regulation Theory; Space; State-Society Relations; Varieties of Capitalism

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GOVERNANCE INDICATORS

Governance indicators quantify the quality of governance in countries. Their use has grown rapidly since the 1990s. Driving this growth are international investors, national and multilateral donors of public assistance to developing countries, and development analysts and academics, who are their main users.

Acting on the principle that one cannot manage what one cannot measure and on improved understanding of the importance of the quality of governance for the success of local development efforts in developing, emerging-market, and transition (ex-socialist) economies, investors and aid donors have greatly increased their use of governance indicators for their operational decision-making purposes; academics widely use them in regression analyses.

The most widely used governance indicators are composite perceptions-based indicators: *composite* in the sense that numerous underlying sources of information are combined into a single number for a given country in a given year; *perceptions-based* in the sense that the underlying sources of information are subjective perceptions of the quality of governance in one or more countries provided by reputed experts, business managers, and/or households. Both the composite and perceptions-based nature of most governance indicators mean that few governance indicators allow users—or governments whose governance is being assessed—either to identify specific ways to *improve* the quality of local governance or to *monitor progress* in their attempts to improve local governance. New initiatives have emerged in the production of governance indicators that seek to address these deficiencies.

Supply of Indicators

The production of governance indicators precedes the recent explosion of interest in governance. Freedom House, created in the United States in the 1940s to promote democracy around the world, has provided ratings of political rights and civil liberties in most countries since the 1970s. The private for-profit International Country Risk Guide was created in 1980, following the fall of the Shah of Iran and the large unforeseen costs it imposed on international investors, to help international investors assess the financial, economic, and political risks in and across countries. The explosive growth of financial flows to "emerging-market" economies in the 1990s and investors' correspondingly greater exposure to risk in those countries since then have driven growth of such commercial political-risk services that both use and produce governance indicators. Equally important were the launch in 1995 of Transparency International, which produces the widely recognized annual Corruption Perceptions Index, and the 1996 World Bank decision to radically reverse its policy of ignoring the high cost of corruption for economic development.

Governance indicators are either perceptions-based or facts-based. The former are constructed from data quantifying the subjective perceptions of individuals (mainly on the basic surveys of experts, business managers, or households) and commonly focus on the quality of government bureaucracy, the protection of individuals' political and civil rights, and levels of corruption. A further distinction among perceptions-based indicators is between those based on generic questions (e.g., "experts" are instructed to rate the level of corruption in a country on a scale of 1 to 7) and those calling for perceptions founded on people's concrete experience (e.g., business managers are asked, "In 2006, what do you believe is the total percentage of profits, on average, that a business like yours spends on bribes, favors, meals, parties, et cetera for public officials?").

Facts-based indicators are constructed on the basis of such objective phenomena as the existence or nonexistence in a country of specific anticorruption laws, labor market regulations (e.g., regulations that

make it more difficult or costly to fire employees), or the number of procedures required legally to start a new business. While facts-based indicators are thus *based* on objective phenomena, they nevertheless embody subjective *interpretations* of the significance of those phenomena for the quality of governance (e.g., a country with regulations that make it more difficult or costly to fire employees may be subjectively interpreted by the producer of the indicator as unfriendly to free markets and thus cause for a lower—that is, worse—governance score than a country lacking such regulations).

Producers of indicators, especially perceptions-based indicators, often combine data from many different sources into a single number. While such composite indicators (e.g., those produced since 1996 by the World Bank Institute, which are among the most carefully constructed and most widely used governance indicators) are more accurate in a statistical sense than indicators that draw on fewer underlying sources, they suffer from a lack of conceptual precision and biases of which users largely seem to remain unaware.

Demand for Indicators

Governance indicators are used primarily to judge the quality of governance in countries by people who do not reside in those countries; they use them to compare countries and/or monitor change in a country or among countries over time. They rely heavily on *composite* indicators because they facilitate comparison by reducing complex and often poorly understood governance realities to a single number for each country in a given year. They rely heavily on *perceptions*-based indicators because the data needed to construct facts-based indicators are often lacking, or lacking reasonable credibility, for too many developing, emerging-market, and transition countries—and in any case, facts-based indicators also embody significant elements of subjective interpretation.

Donors

Starting in 1996, when the World Bank reversed its long-standing policy (reflecting Cold War realities) of

ignoring problems of corruption and bad governance in borrowing countries, Organisation for Economic Co-operation and Development (OECD) countries' national aid agencies and multilateral financial organizations (including the World Bank and the Regional Development Banks) increasingly began to use governance indicators to identify and reward aid recipients that were perceived as improving their governance. Many national agencies now also use governance indicators with a view to increasing the transparency and consistency of their criteria for determining aid eligibility. Reinforcing this trend is the growing recognition both of the relative failure of the highly market-oriented policy reforms that developing countries were widely encouraged to undertake during the 1980s and 1990s and of the likelihood that in many countries poor governance goes far to explain that failure.

International Investors

International investors' use of governance indicators mirrors the growth of their assets in emerging-market economies and the unreliability of traditional macroeconomic-based country-risk indicators in predicting costly financial crises since 1995.

Development Analysts and Academics

Studies by development analysts and academics widely use governance indicators, and their results have been very influential in putting governance on the agenda of both national development agencies and multilateral financial organizations. The World Bank study by Burnside and Dollar (1997), "Aid, Policies and Growth," for instance, became a foundation for aid allocation according to governance criteria.

Governments

Governments, both within and outside the OECD, increasingly use governance indicators as a policy tool to identify governance problems and monitor reforms in developing countries. However, most available indicators are not precise enough to be used for this purpose.

Problems and Efforts to Overcome Them

Most widely used governance indicators can be criticized for their lack of transparency and comparability over time, for selection bias, and for their inability to help governments understand how specifically to improve the quality of local governance. It is also clear that many users are unaware of some or all of these limitations.

Seeking to respond to these criticisms, a number of initiatives are under way. For developing countries, more transparent methodologies (e.g., the World Bank Institute's *Governance Diagnostic Surveys,* the household surveys of the Paris-based organization Développement Institutions et Analyses de Long terme, or DIAL) are based on interviews of different population groups about their concrete experiences (e.g., frequency of corruption, quality of public service). Users of indicators will benefit from this approach to producing governance indicators, as will local governments and groups within developing countries that would like to improve their country's governance. For OECD countries, the OECD is starting to compile existing data and produce new, primarily facts-based, data on the efficiency of public services in member countries in order to make cross-country comparisons and monitor the success of domestic governance reforms in these countries.

—Charles Oman and Christiane Arndt

See also Organisation for Economic Co-operation and Development; World Bank

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GOVERNMENT

The term *government* comes from the Greek word *kubernân,* which means steering a ship. The analogy with navigation and technical expertise has since been maintained in Medieval Latin (*gubernare*) and in modern languages. Nevertheless, contemporary lexical developments have meant that government now has at least two main significations depending upon whether it is used in a strict (government as an institution) or in a broader sense (government as a process). It is only by examining each in turn that one can grasp the relationship between government and governance.

Government as an Institution

In a strict sense, the government (usually with the article) refers to the authoritative expression of the state and describes the group of persons that has authority in a given unit at a certain time. This governing community is opposed to the governed people. In non–Anglo-Saxon languages, government has an even more limited meaning because it refers precisely to the institution that exerts executive power within the political system, for example, the Italian government of Silvio Berlusconi. In many countries, executives possess two authorities: the government and the head of state (president or monarch). This restrictive definition of government thus corresponds to the British term cabinet or the American expression administration.

When understood as the center of power, the government exists in the majority of human communities, with the exception of some primitive tribes. Indeed, the institutionalization of government as a complex organization separated from the rest of society appeared alongside the division of social work in industrial countries. This development was parallel to the expansion of the administration within Western states during the nineteenth century. Since this period, bureaucracy has progressively been ruled by hierarchical principles, written procedures, and meritocracy. The activities of the administrative apparatus of governments grew dramatically during the nineteenth and twentieth centuries. New ministries appeared (environment, welfare), and expenditure and taxation levels increased. Whatever the type of political regime considered, the government expressed the sovereignty of the state by exercising its sole right to legitimately use force in a specific territory. As a result, the government regulates internal order by imposing behavioral norms, values, and rules between individuals. It also controls external relations between states by defining a certain type of relationship with foreign governments.

Types of government have also undergone evolution since the nineteenth century. Classical thinkers such as Aristotle have usually classified political regimes in three categories: monarchy, where one person exerts power; aristocracy, where a minority rules society; and democracy, where the whole people govern. However, as Aristotle underlined, these three forms of government can degenerate into three types of negative regime when rulers do not consider the well-being of the *polis*. Monarchy degenerates into tyranny, aristocracy transforms into oligarchy, and democracy deteriorates into demagogy.

Today, cleavages between types of government tend to concern the extension of governmental power with respect to citizens, rather than the number of rulers. In this way, liberal constitutional governments are commonly opposed to authoritarian governments.

The liberal constitutional category, which is still a minority group at the international level, can be divided into two subcategories corresponding to two forms of government. The first one comprises republican regimes where the head of state is an elected politician (e.g., the United States of America and France). The second one encompasses constitutional monarchies where the head of state is a hereditary monarch (case of the United Kingdom and Spain). Depending on the degree of concentration of power within a single institution of government, these regimes are said to be presidential (the president is the central piece of the institutional system such as in the United States) or parliamentary-cabinet governments (the cabinet is composed by members of the parliament from one or different parties as in the United Kingdom). In addition, depending on the relationship between territorial levels of government, political systems can be divided into federal regimes (United States) and unitary regimes (France).

In the authoritarian category, political regimes can be classified into two types of system. The first is made up of dictatorships where one person or a party patronage apparatus exerts control over citizens through the exercise of violence. This is the case of many southern American and African countries (Chile under Augusto Pinochet, the Congo under Mobutu Sese Soku), but some European countries have also corresponded to this description (Romania under Nicolae Ceausescu, Spain under Francisco Franco). Even if most of these regimes have a written constitution, decisions are taken in an autocratic way. The succession of governments is ruled by hereditary principles or through a *coup d'etat.* The second type corresponds to totalitarian governments where a dominant ruling party exerts complete control over the economy, politics, and citizens through ideology and physical constraint. Totalitarianisms appeared during the twentieth century in Germany under the leadership of the National Socialist Party, and in the Soviet Union when Joseph Stalin became General Secretary of the Communist Party, before expanding to China and North Korea. In such cases, the succession of governments is the product of elitist arrangements channeled by the unique party.

Traditionally, the functions of liberal constitutional government are defined in terms of the trinity: executives, legislatures, and judiciaries. According to philosophers such as Charles-Louis de Secondat, Baron de la Brède et de Montesquieu, legislatures

make laws, executives implement laws, and judiciaries apply these laws. The separation of these powers varies according to the political system: They are strongly separated in the United States and weakly separated in the United Kingdom. Although judicial power usually remains separated from either, the traditional functional division no longer corresponds to actual "organic" divisions.

First, the laws that are proposed by the members of the parliament are not entirely produced by the latter because most of them emerge from political parties or public opinion. Second, in contemporary regimes, executives have increasingly gained power. Since World War II, the equilibrium between efficiency and democratic representation has radically shifted toward efficiency. This means that executives tend to impose laws whereas legislatures merely formalize them. Third, in contemporary regimes the extent of governmental activities is larger than it was before the 1940s. Extensive advisory networks exist wherein deals with pressure groups, policy planning, and policy evaluation take place.

Government as the Act of Governing

In a broader sense, government (usually without the article) is the way of governing a given entity at a certain time. Government is an abstract term referring to the method, range, purpose, and degree of control of society by state. It is sometimes referred to as a synonym of governance in the Anglo-American literature. Some authors inspired by critical theory also use the term *governmentality*.

The analysis of the role of government vis-à-vis civil society varies greatly according to the philosophical approach of the authors. The development of bureaucratic states was accompanied by the rise of two main theories of the state: a mechanistic one that was rather conservative, and an organic one that was revolutionary.

In the mechanistic theory, government is a necessary activity for maintaining order in society. Government is seen as a mechanism and a goal, as an end in itself. G. W. F. Hegel's writings are probably the best example of this tendency. The state is the expression of the law, and the law is the most perfect illustration of rationality. The state allows the society to live in harmony by ruling over the individual behavior of citizens. Without a strong hierarchy imposed by the state, individual interests may dominate to the detriment of the general interest. That is why civil disobedience is considered as illegitimate as a means of maintaining the status quo. Critics of the mechanistic approach appeared in the 1970s. Philosophers such as Michel Foucault denounced the pressure exerted by social norms on citizens. They respectively demonstrated the evolution of social management of deviant behaviors (crime, homosexuality, and mental illness) and the alienation or limitation of individual personalities to a utilitarian dimension. These criticisms were not directed toward the government—as an institution—in particular but, rather, toward the general way in which Western industrial-capitalist societies were led.

In contrast, an organic approach to the state considers government as a way to guide humanity toward a better order. Government is understood as a process through which an *avant-garde* conducts the rest of society to advance to better social conditions, like the brain leads the rest of the body. Government is just a means to an end. In the scientific socialist theory of the state elaborated by Karl Marx and adapted by neo-Marxists, the state is the instrument of capitalist oppression to maintain the class division of society. After the revolution, the activity of government must be exerted by the state through the dictatorship of the proletariat. Several liberal critics of the socialist theory of the state point out that in all the experiences of implementation of communism, no regimes went beyond the phase of dictatorship of the proletariat. Furthermore, this popular dictatorship was generally largely monopolized by a reduced group of *apparatchiks* in the name of the proletariat.

Nowadays, the scope of government is much more extensive than a century ago in both developed and developing countries. The governing of society employs many more people and spends much more money than at the beginning of the twentieth century.

The major period of extension of governmental competences occurred after the crisis of 1929 and World War II. The growth of public expenditure in public services and infrastructures during these years brought about a new type of relation between the state and the citizens, a new type of government. Paradoxically, this expansion legitimated the role of the state as an organization of redistribution of the gross national product, but at the same time, it also transferred power to small groups of policy specialists to deal with the growing complexity of state issues. This transition toward a more technical fashion of government occurred to the detriment of traditional politicians elected by sovereign people. The strong and continuous development of Western economies from the 1940s to the 1970s also gave rise to the illusion that society can be administered as a technical issue through a procedure of fine-tuning.

Nevertheless, as the social conflicts of the end of the 1960s (for example, Berkeley, Paris, Milan, and Prague in 1968) and the rise of the oil price in 1973 (competition of Asian countries, high oil dependence, rise of unemployment) demonstrated, government has become a much more complex process than it once seemed to be. This social-economic-political crisis was illustrated by the rejection of the traditional hierarchy between the governing community and the citizens, and the incapacity of the overloaded states to reduce economic disparities. The way of governing had to change in a new context of globalization of movements of persons, goods, services, capital, and ideas. The lack of economic and political resources also demonstrated that the influence of government on society was much more marginal than before. This lower capability of redistribution, and the loss of legitimacy, had two main consequences.

First, from a functional point of view, a high level of taxation and spending was reduced in order to diminish the weight of the state. In the extreme cases of the United States under Ronald Reagan and of the United Kingdom under Margaret Thatcher, the state was seen as facing clear demands from voters for reducing government to the control of the respect of the rules of market. The role of the state as a redistributive organization decreased through the lower investments in public services (transport, education, health

care) during all the 1980s. This neoliberal watershed has become less intense in the 1990s perhaps because of the reduction of the quality of those services and the rise of social inequalities. However, the pendulum between economic efficiency and social welfare is still looking for a new equilibrium.

Second, from a territorial perspective, the lack of economic and political resources meant that in some cases states were no longer able to maintain a centralized concentration of power. This crisis was parallel to territorial claims for more autonomy. As a consequence, growing powers were transferred to substate and suprastate levels of government. During this process, particularly visible in Western Europe and Canada, local—and sometimes regional—tiers of government emerged and received new competencies from the 1980s on. As the case of the United Kingdom underlines, policy temporalities were not analogous in all the countries; nevertheless, a general trend of decentralization-devolution-federalization is observable. At the level of international relations, the constitution of suprastate regions also accelerated during the 1980s. The examples of the European Union, the North American Free Trade Agreement, the Common Market of the Southern Cone, or the Asia-Pacific Economic Cooperation reveal that this is a global movement involving big differences in levels of political integration.

Government and Governance

The result of this dual process of the contraction of economic and political resources and the spread of power toward substate and suprastate tiers of government has been the opening up of the notion of government to new actors. The hierarchical division between the formal government and the rest of society is no longer applicable. Many private actors collaborate with public entities—for example, nongovernmental organizations or private consultancy companies—but public actors from all territorial levels cooperate in policy making and implementation (e.g., in applying the Agenda 21 in the environmental field). New networks of actors have been constituted which cross the traditional border between governing community and civil society.

Scientific literature refers to this movement as a process of intellectual swing from government,

understood as a traditional hierarchical way of governing, to governance, a more decentralized-participative approach to political management. Through a semantic shift, governance is no longer a synonym of government, but has become an antonym.

Ultimately, government and governance are not theories; they only refer to different types of relationships between the state and citizens. These second-order concepts are nevertheless important for their serendipity, their heuristic capacity to criticize old analytical frameworks and uncover new directions for scientific investigation. For the moment, however, the opposition between government and governance has produced more interrogations than answers.

—*Jean-Baptiste Harguindéguy*

See also Bureaucracy; Civil Society; Governance; Hierarchy; Local Governance; Policy Network; Self-Regulation; State

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GOVERNMENTALITY

The concept of governmentality takes the definition of government as the exercise of organized political power by a nation or state, and expands it to include the active consent and willingness of individuals to participate in their own governance. This alters the commonly shared, but more limited concept of government by the state with its one-dimensional view of a centralized, top-down power relationship with a population. Governmentality redefines this relationship suggesting a more comprehensive approach for analyzing power relations in a population by examining both the organized practices the state employs to govern and those actions by which the population governs itself. It proposes that government by the state is only one form of governing, the terms *state* and *government* are not synonymous, and the actions taken by the state alone cannot bring about its desired ends.

Governmentality is an expression originally formulated by the twentieth-century French philosopher Michel Foucault combining the terms *government* and *rationality.* Government, in this sense, refers to conduct, or an activity meant to shape, guide, or affect the conduct of people. Conduct takes on meaning beyond the form of leading and directing. It also refers to the "conduct of oneself" where a sense of self-governance is a guiding force. Rationality, as a form of thinking that strives to be systematic and clear about how things are or ought to be, suggests that before someone or something can be controlled or managed, they must first be defined. Therefore, the state designs systems for defining populations, which make them known and visible. They include mechanisms of management and administration (work processes, procedures, rules) and ways of classifying individuals or groups (by income, race, professional and personnel categories), which allow for their identification, classification, ordering, and control.

Power Relations

Governmentality views power as productive. In this perspective, the objectives of power relations take on three forms fundamental to modern authority. Sovereign power is viewed as exercising authority over subjects within a territory or state (taxing, laws), disciplinary power is seen as regulating the ordering of people within a territory (schools, military, work)

and government as being concerned with the capacities and relations between people as resources to be fostered and optimized. Good government is seen as going beyond the exercise of sovereign power in order to foster the population's prosperity, health, longevity, productivity, and happiness. It is recognized that political power is exercised in a number of ways through different agencies, social groups, and techniques, which may be only loosely associated with the formal bureaucracy of the state. Governmentality, then, is interested in an analysis of the mechanisms of government and the specific and diverse processes or practices found inside and outside state institutions that cut across domains normally thought of as separate—for example the state, society, and family. Government is not viewed as a sole actor but, rather, as an assemblage of diverse elements, practices, and ways of thinking coming together to both frame and resolve problems.

Governing as Art

Governmentality does not intend to supplant the notions of state authority where power is typically exercised vertically through the application of decisions, bureaucratic structure, or rules. Governmentality does suggest, however, that an additional horizontal approach be taken to gain an understanding of underlying relationships, which constitute the people and institutions within a population. Its ultimate concern is how we govern others and ourselves, how a government becomes one for "each and all," or expressing a concern not only for the population as a whole but for every individual within the population as well. While the state may assign identities to those that govern, where conduct is more or less prescribed (e.g., executive, governor), there is the more subtle implication of how to influence the direction of the conduct of the governed. Thus viewed, governing is an art involving the imaginative application of intuition, knowledge, and skills to administration and management.

A Governmentality Lens

To analyze issues associated with higher education from a governmentality approach, one would need to examine a number of possible influences beyond state policies that regulate education. The state, as well as institutions of higher learning, promote education through the availability of low interest insured loans, tax incentives, advertising, recruitment efforts, and so on. Business enterprises often promote the pursuit of higher education credentials through job design and compensation, recruitment programs at universities, endowments to universities as resources for providing graduates who meet the needs of corporations, and incentives to help fund employee education (grants, tuition assistance). Social and family norms may expect members to pursue higher education—or conversely, not to pursue higher education. Primary and secondary education may encourage or discourage the pursuit of higher education through the use of examinations for classifying students as college bound or not. Examinations are used to categorize student performance and guide them to vocation or education. Universities use examination scores and other criteria to classify individuals, and they use these factors for admission decisions. Once admitted, students are classified and made visible using achievements on examinations, ordered in terms of class standings, major fields of study, or membership in academic societies. Media and popular culture may influence whether one pursues a higher education, as well as which are the most desirable institutions and why. An individual's conduct will likely be influenced by these myriad forces in choosing or not choosing higher education or in choosing a path within higher education. All of these represent forces of governmentality that cross between the concern for the population (welfare, productivity, resources) and influences regulating behavior within private realms such as families, subcultures, and agencies in a population. Such an analysis is intended to view with one lens the entire domain showing the operation and role of state agencies within a wider field of action.

—*Richard F. Huff*

See also Decentered Theory; Discourse; Interpretive Theory; Micropolitics; Postmodernism; Social Constructivism

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GOVERNMENT BY PROXY

Government by proxy refers to administering government programs by network or contracted agencies. Government by proxy was widely voiced by scholars starting in the 1980s. Network government has grown enormously over time. The federal government increased its assistance to state and local governments through grants and loans. In addition to the contracted services and loans, the federal government also created some quasi-governmental agencies to deliver public services. Amtrak and the United States Postal Service are two examples of these quasi-governmental agencies. The interesting thing about the government by proxy is that each service delivery and production relies on proxies instead of the governmental responsibility or direct production or service delivery by the government. Thus, government effectiveness depends on the performance of so many proxy agencies, as well as on government performance.

Several factors contributed to development of government by proxy: changes in the nature and scope of the governmental mission, changes in technology, constraints in budget, and market forces. The several forms of government by proxy include contracts (federal government contracts its goods and services to private companies, recently to nonprofit organizations as well), grants to state and local governments (federal government provides grants to states and local governments so the services can be rendered at these government levels instead of the federal government), tax expenditures (tax breaks or tax incentives), loan programs (federal government makes loans available from student loans to mortgages), and regulation (federal government develops rules to govern activities of individual citizens and private entities). State and local governments also are adopting government by proxy in their services. Waste collection, for example, is mostly contracted to private companies in small and large cities.

Government officials at all levels of government make decisions on contracting services and the acquisition of materials and goods. Recently, public agencies have been depending on third parties for delivery and products. The contracted service has broader impacts on the economy and on nonprofit and private-sector organizations. It is not easy to measure the performance of the contracted services. It is also a significant challenge for public agencies to determine if they met their policy obligations by the contracted services.

Evaluating quality and performance of services rendered by a third party is a highly complex process. Efficiency, effectiveness, equity, high performance, responsiveness, and accountability are important criteria for contracted services. Public agencies should go beyond the traditional evaluation criteria in evaluating the performance of government by proxy. Public managers should consider the entire contract process and the relationships in their evaluation of the performance. The contract management can be seen as an essential tool for policy implementation by the contract managers in government agencies. Building capacity is an important issue for leaders of the public sector in managing the indirect government.

—Naim Kapucu

See also Contracting Out; New Public Management; Public-Private Partnership; Steering

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Government Department

To most readers, the term *government department* is a category that one uses in a telephone directory or a reference volume that lists an array of bureaucratic offices and agencies. But this assumption can be misleading. A straightforward dictionary-like definition actually obscures a range of complex and conflicting ideas.

The two words that are the subject of this entry seem, on their face, to be closely related. But like so many topics related to bureaucracy and governance, the two words should be analyzed separately because they reflect different lenses and values. The word department can be defined in a way that goes beyond public-sector activity and, instead, includes meanings that relate to generic organizations.

The concept of a department is embedded in the classical definition of a bureaucracy offered by Max Weber. A department is a specialized unit of a bureaucracy or organization found within a hierarchical structure. Departments can be found within private and nonprofit organizations as well as in public agencies although they may be organized differently. Like the functions in a factory, the units within the organization are defined as embodying separate and clear work responsibilities.

These units can be organized in terms of function or by jurisdiction. Functional responsibilities are the most common form where a major organization is assigned responsibilities to carry out specific functions. At the federal level in the United States, departments are organized to embody specific policy functions such as agriculture, labor, education, commerce, health and human services, justice, and others. These departments are usually called cabinet departments and are headed by political appointees of the current occupant of the White House. Departments in states and localities often follow this same pattern but are organized around particular jurisdictional boundaries. Thus, states and localities have departments of education, health, justice, environment, transportation, and others. Although we usually use the term *department* to refer to all of these units, sometimes they are called *agencies* or other terms.

The original concept of a department is linked to a specialized, separate set of functions, but increasingly these separate units do not adequately reflect current policy or program realities. The boundaries between policies or sectors have been blurred during the past few decades, and it is difficult to establish the kind of clear lines of specialization that have been traditionally found in departments.

For example, concern about rural issues is not limited to programs within departments of agriculture. Changes in the economy and society have resulted in rural communities that are isolated units and that are minimally related to agricultural issues. In the past, it was assumed that almost all rural issues were appropriately located in the Department of Agriculture. But now, instead, if one is concerned about rural programs, it is necessary to find ways to develop interdepartmental relationships involving education, health, environment, economic development, and other departmental units. The classical departmental organization emphasizes separate and discrete units and makes it difficult to develop horizontal relationships that cut across those units. Thus, to address rural issues, it is important to create venues that allow multiple departments to interact and to acknowledge that no single department has the resources or authority to address these issues. Similarly, policy networks also have been developed that cut across sectors.

To continue the rural example, it is difficult to devise rural policies without involving all three levels of government as well as for profit and nonprofit organizations. Efforts such as the National Rural Development Partnership have been created to provide opportunities for federal, state, local, for-profit, nonprofit, and tribal organizations to meet together to find ways to acknowledge that all these actors must be involved in attempts to deal with rural issues because no single actor has resources or authority to address current problems.

It is also relevant to focus on the first word in the phrase "government department," The term *department* can be used beyond the public sector; that is not true for the term *government.* The latter is used to describe the structure that has the power to make and enforce laws within a jurisdiction, an organization, or another

group. It has also been defined as the governing authority of a political unit and the political means of creating and enforcing laws. Some definitions are crafted to be inclusive of different ways of exerting authority; some, for example, include despots and others who exert authority without democratic processes. Political philosophers differ in how they treat rulers who have a monopoly on the legitimate use of force or use what seem to be legal processes to enforce their powers. Some define government as an organization that maintains control of a territory through activities such as collecting taxes, controlling entry and exit, protecting borders, and dealing with others outside the boundaries of the jurisdiction.

In recent years, it has become common to emphasize the ways in which individuals who exercise power in a government are constrained by both external and internal means. This is often termed "accountability" and focuses on ways in which those inside government are held to account for the use of resources and authority. In the United States, the basic approach to accountability within the Constitution stems from the checks and balances created through overlapping authorities between the legislative, executive, and judicial branches of government. Other systems have emphasized different processes that have been put into place to limit the authority of those inside of government. These include fiscal accountability, legal accountability, program accountability, professional accountability, outcome accountability, and political accountability. As the reach of government has increased in control and regulation, accountability has become increasingly important both to political leaders and to those inside of government agencies.

When the two words are combined, the separate definitions do not lead to clarity. The term *government* leads one to issues that are the purview of politics and the dimensions of a political system. One would emphasize distribution of power and predominant values that move the political actors within the system. As such, it is a normative concept. By contrast, the term *department* is more of a descriptive approach because it highlights different ways of sorting out specialized functions and jurisdictional boundaries. This latter term can be used outside of the

public sector and has been applied to private-sector and nonprofit settings.

—*Beryl A. Radin*

See also Accountability; Bureaucracy; Civil Service; Public Administration

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GOVERNMENT PERFORMANCE AND RESULTS ACT

The Government Performance and Results Act (GPRA) of 1993 sought to address a variety of concerns about governmental accountability and performance. The statute demanded that federal agencies develop integrated frameworks that tied resource decision making to program performance measures that revealed the results of public programs and services. The law can be understood in light of two peculiarly American political forces that played critical roles in its enactment. It was primarily the product of the nation's propensity to run government more like a business. Mirroring an argument that dated prominently from the First Hoover Commission in 1949 (and arguably well before) and that launched a trend, the legacy of which included the program planning and budgeting system (1960s), management by objectives (early 1970s), and zero-based budgeting (late 1970s) reform efforts, GPRA sought to impose on federal programs a planning and evaluation model borrowed from the business sector. This statute, like its market-oriented predecessors, was presented as an efficiency-maximizing tool that would allow federal bureaucrats

and elected officials to focus on program results that had been set thoughtfully and on program goals and objectives that provided clear mechanisms by which each was to be evaluated. Second, lawmakers justified the law by arguing that the business model on which it was based was practical and successful in countless firms. Why, if businesses could plan and rank order priorities, should the government not do so?

This assumption notwithstanding and perhaps predictably given its pedigree, this initiative has encountered formidable obstacles during its implementation. This is so for many reasons. First, power is at issue. Congress mandated GPRA, and it is not clear that it is in the president's interest that agencies nominally under his purview set and pursue goals and objectives determined with congressional overseers. This difficulty is a consequence of separation of powers, but it is no less thorny for that. Second, many public programs pursue multiple aims that are not captured by wholesale optimization of efficiency, the criterion maximized by the management model underpinning GPRA. Many were not established to pursue efficiency at all. Third, numerous federal programs are implemented through other entities including states, nonprofit organizations, and for-profit institutions. These do not necessarily concur with federal aims and goals, however clearly specified, even when working with national agencies. Indeed, that independence of perspective is part of the rationale for involving them in policy delivery. Fourth, many national programs are not aimed at producing a good or service. Indeed, some, like much regulation, for example, are devoted to preventing certain outcomes. Finally, many public programs address concerns whose outcomes are not easily measured. Education, for example, is only partly the province of teachers and schools. Much depends on a child's readiness and willingness to learn, and these are the result of a bewildering array of variables well beyond the school or teacher's purview. In sum, GPRA was based on a paradox—a powerful and widely accepted mythology that fits the American institutional and political framework poorly.

—*Max Stephenson, Jr.*

See also Accountability; American Governance; Performance Measurement; Transparency

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GRAMSCIAN THEORY

Situated within a historical materialist problematic of social transformation and deploying many insights from the Italian Marxist Antonio Gramsci (1891–1937), a whole range of related yet diverse approaches within international political economy have led to a series of neo-Gramscian perspectives, which hold a normative dimension to theorizing as intrinsic to all understandings of the social world. In 1919 to 1920, Gramsci was active in the radical works council movement in Turin, Italy, as the editor of the newspaper *L'Ordine Nuovo* (New Order). Later he participated in the founding of the Italian Communist Party, of which he was the general secretary until his imprisonment by the fascist regime in 1926. He spent the rest of his life in captivity, where he wrote his famous *Prison Notebooks,* a collection of historical and philosophical observations about structural change and social transformation. Within the history of Marxist theory and practice, Gramsci occupied a privileged position in considering how forms of class consciousness might be organized in an attempt to overcome the conditions of capitalist society in a situation when the "objective" conditions of crisis do not automatically lead to revolution. Along with other figures prominent in the emergence of Western Marxism (*inter alia* Georg Lukács, Rosa Luxemburg, Karl Korsch, Evgeny Pashukanis), Gramsci therefore reflected on the practice of developing class

consciousness in order to challenge, if not overthrow, capitalist society.

A crucial break with mainstream international relations (IR) approaches emerged by the 1980s in the work of Robert Cox. Unlike conventional IR theory, which reduces hegemony to a single dimension of dominance based on the economic and military capabilities of states, debate shifted toward a critical theory of hegemony, world order, and historical change that directs attention to questioning the prevailing order of the world. Drawing on Gramsci's work, hegemony is understood as an expression of broadly based consent, manifested in the acceptance of ideas, and supported by material resources and institutions. This is initially established by social forces occupying a leading role within a state but is then projected outwards on a world scale.

Hegemony is therefore constituted on three spheres of activity: the social relations of production, encompassing the totality of social relations in material, institutional and discursive forms that engender particular social forces; forms of state, consisting of historically contingent state-civil society complexes; and world orders, which not only represent phases of stability and conflict but also permit scope for thinking about how alternative forms of world order might emerge. Social forces, as the main collective actors engendered by the social relations of production, operate within and across all spheres of activity. Through the rise of contending social forces, linked to changes in production, there may occur mutually reinforcing transformations in forms of state and world order. Within each of the three main spheres it is argued that three further elements reciprocally combine to constitute an historical structure: ideas, understood as inter-subjective meanings as well as collective images of world order; material capabilities, referring to accumulated resources; and institutions, which are amalgams of the previous two elements and are means of stabilizing a particular order. Overall, the aim is to break down over time coherent historical structures—consisting of different patterns of social relations of production, forms of state and world order—that have existed within the capitalist mode of production.

The Social Relations of Production and World Order

Importantly, Gramscian analysis commences with an investigation of the social relations of production, understood in a wide sense encompassing the production of physical goods as well as knowledge and the institutions necessary for the organization of physical production. This makes it possible to understand the historical specificity of capitalism. In contrast to mainstream IR approaches, the separation between the state and market, the political and economic, is not taken as the starting-point of analysis because of its historical overtones. Rather, state and market are regarded as two different expressions or forms of the same underlying configuration of the social relations of production. Thus, the apparent separation between state and market can be traced back to the way production is organized around the private ownership of the means of production and wage labor in capitalism. The extraction of surplus value is not politically enforced in such an arrangement but is the result of indirect enforcement of those who do not own the means of production to sell their labor power "freely." Through this analysis of the social relations of production, social forces, engendered by the production process, can be identified as the core actors. In capitalism, then, there is the main division between capital, or owners of the means of production, on one hand, and labor on the other. From a Gramscian perspective, however, this arrangement is also appreciated in terms of the transnationalization of the social relations of production in times of globalization. This is expressed in the organization of production across borders in transnational corporations and the emergence of a globally integrated financial market, which engenders new transnational social forces of capital and labor that are potentially in conflict with national capital and labor.

Transnational capital has recently attempted to establish a new transnational hegemonic order at the level of world order through the project of neoliberal restructuring. This order is based on the structural power of transnational capital at the material level implying politico-economic neoliberalism as the dominant set of ideas sustained through international

organizations such as the World Bank, International Monetary Fund, and Organisation for Economic Co-operation and Development. Besides a transnational managerial class that supports this neoliberal order, other elements of productive capital (involved in manufacturing and extraction), including small- and medium-sized businesses acting as contractors and suppliers and import-export businesses, as well as elements of financial capital (involved in banking insurance and finance), have been supportive of this transnationalization of production. Hence, there has been a rise in the structural power of transnational capital supported and promoted by forms of elite interaction that have forged common perspectives, or an "emulative uniformity," between business, state officials, and representatives of international organizations favoring the logic of capitalist market relations. Hegemony is thus understood as a form of class rule linked to social forces, as the core collective actors, engendered by the social relations of production.

In short, a leading class, engendered by the production process, can establish hegemony as an international phenomenon insofar as it represents the development of a particular form of the social relations of production. The way this is carried out, however, is instantiated in (and mediated through) the national level. Hegemony is constructed and contested domestically, before it can expand on a world scale to be "translated" or mediated through different state forms. This should not be read as a lapse into state-centrism but, instead, places a particular emphasis on forms of state and how social forces operate within and through national institutional set-ups to be dealt with in the next section.

Forms of State and Governance in Times of Globalization

Changes in the social relations of production give rise to new configurations of social forces. State power rests on these configurations. Therefore, rather than taking the state as a given or pre-constituted institutional category, Gramscian theory gives consideration to the historical construction of various forms of state and the social context of political struggle. The concept of form of state is concerned with the relationship between civil society and the state and is defined in terms of the apparatus of administration and the historical bloc or class configuration that defines the raison d'état for that form. This is accomplished by drawing on the concept of historical bloc and by widening a theory of the state to include relations within civil society. An historical bloc refers to the way in which leading social forces within a specific national context establish a relationship over contending social forces. It is more than simply a political alliance between social forces represented by classes or fractions of classes. It indicates the integration of a variety of different class interests that are propagated throughout society, which combines economic and political aims within a wider intellectual and moral unity. By considering different forms of state, it becomes possible to analyze the social basis of the state and to conceive of the historical "content" of different states. The notion of historical bloc aids this endeavor by directing attention to which social forces may have been crucial in the formation of an historical bloc or particular state; what contradictions may be contained within an historical bloc upon which a form of state is founded; and where potential might exist for the formation of a rival historical bloc (or counterhegemony) that may transform a particular form of state. In contrast, therefore, to conventional state-centric approaches in IR, a wider theory of the state emerges within this framework. Instead of underrating state power and explaining it away, attention is given to social forces and processes and how these relate to the development of states.

Of importance, Gramsci did not simply understand the state as an institution limited to the "government of the functionaries" or the "top political leaders and personalities with direct governmental responsibilities." Instead, he spoke of the integral state consisting of political society and civil society, through which ruling classes organize intellectual and moral functions as part of the political and cultural struggle for hegemony in the effort to establish an "ethical" state. Within this extended or integral conception of the state, there is a fusion between political and civil society within which ruling classes organize the political

and cultural struggle for hegemony, to the extent that distinctions between such spheres are "merely methodological." The state is thus understood not just as the apparatus of government operating within the public sphere (government, political parties, military) but also as part of the private sphere of civil society (church, media, education) through which hegemony functions. The ensemble of classes that constitutes the state has a formative activity in civil society to the extent that it uses its institutions to disseminate notions underpinning the hegemonic order.

Thus, it can be argued that the state in this conception is understood as a social relation. It is not unquestioningly taken as a distinct institutional category, or thing in itself, but conceived as a form of social relations through which capitalism is expressed. Social classes do not therefore exist in isolation from, or in some exterior relation to, the state. The state is present in the constitution and reproduction of the social relations of production and is thus founded on the perpetuation of class contradictions. The state is not a simple class instrument that directly represents the interests of dominant classes. Dominant classes consist of several class fractions that constitute the state, which thereby enjoys a relative autonomy with respect to classes and fractions of classes. Yet, lest the meaning of this phrase is misunderstood, it should be made clear that relative autonomy does not mean a distancing from the social relations of production but solely that the state experiences relative autonomy vis-à-vis the classes and fractions of classes that support it. Within the compromises of state policies, social forces organize hegemony by gaining certain concessions and sacrifices from the dominant classes in order to broaden the social basis and ensure long-term rule predominantly based on consensus.

In order to understand the restructuring of the form of state in times of globalization, Cox introduced the notion of the internationalization of the state. This theme captures such a dynamic by referring to the way transnational processes of consensus formation, underpinned by the transnationalization of production and the thrust of globalization, have been transmitted through the policy-making channels of states. As a result, those state agencies in close contact with the global economy—offices of presidents and prime ministers, treasuries, central banks—have gained precedence over those agencies closest to domestic public policy—ministries of labor and industry or planning offices. At the same time, though, critics have rightly noted that the notion of the internationalization of the state reduces the state to a transmission belt, conveying all too easily the neoliberal logic of capitalist competition from global to local spheres. Within this conception, globalization is thus reduced to a top-down process to which states can only yield by adjusting to the exigencies of transnational capital.

A more fruitful approach has therefore empirically stressed how different forms of state have become restructured by highlighting the social class struggles immanent to such adjustments. There are contradictory and heterogeneous relations internal to the state, which are induced by class antagonisms between nationally and transnationally based capital and labor. The state, then, is the condensation of a hegemonic relationship between dominant classes and class fractions. Rather than simply regarding the state as a transmission belt, what needs to be investigated is how particular transnational social forces of capital and their interests—the driving force behind the transnational restructuring of the social relations of production—have become internalized in particular national forms of state.

Such an understanding of the restructuring of the state goes right back to the aim of overcoming the separation between state and market. Whilst some have championed globalization as the "retreat of the state," or the emergence of a "borderless world," and others have decried the global proportions of such changes in production, Gramscian theory argues that the transnationalization of production has profoundly restructured—but not eroded—the role of the state. In other words, Gramscian theory does not think in terms of "the market" winning over "the state," or the state being able to retain a certain degree of control over the market. The state is not treated as an actor independent of the market and economic forces. Overcoming the separation between state and market, as outlined previously, allows Gramscian theory to analyze the internal relations between these spheres of

activity as they both express the same underlying configuration of the social relations of production. Hence, the focus on "how" and "to what extent" transnational forces of capital have become integrated into national forms of state can be realized by this focus on the social relations of production. Capital is not simply represented as an autonomous force beyond the power of the state but is represented by classes or fractions of classes within the constitution of the state. In other words, there are contradictory and heterogeneous relations internal to the state, which are induced by class antagonisms between different fractions of (nationally or transnationally based) capital. Hence "foreign" capital, represented by transnational corporations or so-called "footloose investment," does not simply put external pressure on states, enforcing restructuring from the outside. Instead, through a process of internalization, there is an induced reproduction of capital within different states. Globalization therefore represents the transnational organization of production relations that are internalized within states to lead to a modified restructuring (but not retreat) of the state in everyday life.

This stress on the internalization of class interests through the transnational expansion of social relations is different from assuming that various forms of state have become simple "transmission belts" from the global to the national level. At issue, instead, is the aim of establishing through empirical inquiry how concrete different forms of state have internalized the conflicting interests between national and transnational class fractions. In some instances, the state may indeed function as a transmission belt, adapting the national economy to the requirements of the global economy. But a redefined state purpose could equally well imply a protection of the national economy against global competition. In sum, the internalization of global class relations in concrete forms of state has to be established empirically for each different state form.

Finally, then, at the forefront of analysis is an emphasis on aspects of social class conflict. This can be manifest in the articulation of hegemonic projects represented by the interests of class fractions on a transnational scale and attempts to internalize elements of neoliberalism globally. Clearly, though,

social class conflict is also manifested in dialectically linked forms of resistance that combine elements of structure and agency. It is through contestation over the means of production and social reproduction that resistance is articulated in varied local, regional, and global settings. The basis for building an effective counterhegemony across these domains remains an open site of struggle to be determined by future strategies of political action. It remains important, then, within Gramscian theory to concentrate on the combination of structure and agency within the construction and contestation of hegemony and remain open to new and emerging forms of domination and resistance.

—*Andreas Bieler and Adam David Morton*

See also Critical Theory; Hegemony; Marxism

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GROUP OF 7

Group of 7 (G7) is an assemblage of leading industrialized states. These states convene annually to discuss world economic problems. The grouping emerged in 1975 as the G5—France, Germany, Japan, United Kingdom, and the United States. It subsequently

expanded to include Canada and Italy. In 1998, Russia was included; since then the G7 has often been referred to as the G8.

The group first met in response to the global economic difficulties of the 1960s and 1970s. The period had witnessed economic stagnation and rising inflation, which precipitated the breaking down of the system of capital controls and fixed exchange rates that had been institutionalized in the post–World War II period. The major currencies were floated and international private and public financial flows grew considerably, creating global capital markets. The major industrialized states convened with a view to discussing how to manage such changes in the global order.

G7 government leaders meet in annual summits. These summits are for semiformal collaboration in which the member-states exchange views and seek to coordinate policy; they have become an institutionalized set of intergovernmental conferences. Each year, the summit is hosted in a different member's country. The G7 has developed a network of supporting ministerial meetings, which allow ministers to meet regularly throughout the year to continue the work set out at each summit.

The issues discussed at the meetings relate to major economic and political issues facing the member's domestic societies and the international community as a whole. Summits have consistently dealt with macroeconomic management, international trade, and relations with developing countries. Questions of energy, the environment, human rights, and terrorism have also been of recurrent concern. Such issues might previously have been regarded as "domestic"; G7 thus represents an attempt to govern those aspects of political life that escape the control of any single state. In contemporary governance, G7 forms part of an expanding institutionalization of global politics and economics. While it cannot enforce compliance with its decisions, it gives direction to the international community by setting priorities and defining new issues, thus steering global governance.

The G7 arrangement raises questions about inclusion and accountability. First, given that there are more than 190 states in the world, G7 is often criticized for being an exclusive club. Yet, proponents of G7 argue that the grouping should be at the helm of decision making because they have the biggest economies and thus the greatest impact on the global political economy. Proponents also highlight that G7 has made efforts to include more countries through the separate convening of the Group of 20 (G20) Finance Ministers; established in 1999, G20 comprises the G8 plus various developing countries such as Brazil, China, and India. However, certain critics rejoin that this still excludes too many other countries, not to mention nonstate actors such as nongovernmental organizations, and that new members have merely been included on G7 terms. Second, representative democracies typically hold their leaders to account. However, the countries excluded from G7 talks have no mechanisms by which they can hold the G7 to account, even though G7 decisions often have a marked global impact. These points highlight the difficulty of governing the global economy in a just and democratic manner while recognizing that the majority of economic transactions either take place in or originate from the G8.

The G7 has met with the criticism that it seeks to further its own interests to the detriment of other environmental, economic, and social issues. For example, G7 summits have been widely condemned for their failure to adequately increase overseas development aid or to propose measures to tackle climate change. However, recent summits are reputed to have become more sensitive to such matters; the G8 summit in the UK in 2005 gave considerable attention to development aid and developing country debt, although the commitments arising from talks were seen to be lacking. This criticism raises two further questions about the G7 and contemporary governance: (1) Should G7 states have a greater obligation to tackle global environmental and social issues than other states given the relative size of their economies and the resources at their disposal? (2) How should the G7 balance issues of global interest against their national interests?

—*Simon Carl O'Meally*

See also Economic Governance; Global Governance; Nongovernmental Organization; Organisation for Economic Co-operation and Development

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GROUP OF 77

The 1960s were a time of tremendous global change as rapid decolonization occurred in Africa, Asia, the Caribbean, and the Pacific. These third-world countries at first concentrated on political collaboration in the Non-Aligned Movement, formed in 1961. However, attention soon turned to the economic problems of post-colonial economies, in particular the high levels of commodity concentration; the imbalance in the terms of trade for these primary producers vis-à-vis manufacturing countries; the vulnerability resulting from having few trading partners; the inadequate amount of aid—especially concessional aid—donated by industrial countries and the international financial institutions; and the decapitalization and other problems arising from uncontrolled foreign direct investment. As Africa and Asia turned to these economic issues, Latin American countries also found common ground with them.

The developing countries sought to effect changes within the United Nations. After a period of resistance from the industrial countries—except for the Soviet Union, which saw a chance to express its solidarity with the oppressed—the developing countries finally secured their goal of initiating a global debate on trade-related issues: The (first) UN Conference on Trade and Development (UNCTAD) was held in Geneva in 1964. The seventy-seven developing countries represented at the conference were dubbed the "Group of 77" (G77). This G77 became a permanent caucusing group for the developing nations when UNCTAD became institutionalized as a UN organ under the General Assembly. By 2004, the membership had climbed to 132, with China usually joining in endorsing the group's aims. The group is funded by member contributions and is headquartered in New York, with subsidiary offices in Geneva, Washington, DC, Rome, Vienna, Paris, and Nairobi.

The G77 has had several successes to its credit, the most recognized being the establishment of the generalized system of preferences (GSP) in 1968. Under this scheme, industrial countries agreed to eliminate import duties on selected manufactured products from the developing world. In the 1980s, a global system of preferences or trade concessions among developing countries (GSTP) was initiated. By the early 2000s, a GSTP agreement was in force among forty-four developing countries.

The G77 also had some success in the 1960s and 1970s in promoting commodity stabilization schemes in which buffer stocks, prices, or quotas were manipulated to ensure stable demand and supply. The group was also the main force behind the New International Economic Order, a comprehensive set of reformist proposals passed by the General Assembly in 1974. Among these proposals, the G77 espoused south-south collaboration both in the form of regional integration as well as trade and aid linkages between developing countries on the three continents. The G77 also helped develop a "code of conduct" for multinational corporations, and firmly pressed the idea of the annual transfer of 0.7 percent of GNP from developed to developing countries, a goal adopted by the UN during its successive "development decades."

By the mid-1980s, however, the G77's protectionist approach to trade and its strident demands for concessions from the North began to conflict with the reality of the global trend toward economic liberalization. Many third-world countries, stagnating from high debt and inefficiencies resulting from rigid state control, were pushed into structural reform by their international creditors. They began to move away from the protectionist UNCTAD agenda toward reluctant acceptance of the now-predominant liberal agenda represented by the General Agreement on Trade and Tariffs and its successor the World Trade Organization. In the circumstances, the G77 adapted and sought to ensure that developing countries were not disadvantaged in free trade negotiations. In particular, the G77 pushed for special and differential treatment for developing countries to enable them to adapt to

competitive trade gradually. Among other contentious issues being negotiated in the early to mid-2000s are the disadvantages to developing country producers arising from subsidization of farmers in industrial countries, issues impacting free trade in services, intellectual property rights (including pharmaceutical issues), and rules governing private investment. An informal subgroup of larger developing countries, the Group of 21, headed by China, India, Brazil, and South Africa, have led the negotiations with the WTO.

Although G77 countries are increasingly pursuing separate bilateral and regional agendas, the organization remains important for developing countries as an arena for collective debate and global bargaining. The global context may have changed and the G77 may not be as important as it was in the heyday of the 1970s; however, the group's goal of facilitating development clearly remains as essential as ever.

—*Jacqueline Anne Braveboy-Wagner*

See also United Nations; United Nations Conference on Trade and Development; World Trade Organization

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GROUPTHINK

Groupthink refers to a mode of thinking which reduces the efficiency of collective problem solving within small cohesive groups. To preserve unanimity, members of such a group will try to conform to a perceived group consensus, irrespective of whether or not they may individually believe it to be the optimum solution.

The theory of groupthink was first developed by the social psychologist Irving Janis in his classic 1972 study, *Victims of Groupthink: A Psychological Study of Foreign-Policy Decisions and Fiascos,* which focused on the psychological mechanism behind foreign policy decisions such as the Pearl Harbor bombing, the Vietnam War, and the Bay of Pigs invasion.

Janis's attempt to determine why groups consisting of highly intelligent individuals often made bad decisions renewed interest in the study of how group behaviors, biases, and pressures affect group decision making. Groupthink has become a widely accepted theory particularly in the fields of social psychology, foreign policy analysis, organizational theory, group decision-making sciences, and management. As such, the notion was most recently revived to help explain the interpretation of intelligence information regarding weapons of mass destruction before the second Iraq War.

Janis identified a number of structural conditions leading to groupthink, related to the cohesiveness of a given decision-making group, the formal rules governing its decision-making process, the character of its leadership, the social homogeneity of participants, and the situational context they face.

The eight symptoms of groupthink include an illusion of invulnerability or the inability to be wrong; the collective rationalization of the group's decisions; an unquestioned belief in the morality of the group and its choices; stereotyping of the relevant opponents or out-group members; the presence of "mindguards" who act as barriers to alternative or negative information as well as self-censorship and an illusion of unanimity. Decision making affected by groupthink neglects possible alternatives and focuses on a narrow number of goals, ignoring the risks involved in a particular decision. It fails to seek out alternative information and is biased in its consideration of that which is available. Once rejected, alternatives are forgotten and little attention is paid to contingency plans in case the preferred solution fails.

Proposals to prevent groupthink have included the introduction of multiple channels for dissent in decision making, mechanisms to preserve the openness and heterogeneity of a given group and have focused on the specific type of leadership required to prevent groupthink from occurring.

Critiques have underlined that decision-making processes do not always determine eventual outcomes. Not all bad decisions are necessarily the result of groupthink nor do all cases of groupthink end up as failures. In certain contexts, groupthink may also

positively enhance members' confidence and speed up decision-making processes.

—Anna Schmidt

See also Bounded Rationality; Collective Action; Communicative Rationality; Crisis Management; Decision Making; Epistemic Community; Frame Analysis; Policy Analysis; Realism and Neorealism

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GUEST WORKERS

The term *guest worker* is most commonly associated with its German translation, *Gastarbeiter,* a community of mainly Turkish migrants brought in after World War II to help rebuild German infrastructure. *Gastarbeiter* were intended to remain in Germany on a temporary basis for work purposes, but many remained and now constitute a large ethnic group within the country. In addition to Turkish migrants, sizable numbers of guest workers came from Spain and Yugoslavia and were employed across Western Europe. Recruitment began as early as 1955 after the first agreement between the Italian and West German governments. Similar agreements with Greece and Spain (1960), Turkey (1961), Morocco (1963), Portugal (1964), Tunisia (1965), and Yugoslavia (1968) followed. To facilitate recruitment the German government opened agencies in these countries that mediated between those looking for work and their future employers. In contrast to immigrants, guest workers were given a temporary right of residence in a state until they have completed the period of work

for which they were given leave to stay. Most of these migrants were men usually seeking work in Germany until they had saved enough to secure a comfortable living back home or so that they could support their families and fend for themselves once they had returned. Many of them left wives and children behind, and most left their home countries with the intention of returning after a few years of work abroad. Guest workers also existed in sizable numbers beyond Europe, for example, a large Korean community of guest workers existed in Japan.

In the United States, guest-worker programs have been developed to match immigrant workers to specified gaps in the labor market; this has particularly been the case in the agricultural sector. The H-2A program, for example, enables employers to import agricultural workers, while in recent years H-1B visas have been increased to allow recruitment of skilled workers. Many migrant workers have continued to work illegally in the United States, in particular, those who have entered the country from Mexico. In recent years, this has been a contentious issue for U.S. President George W. Bush's administration, with pressure mounting from those who seek to protect illegal workers by offering guest worker status and those seeking to protect U.S. jobs, especially in the agricultural sector. In his 2004 State of the Union address, Bush asked Congress for support for a temporary worker program which matches foreign workers with U.S. employers and which would provide illegal Mexican workers with temporary legal status and some civil rights protection.

Guest workers have historically been granted temporary residence to fill particular gaps in the labor market in a state. This has been in response to large-scale reconstruction programs or to growing demands of one particular sector of the economy such as agriculture or information technology. Many of these guest workers, however, have claimed permanent residence in the host country and now form long-established communities.

—Sarah Parry

See also Border Theory; Citizenship; Immigration; Migration

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H

HEALTH CARE

Health care refers to services provided by medical professionals aimed at promoting physical and mental welfare, through the prevention, treatment, and management of illness. This includes care by the medical and allied health professionals, curative care for acute conditions, management of chronic disease, rehabilitation, and palliative care.

Although the aim of health care is to promote individual and public health, health care is a distinct concept from "health." Factors outside of the provision of health care (e.g., diet, genetics) play an important role in determining individual health, and the provision of health care is only one aspect of the governance of health. Equally though, governing health care extends beyond promoting health. Health care is a major industrial sector, a growing component of many developed countries' national economies, and an important component of their labor force. In 1960, Organization for Economic Co-operation and Development (OECD) countries spent an average of 3.79 percent of their gross domestic product (GDP) on health care, and in 2003, the corresponding number was 8.3 percent of GDP. In 2004, 12 percent of the nonfarm private labor force in the United States worked in the health care sector, with rapid and sustained job growth during the past two decades. Expenditure on pharmaceuticals and technology is also a central component of overall health care expenditure.

Governance of the health care sector, then, is complex and multifaceted. In many countries, the public sector plays a direct role in both financing and delivering services; however, public involvement extends to a range of policies from the regulation of medical malpractice to supporting technical innovation. Many welfare states incorporate a "health care state" in which the embedded nature of health care gives rise to complex forms of governance. These forms require balancing issues related to collective consumption of services and governing professionals and the production of a large industrial sector. State involvement in the health care sector is intricately entwined with governance of the labor market, industrial promotion, intellectual property rights, and technology policy, among other areas.

Variation in the Organization of the Health Care Sector

Most economists argue that health care is not a "perfect good" and unregulated markets may lead to inefficient and inequitable provision of health care—meaning some form of public involvement in the health care sector is necessary. However, countries vary in how they choose to coordinate public involvement in the organization of the financing and delivery of health care.

Many continental European health care systems operate on a social insurance model. In these systems, the provision of health care is organized around multiple quasi-public payers (the social insurance funds)

and is funded through statutory social insurance contributions on wages rather than actuarial risks. The public guarantee for health care was often layered onto the mutual society that provided insurance to lower-income workers at the end of the nineteenth century, formalizing and extending the position of social insurers in managing the system. In these systems, much of the care is also provided privately, often by nonprofit organizations with links to major social groups. In the past decade, a number of Eastern European and former Soviet states have moved toward a social insurance model, building on the logic of the systems in continental Europe.

The United Kingdom, the Scandinavian countries, and to a large part, Spain, Portugal, Italy, Canada, Australia, and New Zealand, operate national health insurance and service models, in which a large part of the expenditure on health care is financed via general taxation rather than via contributions raised through taxes on wages. In these countries, the public sector operates as a single payer for health care and much of the health care is financed through a single public purchaser at the national or subnational level. Although early health care coverage in these countries often developed through mutual societies similar to those in the Continental European countries, the government assumed a more extensive and direct government role as insurance or services were extended in the mid- to late-twentieth century. Many of these countries combine the central role of the public sector in financing and managing services with a direct role in delivering care, with only Canada combining a single-payer system with a primarily private not-for-profit provision.

The health care system in the United States combines a multipayer private insurance system with a large system of public financing based primarily on social insurance contributions. Direct public financing in the United States remains linked to programs that target particular social groups, namely Medicare, Medicaid, and benefits for veterans. Most of the working-age population and children are covered through private voluntary insurance or remain uninsured. However, governance of the private insurance sector remains extensive, namely through a policy that

aims at promoting private voluntary insurance through the tax system and ensuring some portability of benefits for workers changing jobs. The provision of health care in the United States is provided almost exclusively privately, by a combination of for-profit and not-for-profit providers.

Through much the 1960s and 1970s, health care policy in many advanced industrial countries aimed at expanding coverage and access to health care and at introducing tools of planning into the health care sector. However, growing economic difficulties and aging populations have produced rising costs alongside growing expectations, bringing a range of new issues onto the agenda in many countries. First, many countries have looked to control costs and have introduced reforms to do so through more direct state involvement in setting global budgets, the introduction of greater individual financing of services, and the increased use of incentives for micro-efficiency. These policies—which are often introduced in a single context—have a range of implications for public governance, simultaneously increasing state control, recasting state regulation, and reducing state responsibility for financing services. However, a second trend, which can lead to greater expenditure and new forms of public intervention, is toward greater emphasis on quality and innovation in the health care sector. Increasingly, issues of improving health care outcomes, reducing variation in quality, and improving patient satisfaction have become prominent in health policy debates. Many countries have begun gathering more performance information, setting targets, and monitoring the delivery of services, in an attempt to reform the delivery of health care services. Both trends have reshaped the role of the state vis-à-vis both patients and professionals, with the state assuming more responsibility for ensuring adequate quality and costs and often challenging professional autonomy over clinical processes to do so. In the United States, many private health care insurers have played a similar role, attempting to recast professional practices to cut costs and potentially improve quality. Thus, governance of the health care sector is in transition, with a tendency toward more

state control and responsibility as well as pressure for reducing state expenditure.

—*Jane Gingrich*

See also Clinical Governance; Organisation for Economic Co-operation and Development; Welfare Reform; Welfare State

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Hedging

Hedging is an investment strategy designed to reduce the potential volatility in the value of a portfolio by reducing the risk of having losses embedded within that portfolio. A perfect hedge eliminates the possibility of future losses and thus preserves the initial value of the portfolio. It involves the simultaneous initiation of equal and opposite positions in the spot and futures markets. This offers investors certain knowledge of their future financial position but, because a perfect hedge also rules out any chance of making gains, it is an investment strategy only for the most risk-averse. Investors are more likely to opt for an imperfect hedge, whereby they attempt to insure themselves against only a proportion of potential losses. If, for instance, investors hold shares in a company whose price volatility historically has almost exactly matched that of the stock market index, they can offset the risk of a general market downturn by buying a derivative contract that will return a profit on that eventuality. This does not eliminate the risk of the individual share price falling for reasons that are unrelated to a general market downturn—hence, it is not a perfect hedge—but it does leave open the possibility that gains can be made if the individual share price performance proves to be strong.

Hedging is therefore a means of minimizing the speculative dimension of an investment portfolio. Arguably, the most basic assumption of investment finance is that risks and returns are directly proportional to one another: the higher the level of risk, the higher the likely return. To speculate is willingly to acquire additional forms of risk, in the hope that this will lead to enhanced future returns. To hedge, by contrast, is to seek protection from risks, albeit at the expense of enhanced future returns.

If this implies that hedging and speculating are entirely independent functions of investment activity, this might be somewhat misleading. All hedgers require speculators to construct the position that they intend to adopt as their hedge. Financial markets would lack the necessary counterparties that are fundamental to their existence if all investment strategies tended toward perfect hedging. Speculators accept the exposure to price moves that hedgers attempt to insure themselves against. In the absence of speculators, financial markets would cease to function in the way they do today because there would be no mechanism for transferring risk away from the risk-averse, and such transfers are the condition upon which modern financial systems are based. The task for public policymakers intent on preserving such systems, while rendering them stable, is far from straightforward. They must devise forms of market governance that offer sufficient incentives for speculators to act as counterparties for hedgers, while avoiding turning the whole of the financial system into an arena for pure speculation.

—*Matthew Watson*

See also Derivative; Exchange-Rate Regime; Financial Market; Foreign Exchange Market; Futures Market

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HEGEMONY

In its most straightforward use, hegemony describes the dominance of one group over another. Increasingly, the term is used as shorthand to describe the relatively dominant position of a particular set of ideas and their associated capacity to become commonsensical and intuitive, thereby rendering alternative ideas contrary to the precepts of common sense, counterintuitive, irrational, and possibly even incapable of articulation. The associated term *hegemon* is used to identify the actor, group, class, or state that exercises hegemonic power or that is responsible for the dissemination of hegemonic ideas.

Hegemony derives from a Greek term that translates simply as "dominance over" and that was used to describe relations between city-states. Its use in political analysis was somewhat limited until Antonio Gramsci's intensive discussion of the concept in his political thought. Gramsci's discussion of hegemony followed from his attempts to understand the survival of the capitalist state in the most advanced Western countries. As a follower of Karl Marx, Gramsci understood the predominant mode of rule as class rule and was interested in explaining the ways in which concrete institutional forms and material relations of production came to prominence. The supremacy of a class and thus the reproduction of its associated mode of production could be obtained by brute domination or coercion. Yet, Gramsci's key observation was that in advanced capitalist societies, the perpetuation of class rule was achieved through largely consensual means—through intellectual and moral leadership. Gramsci's analysis of hegemony thus involves an analysis of the ways in which this cognitive domination is achieved, of the dissemination and acceptance of capitalist ideas as commonsensical and normal. A hegemonic class is one that is able to attain the consent of other social forces, and the retention of this consent is an ongoing project. To secure this consent requires a group to understand its own interests in relation to the mode of production, as well as the motivations, aspirations, and interests of other groups. Under capitalism, Gramsci observed the relentless contribution of civil society institutions to the shaping of mass cognitions. Via his concept of the national-popular, he also showed how hegemony required the articulation and distribution of popular ideas beyond narrow class interests.

Gramsci's analysis of bourgeois hegemony was grounded in detailed historical analysis, but it also carried clear implications for revolutionary socialist strategy. The acquisition of consent before gaining power is an obvious implication, and here Gramsci offered a distinction between two strategies: war of maneuver (in essence a full frontal assault on the bourgeois state) and war of position (engagement with and subversion of the mechanisms of bourgeois ideological domination). But it is important to recognize that Gramsci understood hegemony not simply in ideational terms. His idea of historic blocs was used to show how hegemonic classes combine their intellectual leadership of clusters of social forces with an increasing capacity to exercise control of the processes of production.

This understanding of hegemony derived from Gramsci acquired some followers interested in understanding the rise of (Margaret) Thatcherite political economy and the ascendancy of the New Right more generally during the 1970s and 1980s, but perhaps its most extensive application has been to the analysis of international relations and international political economy, via the so-called transnational historical materialism. Scholars within this tradition have been careful to distinguish their project from the way hegemony has been used within orthodox (predominantly) realist international relations (IR). In state-centered IR analysis, hegemony denotes the existence within the international system of a dominant state or group of states. In the branch of realist analysis known as hegemonic stability theory, the presence of a hegemon (say Britain in the nineteenth century and the United States after 1945) generates patterns of stability within the international system. The hegemon has a self-interest in the preservation of the system and is, therefore, prepared to underwrite the system's security with its military might. At the same time, the hegemon is responsible for the formulation of the rules that govern interaction within the international system.

The transnational historical materialist school sees states as important components of hegemonic orders, but associates hegemony with the economic, political, and social structures that facilitate particular patterns of production within the world economy. These world orders function via the propagation of rules and norms, many of which are given legitimacy through international organizations and institutions, and of which the most crucial tend to govern the conduct of monetary and trade relations. International institutions are thus seen as either conduits for the legitimation of particular regimes of capitalist accumulation or devices to absorb potentially counter-hegemonic ideas and social forces. Thus, the hegemonic order of the nineteenth century was underwritten by institutions such as the gold standard and norms such as free trade, as well as by British military power and the global reach of the British imperium. In the present period, the global emphasis on neoliberal policy logics is given expression by the likes of the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), and the Organisation for Economic Co-operation and Development (OECD). Such institutions articulate a nonnegotiable and particular vision of economic order, but through associated notions of "good governance," and they are able to lend an air of popular-democratic legitimacy to the preset regime of accumulation.

—*Ben Rosamond*

See also Coercion; Consent; Dependency; Gramscian Theory; Leadership; Marxism; Norm; Power; Realism and Neorealism; Regionalism

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HEMISPHERIC INTEGRATION

Hemispheric integration refers to the process by which a majority of countries in the Americas are liberalizing their trade regimes, thereby contributing to the establishment of a hemisphere-wide free trade area. At present, liberalization has taken the form of numerous and coexistent bilateral and multilateral free trade agreements (FTAs) and customs unions. However, formal negotiations concerning a proposed Free Trade Area of the Americas (FTAA) have been underway since April 1998. The FTAA, if realized, will mark a significant step in the integration of the Western Hemisphere's economies.

The initial step toward hemispheric integration was taken in June 1990, when then President of the United States George H. W. Bush launched the Enterprise for the Americas Initiative (EAI), an ambitious project to establish a free trade area stretching from Anchorage to Tierra de Fuego. In addition to promoting extensive trade liberalization with the goal of establishing free trade throughout the Western Hemisphere, the EAI also envisaged the negotiation of agreements with selected Latin American countries that were to encourage market-led reforms and stimulate private investment and to relieve indebtedness to the United States, thereby releasing revenues for environmental programs. The North American Free Trade Agreement (NAFTA)—negotiated by the governments of Canada, the United States, and Mexico and launched in 1994—was to form the hub around which enlargement of the free trade zone would proceed. Since April 1998, the formal negotiations envisaged under the EAI have proceeded under a general agreement among thirty-four countries, which created a timetable for a series of multilateral summits aimed at introducing the FTAA by 2005.

Although the FTAA is also concerned with establishing a continental free trade zone, like the European Union (EU), it differs in that it is proceeding through the incorporation on already existing bilateral FTAs and regional trade associations, such as the Andean Community, the Caribbean Community and Common Market (CARICOM), the Central American Common Market (CACM), the Mercosur, and, of course, the

NAFTA. More recent FTAs and multilateral initiatives, such as the Central American Free Trade Agreement (CAFTA)—signed by the governments of the United States, Guatemala, El Salvador, Honduras, Costa Rica, Nicaragua, and the Dominican Republic in May 2004—are being negotiated with the view to future incorporation within the FTAA.

Although the FTAA was intended to come into effect by December 2005, recent negotiations have failed to result in a consensus. Several Latin American countries have recently elected Leftist governments opposed to various aspects of the hemispheric integration agenda, such as the U.S. government's continued subsidizing of domestic agriculture, and some Leftist Latin American governments—notably that of Hugo Chávez's Venezuela—are currently opposed to the entire principle of free trade. The FTAA negotiations have been tabled to resume in 2006.

The current agenda for hemispheric integration has also come under fire from a variety of civil society critics. Some see the FTAA, in particular, as a U.S.–led project aimed at locking the contracting countries' economies into an essentially neoliberal framework. The uneven impact of the NAFTA in development terms is often used an example of how the supposed benefits of free trade are by no means certain to materialize. Labor and environmental activists, in particular, have pointed to the potential "race to the bottom" in working and environmental protection standards as Latin American countries compete for investment from the United States. Initiatives such as the Plan Puebla Panama—a multibillion-dollar project aimed at, among other things, improving infrastructure links between the southern Mexican states and the Central American isthmus—are seen as being integral to the current hemispheric integration agenda. However, activists have opposed such projects on the grounds of their environmental costs and the impact on local communities, which include many indigenous subsistence farmers with no legal claim to lands being cleared or flooded for infrastructure development purposes. Meanwhile, there is a vocal anti-FTAA lobby within the United States. The EU is cited as a major regional initiative that, they argue, has eroded the sovereignty of its member states and made borders meaningless. They oppose the potential migration of jobs from the United States to other countries in the Americas where labor costs are lower. They also fear the increased influx of migrant labor into the United States.

In summary, the process of hemispheric integration—and the FTAA, in particular—is proving to be a major political issue and not just for developing countries within the hemisphere itself.

—*Greig Charnock*

See also Andean Community, Andean Pact; Caribbean Community; Free Trade Area of the Americas; Mercosur; North American Free Trade Agreement; Regional Governance

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HETERARCHY

A governance mechanism that is neither hierarchy nor market (anarchy) is usually called a *network.* It is described as horizontal and nonhierarchical, but its basic organizing principle can more positively and appropriately be called *heterarchy.* Etymologically speaking, heterarchy consists of the Greek words *heteros,* the other, and *archein,* to rule. In a heterarchy, a unit can rule, or be ruled by, others depending on circumstances, and hence, no one unit dominates the rest.

The earliest academic discussion of the concept can be attributed to Warren S. McCulloch, a pioneer in cybernetics, who in the mid-1940s regarded a neural

network as an archetype of heterarchy. The value of the concept was rediscovered decades later by social scientists in as diverse disciplines as archeology, management, sociology, political science, and law.

James A. Ogilvy presented the simplest illustration of heterarchy as a game of rock, paper, and scissors, in which rock beats scissors, which beats paper, which in turn beats rock. A similar, though far more complex and dynamic, logic can apply to the checks and balances among three branches of a government as well as the relationship between sovereign states and international institutions such as the European Union (EU) and the World Trade Organization (WTO). Archeologists have also found heterarchies of power in certain ancient societies.

Heterarchy in a social system constitutes a circular relationship among actors variously ranked according to different metrics; thus, it is characterized by multiple hierarchies and distributed authority, rather than by the lack thereof. Gunnar Hedlund contended further that hierarchies and even markets could be observed in some multinational corporations, in which heterarchy could be conceived as a metagovernance mechanism of flexible coordination among transactions organized by variant governance modes. Other scholars have further advanced the concept of metagovernance at a national level.

Circularity in heterarchy presupposes direct links among nonadjacent levels, especially those between the highest and lowest. Kyriakos M. Kontopoulos argues that heterarchy, or tangled hierarchy, involves many-to-many relations among levels, in contrast with hierarchy—a layered and fully nested structure of one-to-many connections. Likewise, David Stark maintains that units in heterarchies are characterized by interdependence, whereas dependence and independence define hierarchies and markets, respectively. Heterarchy in this sense is a set of multiple and intricate links, usually across such conventional divides as levels, departments, and sectors, that form a multicentric network of heterogeneous actors with distinctive resources and capabilities.

Heterarchical networks are considered both flexible and dynamic; authorities therein are not institutionally fixed but, rather, change places as situations evolve.

Heterarchy is arguably the most efficient and effective governance mechanism for facilitating multilateral exchange of information and for vibrantly organizing and enabling distributed intelligence and innovation, with open source software development being a prominent example.

Heterarchy is envisaged as an increasingly influential organizing principle of regional and global governance, at least in some geographical and functional areas. Some scholars regard the EU as a heterarchical networked polity, and others have conducted research on emerging private authority and heterarchy in a global society. Global governance is one of the most fertile grounds for heterarchies because of the current development of transnational networks among actors within or across public, private, and civic sectors ranging from local to global levels, which deal with problems that cut across various issues.

—*Satoshi Miura*

See also Anarchy; Collaborative Governance; Differentiated Polity; Hierarchy; Interdependence; Market; Multilevel Governance; Network; Polyarchy; Public-Private Partnership; Social Network Theory

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HIERARCHY

Hierarchy is composed of the Greek words *hieros* (sacred), and *archein* (rule or order). Originally referring to an order of angels, the term came to signify an order of clergy. In modern societies, hierarchical

organizations have pervaded all aspects of life. Yet, they are increasingly under criticism because the features that have made them effective are now deemed to be sources of problems.

Conceptions of Hierarchy

Hierarchy has been conceptualized in two ways. A conventional usage, as epitomized by Max Weber's analysis of modern bureaucracy, highlights legal-rational authority in a formal organization. This view holds that hierarchy consists of a central authority and a tightly integrated chain of command and control and that authority is gradually transferred downward. The relationship between units at different levels is that of superordination and subordination, and each unit is accountable to only one superior at the next level.

Hierarchical organization is also characterized by both specialization and formalization of activities. Hierarchy is based on the division of labor: each unit is functionally differentiated and assigned a set of specific tasks. It is formalized in the sense that roles, relationships, and behaviors therein are prescribed in a set of rules, which serves as the cornerstone of rational-legal authority. Yet, hierarchy can also refer to an informal structure of inequality in power, such as class structure in society and hegemony in world politics.

Herbert A. Simon provided a broader notion of hierarchy in his analysis of complex systems. Simon believed that hierarchy need not be defined by its authority relations. Instead, it is to be distinguished by its nestedness, or an arrangement of units composed of several sub-units, each of which is further organized in the same fashion down to the bottom. This structure reduces complexity by making partitions within an organization to divide and conquer, as can be observed in configurations of congressional committees, governmental agencies, and corporate departments.

This instrumental conceptualization of hierarchy is tied with a voluntaristic view of authority. Here, authority is not imposed top-down; rather, it is based on mutual consent, especially that of subordinates, and is thus delegated upward. This alternative interpretation of hierarchy and authority paved the way for vast literature on organizational design. Agency theory, for example, focuses on the problems that accrue from the delegation of decision-making authority to an agent by a principal. Also at issue is the span of control: the number of subordinates directly supervised by a superior. A narrower span will render a direct control more effective while creating more levels; as a result, the overall management of an organization will likely be less effective.

The Prevalence of Hierarchical Organizations

How can we explain the prevalence of hierarchical organizations? There are three important approaches to this question. New institutional economics, as developed by Williamson, posited that hierarchy can be an efficient response to market failure. Given the assumption of bounded rationality and the possibility of opportunism, the higher the uncertainty and costs of transactions are, the more likely they are arranged hierarchically. Hendrik Spruyt extended this insight into a political realm to assert that sovereign state politics outmaneuvered alternative polities such as feudal state and empire because of its superior ability to reduce transaction costs, prevent opportunism of its members, and make credible commitments.

In contrast, sociological institutionalism argues that hierarchy has become widespread not so much because it is functional but because it is regarded as an appropriate way to coordinate interactions in a world dominated by modern Western culture. Thus, an institutional environment constrains but also constructs and empowers hierarchical organizations. On a similar note, Michael Barnett and Martha Finnemore maintain that international organizations exercise regulative and constitutive powers that derive from various kinds of authority based on their rational-legal status, ostensible impartiality and morality, and expertise. Barnett and Finnemore also show that these organizations can even exhibit dysfunctional behaviors because of their excessive formalization and specialization.

Historical institutionalists in political science and sociology pay much closer attention to both the sequences and varieties of organizational development while emphasizing the influence of domestic

political processes mediated by formal and informal institutions. These scholars demonstrate that the development of bureaucratic state and corporate capitalism was neither inevitable nor unilinear, but historically contingent. This approach also points out that organizations can have unintended consequences and that, therefore, theories of organizational design have a substantial limitation.

Hierarchy is, however, but one governance mechanism and is usually contrasted with the market, or anarchy. Another governance mechanism is network, which is organized according to the principle of heterarchy. Each organizing principle has ideal-typical modes of coordination such as authority, price, and trust; more specifically, command and control in hierarchy, bargaining and exchange in anarchy, and dialogue and diffused reciprocity in heterarchy. This categorization, however, is limited, as Williamson uncovers hierarchy in contractual relations that result from bargaining.

Hierarchical Organizations in a Dynamic and Globalizing World

At a time when hierarchical organizations have permeated domestically and internationally, publicly and privately, they have increasingly been challenged by ever-more complex problems in a rapidly globalizing world. Specialization and formalization in hierarchical organizations can stabilize expectations and behaviors of their members, but can also hinder flexible and adaptive governance. In addition, hierarchical organizations are controlled in a top-down and standardized manner, thereby making them seem inattentive to the diverse interests of their stakeholders despite the demand for participatory governance. The perceived inaptness and unresponsiveness of hierarchical organizations have cast doubt on their legitimacy as an effective governing mechanism.

In response, three measures have been taken. The first response is to restructure hierarchy, for example by slashing the number of its layers. The second recourse is the market solution: governments privatizing public services, and companies outsourcing their previously internalized transactions. Finally, some

organizations and their sub-units are experimenting with collaboration across traditional boundaries, variously called networks, partnerships, projects, teams, and communities of practice. Debates have ensued about how to make sense of the changing nature of governments and corporations, especially their authority, capability, and accountability. Some studies have also called attention to the importance of putting into perspective the mechanisms organized according to three principles—hierarchy, anarchy, and heterarchy—to see how they should work in tandem and coevolve.

—*Satoshi Miura*

See also Bureaucracy; Coordination; Formal Organization; Government; Heterarchy; Market; Matrix Organization; Network; Organization Theory; Social Network Theory; State

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HIGH-RELIABILITY ORGANIZATION

Increased dependence on high-performing technologies in critical infrastructures such as transportation, energy, and telecommunications is a hallmark of modern societies in a technological age. At the same time, many technologies, such as nuclear weapons, nuclear power plants, and large jet aircraft, are highly hazardous, with costly if not catastrophic consequences

attending accidents, failure, or, more recently, terrorist assault. The reliable management of these crucial or hazardous systems is now a major concern of the modern state.

The term *high-reliability organization* (HRO) has been used to refer to an organization charged with the management of a hazardous or crucial technical system under the highest level of operational reliability. For an HRO, avoiding accidents, failure, or the worst consequences of a terrorist attack is a requirement for societal safety and security, as well as for continued acceptance and possibly survival in an unforgiving political and regulatory niche it is forced to occupy. The special challenge for an HRO lies in a specific set of events that simply must not happen, that must be precluded by technological design and by organizational strategy and management. The responsibility to preclude a given set of events from occurring means that trial and error is sharply limited as an option for a high-reliability organization. The cost of key errors, should they occur, cannot be balanced by the learning that might come from them.

This nearly failure-free standard is a rare challenge for human organizations. Overwhelming evidence and dominant theoretical perspectives in the study of organization suggest that such performance may even be beyond the capacity of human organizations, given their inevitable imperfections and the predominance of trial and error learning in nearly all human undertakings. Yet, a group of organizational researchers have identified an unusual set of organizations that seem to be achieving this standard and thus surviving in highly precarious settings with respect to social demands for reliability. High reliability as a distinctive organizational property as well as social challenge has come into its own recently as a subject of careful analysis.

The High-Reliability Perspective

Individual case studies of nuclear aircraft carriers, nuclear power plants, and air-traffic control centers have been the cornerstone of the emergence of HRO research. In these organizations, reliability is not treated as a probabilistic property that can be traded off at the margins with other organizational values such as efficiency or market competitiveness. Instead, organizational design and management treat reliability in relation to occurrences that must, as nearly as possible, be deterministically prevented.

The distinctive features of these organizations as reported by high-reliability researchers, include (a) high technical competence throughout the organization; (b) a constant, widespread search for improvement across many dimensions of reliability; (c) a careful analysis of a set of core events that must be precluded from happening; (d) an analyzed set of "precursor" conditions that could leave operations a single contingency away from the precluded events or that would constitute conditions that lie outside prior analysis; (e) an elaborate and evolving set of procedures and practices that keep operations away from the zone of precluded events as well as precursor conditions; and (f) a formal structure of roles, responsibilities, and reporting relationships that can be transformed under conditions of emergency or stress into a team-based approach to problem solving. Further, these organizations develop (g) a culture of reliability under which the values of care and caution, respect for procedures, attentiveness, and individual responsibility for the promotion of safety are widely distributed among members throughout the organization. Finally, these organizations are characterized by (h) external supports, constraints, and regulations that allow for the development of the other features noted previously. The HROs analyzed so far all exist in closely regulated environments that constrain them to take reliability seriously but that also shield them from full exposure to market competition. Competitive demands would likely undermine the precluded event standard of reliability in favor of organizational strategy that would turn reliability into a "marginal" property.

HROs are further distinguishable from organizations that may value safety among other properties in their production processes. It is not the valuation of safety, per se, that seems to drive the pursuit of high reliability in an HRO. Rather, it is the intense disvaluing of error, particularly the misidentification, misspecification, or misunderstanding of activities and technical variables, that lies at the heart of an HRO.

A Conflicting Perspective

As it has reported more findings, HRO research has not been without controversy. Earlier work by sociologist Charles Perrow asserted that organizations charged with the management of complex and closely paired technical systems (the type typically studied in reliability research) could never hope to transcend an intrinsic vulnerability of these technologies to a highly interactive form of degradation. Complexity and tight coupling can induce and propagate failure in ways unfathomable by operators in real time. These technologies are, in effect, "normal" accidents waiting to happen, accidents that are inevitable outcomes of the failure probabilities that attend their structural features. In this perspective, frameworks of organization surrounding these systems cannot alter, and indeed are likely to add to, the risks embedded in their technical cores. From the normal accident viewpoint, organizational variables add little to risk reduction, and the idea that there are HROs that successfully fill a demanding niche based on the social protection they afford is at best a temporary illusion.

The controversy, in its most extreme form, centers on an assertion that cannot actually be disproved because of its tautological nature. No amount of good performance can falsify the theory of normal accidents because it can always be said that an organization is only as reliable as the first catastrophic failure that lies ahead, rather than the many successful operations that lie behind. Yet, ironically, this is precisely the perspective that many managers of HROs themselves share about their organizations. They are constantly seeking improvement because they are running scared about the accident ahead, rather than being complacent about the performance records compiled in the past. This prospective approach to reliability is actually a distinguishing feature energizing many of the extraordinary efforts undertaken within HROs.

This controversy aside, high-reliability researchers would have to concede that they have studied individual organizations in what amounts to a single snapshot in time. Whether features of HROs can persist throughout the life cycle of an organization is yet unknown.

Further, high reliability has been taken as a defining characteristic of the special organizations selected for study by HRO researchers. It remains for researchers to identify which subset of properties, and in what degree, might contribute to higher reliability among a wider variety of organizations. More recent research has begun to apply reliability analysis more broadly from structure to process, especially individual cognitive and sense-making processes, in understanding what promotes higher reliability among organizations.

The High-Reliability Challenge

Whatever the research perspective, high reliability is a major challenge in the management of the technologies and infrastructures on which modern society increasingly depends. The designers of these technical systems seldom design them to the requirements and tolerances of those organizational settings in which they must be managed. The managers and professionals in these organizations then must face the challenge of coping with the close error tolerances that engineers give them. That these managers do so with near heroic effort is seldom noticed by the public, which relies on them for livelihood and lives. An HRO, designable and sustainable or not, is increasingly an implicit mandate of a technological society.

—Paul R. Schulman

See also Crisis Management; Normal Accident Theory; Organization Theory; Risk Society; Technology

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Hindu Governance

Hindu governance refers to those governing practices whose legitimacy derives from Sanskrit texts. Such texts have been understood to describe a social order based on caste, providing each individual with duties whose fulfillment contributes to the fulfillment of the community as a whole. An argument establishing a particularly Hindu type of governance would trace such governing practices throughout history by focusing on the relationships among political, economic, and social forces.

Ancient texts describe a world of chaos in the absence of a king. Such texts were used to legitimate particular forms of rule. The Puranas, for example, celebrate the sanctity of the earlier Vedas and articulate the threat to society posed by those outside the caste system. Some claim that the Ramayana in medieval times was also used to mark outsiders, identifying Muslims with the villain Ravana and Hindus with the hero Rama. Others have stressed the large variety of regional responses to influences originating outside the subcontinent. Both kings and merchants heavily patronized priests in premodern times; such religious leaders in turn provided legitimacy for political and economic undertakings.

During the independence movement from British rule, Mohandas Gandhi mobilized ancient Sanskrit terms such as *dharma, swadeshi,* and *ramarajya* (the rule of Rama) for decolonization. He imbued such terms with a sense of self-reliance, self-actualization, and the removal of foreign influence. In 1948, Gandhi was assassinated by a member of a Hindutva organization, the Rakshatriya Swamasevak Sangh (RSS). This left Jawaharlal Nehru to lead the Indian National Congress and push forward policies of political non-alignment, economic socialism, and religious secularism.

In 1980, the Bharatiya Janata Party (BJP) was formed, relying for support on organizations like the RSS. The BJP steadily rose to power through coalitional and symbolic politics until forming the national government in 1996. The rise of the BJP was marked by a particular kind of *swadeshi*—the strength of Hindu India. Such *swadeshi* allowed the BJP to resist the reservation of jobs for Backward and Untouchable Castes, drawing the support of high-caste Hindus; to support the destruction in 1992 of the mosque occupying the alleged birthplace of Rama, drawing the support of low-caste Hindus against Muslims; to implement liberalization measures throughout the 1990s, drawing the support of middle-class entrepreneurs; and to stage the 1998 nuclear detonations, uniting Hindus in support of India's military strength. The BJP lost power in 2004.

Nehru's secularism, socialism, and non-alignment seem to deny the existence of any particularly Hindu type of governance. The BJP, however, suggests its persistence by deriving political legitimacy from religious figures like Rama and the sanctity of practices allegedly rooted in Sanskrit sources. Such departures from and returns to the authority of Sanskrit texts punctuate any history of Hindu governance. However, given the contested definitions of Hinduism, as well as the tensions within India along caste, regional, and religious lines, the meaning of Hindu governance is elusive and the phrase rarely used.

—Matthew H. Baxter

See also Religion

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Historical Institutionalism

See New Institutionalism

HIV/AIDS

Since coming to the attention of the international medical community in the mid-1970s, HIV/AIDS has killed

more than twenty-five million people and infected nearly forty million people worldwide according to the Joint United Nations Programme on HIV/AIDS (UNAIDS) estimates. Human immunodeficiency virus (HIV) is a virus that infects the immune system. By destroying the body's ability to protect itself against infections, HIV leads to the syndrome known as acquired immunodeficiency syndrome (AIDS). The virus spreads mainly through sexual contact, but it may also be transmitted through blood and through breast milk.

For social scientists, HIV/AIDS is intimately linked to the processes collectively known as globalization. The spread of HIV/AIDS is fueled by the decreasing salience of national boundaries and, by the same token, it poses a challenge for transnational actors who are increasing in salience. This entry will explore the specific challenges to governance brought about by the spread of HIV/AIDS and the roles that different state and nonstate actors may play in combating it.

Social and Economic Repercussions

HIV/AIDS presents a public-health threat that cuts across social and economic boundaries, both locally and globally. Relative to governance, however, HIV/AIDS is overwhelmingly a developing-world issue, where social, economic, and political instability has facilitated the spread of the virus.

HIV/AIDS has taken the most devastating social and economic toll in Sub-Saharan Africa, one of the earliest regions to be affected by the virus. In basic demographics, the virus has infected about seven percent of the region's total adult population and more than twenty percent in nearly all of the southern-most countries. Whereas the average life expectancy in Sub-Saharan Africa had increased significantly until about 1999, the spread of HIV/AIDS has dramatically reversed the trend. Similarly, the virus has dragged down the average standard of living by socially and economically overburdening individuals, families, and schools. Perhaps most strikingly, more than twelve million children in Sub-Saharan Africa have been orphaned by the HIV/AIDS crisis. In a society where orphans are typically cared for by members of the extended family and formal adoption is considered

taboo, HIV/AIDS presents an unprecedented and daunting challenge for child welfare. Poorly equipped orphanages are facing massive influxes of children, many of whom are likely to end up on the streets, where they are vulnerable to sexual exploitation, drug use, and consequently contracting and spreading HIV/AIDS themselves.

As a sexually transmitted virus, HIV/AIDS has been especially destructive to African economies by concentrating its spread among working-age adults. An area of particular devastation is the agricultural sector, where the high number of AIDS-related deaths among farm laborers has contributed to national food shortages. At the family level, the financial strains of caring for the sick and paying for funeral expenses have stretched already low monthly household incomes, thus further contributing to the cycle of poverty and declining living standards.

Governance Challenges

The social and economic destruction highlighted amounts to an overwhelming burden for the state. At the same time, HIV/AIDS has reduced state capacity for governance by infecting significant percentages of the people that operate the bureaucratic system. By simultaneously overburdening states and reducing state capacity, HIV/AIDS may plausibly contribute to state failure or collapse. The virus further presents a national security challenge by infecting the military at a disproportionately high rate, which leaves states vulnerable to both international and external conflict. Similarly, HIV/AIDS poses an international security challenge by threatening regional political instability while reducing the capacity of African military peace-keepers to resolve conflicts.

State, societal, and international actors play important roles in determining how quickly the virus spreads. The following section outlines the variety of roles that major political actors may play in combating the spread of HIV/AIDS.

The State

National responses to the HIV/AIDS epidemic have varied widely. In trying to define what contributes to

aggressive and effective state responses, social scientists have looked to a variety of institutional, cultural, and international factors. On the most basic institutional level, addressing HIV/AIDS is a question of state capacity, or in other words, of the ability of a state to implement and enforce policy. Regime type may also play a role in contributing to effective national HIV/AIDS policies, although its precise effects are unclear. Although formal democratic systems force governments to respond at least moderately to public health needs, strong authoritarian states may be better able than are weak democracies to implement and enforce effective policies. Cultural settings also shape state responses to HIV/AIDS by influencing the government's general willingness to address the problem, by shaping the kinds of policies that the government adopts and by influencing the effectiveness of the government's policies. Finally, international donors and nongovernmental organizations shape national HIV/AIDS policies by including policy requirements in loan packages, by mounting public opinion campaigns, and by providing policy guidelines and technical assistance.

Civil Society

Nongovernmental advocacy groups have enjoyed some striking successes at both the national and international levels in shaping HIV/AIDS policies, such as in reversing a wide range of discriminatory national laws and, most prominently, in forcing multinational pharmaceutical companies to reduce the price of AIDS treatments. Yet, the degree and type of civil-society response to the HIV/AIDS epidemic has varied widely across national contexts, from strong political activity to a focus on service provision, or even a general refusal to address the epidemic. One challenge for social scientists is to explain national differences in civil-society responses to the HIV/AIDS epidemic. Other important challenges are to understand the ways in which government policies can create or obstruct opportunities for civil-society groups to engage in HIV/AIDS advocacy and to explain the success or failure of attempts by advocacy groups to shape policy.

The International Community

The HIV/AIDS pandemic also highlights opportunities and challenges for global cooperation in promoting public health. The successful international effort to provide cheap antiretroviral drug therapy to citizens of the developing world illustrates the potential for an international alliance between states and civil society to advocate for the public good over the economic interests of multinational corporations. Similarly, the broad variation in on-the-ground outcomes of the international effort to combat HIV/AIDS reminds us that global governance paradigms are filtered through political and cultural patterns, both national and local.

—*Jessica A. J. Rich*

See also Civil Society; Functionalism; Global Governance; Globalization; State; World Health Organization

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HOLLOW STATE

The concept of a hollow state evokes a decline in the power of the state. The state is often thought of as a sovereign authority over a geographical area; it has the power to get much of what it wants done. In contemporary governance, the authority and power of the state are thought to have lessened. The state has become increasingly fragmented; it is less able to impose its will upon its territory.

Several processes have contributed to the hollowing out of the state. Some of the state's functions have moved upward to international and regional organizations such as the European Union (EU). Although nation-states remain important institutions, the growth

of regional blocs, international law, and economic globalization have combined to limit their autonomy. Some of the state's functions have moved downward to local levels of government and to special purpose bodies. Devolution takes control of activities away from the center. Finally, some of the state's functions have moved outward as a result of the increased use of markets and networks as means of service delivery. Even when the state retains a dominant role within networks, it still has to enter negotiated relationships with organizations in civil society if it is to implement policies effectively.

The hollowing out of the state raises problems of accountability, fragmentation, and steering. First, representative democracies typically hold civil servants and agencies accountable to citizens by way of elected politicians. If these politicians are no longer able to control agencies, how is such accountability to operate? Second, the hollow state is fragmented in that decisions and services are made by numerous organizations, which often have different cultures. This fragmentation makes communication and coordination especially difficult. Third, when functions are transferred to other organizations, the state arguably needs to find ways of influencing and coordinating the various actions of these organizations. These problems arguably require politicians and civil servants to adopt new roles and new techniques if they are to govern effectively.

The concept of the hollow state has met with several criticisms. It has been argued that because the state voluntarily gave up functions, they are no loss. But one might reply that the concept seeks to describe the effects of actions irrespective of the motives for them. It has also been suggested that the state remains powerful because it retains regulatory control over many of the functions it appears to have lost. This criticism raises further questions about contemporary governance. How many of the lost functions are covered by regulatory bodies? Is the state able to steer regulatory bodies effectively? Have regulatory bodies been "captured" by those they are supposed to oversee?

—*Mark Bevir*

See also Culture Governance; Differentiated Polity; Governance; Policy Network; State

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HUMAN CAPITAL

Human capital describes the intangible collective resources possessed by individuals and groups within a given population. These resources include all the knowledge, talents, skills, abilities, experience, intelligence, training, judgment, and wisdom possessed individually and collectively, the cumulative total of which represent a form of wealth available to nations and organizations to accomplish their purpose. Human capital is available to generate material wealth for an economy or a private firm. In a public organization, human capital is available as a resource to provide for the public welfare. How human capital is developed and managed may be one of the most important determinants of economic and organizational performance.

Human-Resource Capitalism

The concept of human capital stems from the economic model of human-resource capitalism, which emphasizes the relationship between improved productivity or performance and the need for continuous and long-term investments in the development of human resources. This model can be applied on a broad scale where investments in human capital are viewed as affecting national and global economic performance, or more narrowly, where investments in people are viewed as crucial to organization performance. This differs from a more traditional and instrumental approach where human resources are primarily seen as a cost to be contained beyond immediate and short-term needs. This short-term view often addresses change or poor performance by seeking government intervention to offset competition, and by

using cutback methods for keeping wages down, contracting out, and automating jobs.

A human-resource capitalism model argues that the principal source of productive capacity, whether in an economy or organization, rests in the capacity of people. Therefore, strategies need to be developed to capitalize on the potential of this resource by developing learning systems that will cause the capacity of human capital to grow into the future. For a national economy, this may entail reforming educational institutions to ensure the provision of a quality workforce that fits the needs of industry for high economic productivity and the maintenance or improvement of the national quality of life. For an organization, this model suggests that high productivity and performance depend on developing learning systems that reflect the commitment of an organization to its human resources. As a result, ongoing investments in training, skill development, and job enrichment (versus expansion) engender a reciprocal commitment among members to organizational goals and objectives.

This represents a shift in thinking away from the notion that human resources are to be consumed, as are other nonhuman resources, and that members of an organization need to be controlled to ensure compliance with organization norms. Instead, human resources are to be nurtured to arrive at a mutual commitment where tangible investments by the organization are favored and then reciprocated by its members with higher levels of performance. Human-resource capitalism recognizes that the key factors of performance depend on having an adequate supply of high-quality human resources, management strategies that emphasize quality and productivity, and patterns of work organization that foster both of these goals. The emphasis on human capitalism in an organization goes beyond recruiting and compensating the highest-qualified people possible, by investing in their development heavily, managing them wisely, and ultimately, retaining them for the long term.

Managing Human Capital

The management of human capital is diffused throughout an organization. All management decisions and actions that affect the nature of the relationship between the organization and its employees are seen as important. As a result, all management actions can positively or negatively affect the potential of human capital to influence organization performance. In this view, although the organization may contribute to the development of human capital, its ownership rests with each individual. Collectively, all the knowledge, skills, and abilities within an organization and available at any given time constitute a human capital pool. Although this talent is available to achieve positive performance, the totality of management practices needs to consistently tap this human capital pool in such ways as to influence individual and group attitudes and behavior toward the desired organizational goals.

Human Capital and Performance

Reciprocal commitment in an organization suggests that a relationship exists between certain management practices and performance. At a point where the total effort of human capital coalesces into a critical mass, high organizational performance seems possible. Here, human capital, fully developed and tapped appropriately, can influence organization level outcomes. Empirical research in the private sector appears to identify specific management practices as universally superior to others in achieving firm level outcomes such as market share and profitability. This universal perspective has led to benchmarking certain practices as "best" for contributing to high performance. Empirical research in the public sector establishing such a relationship is sparse. This may be the result of difficulties in measuring government level outcomes and being able to clearly establish this connection because outcomes are often influenced by a myriad of variables outside the control of public management. Even so, the same superior management practices thought to favorably influence human capital in private enterprise have been often adopted in public administration reforms.

Practices thought to result in a high-quality, committed, and flexible workforce in private enterprise are also seen as important contributors to productivity and

performance in the public sector. High levels of expenditures in training and development, empowering workers with decentralized decision-making authority, and encouraging participation, pay for performance, the use of self-managed work teams, and flexible job designs, among others, are commonly associated with improved performance in public agencies. Theories of motivation support such management practices where the first priority is to ensure workers have the skills and ability to perform (training and development), and the second priority is to afford them the opportunity to test their problem-solving skills (decentralized decision authority). The belief is that investing heavily in improving worker skills and abilities leads to a higher-quality workforce. This combined with valued rewards and a role in problem solving can result in greater effort, commitment, and motivation within a workforce that is more flexible and innovative. This combination then, it is thought, results in higher organization performance.

—*Richard F. Huff*

See also Empowerment; Gender Equality; Human Capital Mobility; Knowledge Management: Participation; Physical Capital; Reciprocity; Research and Development

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HUMAN CAPITAL MOBILITY

Human capital conventionally refers to accumulated knowledge, know-how, creativity, capability, capacity, education, or training possessed by people (workers). Sometimes, human capital is understood to include also health. The actual usage of the term usually refers to highly skilled workers. The definition of highly skilled differs according to the context. Traditionally, it has been understood as college or university graduates. Often, however, it also includes trained mechanics, carpenters, electricians, and others. Human capital is typically connected to increases in the productivity of workers or organizations as a result of its possession. The rise of the knowledge-based economy has increased demand for human capital, especially in the information technology industry. In the context of globalization, there is migration of skilled workers, who are attracted by better life conditions in wealthier countries.

So far, the United States has been the main destination country. After the World War II, the United Kingdom raised concerns about its human capital leaving. Recently, human capital emigration from developing countries is the main topic. Nevertheless, the geography of human capital mobility is complex and often regionally, industry, or skill specific. Flows from developing countries to developed ones are not the only pattern.

The effects of the migration of skilled workers on source countries are a matter of controversy. High-skilled emigration is often called brain drain to point out the adverse consequence of losing the best-trained workers. As an economy becomes reliant on human capital, the loss of skilled workers poses a serious threat to national productivity and output. Thus, brain drain may hinder economic growth and general development. Positive effects of human capital emigration are mentioned as well. Skilled mobility and networks of migrants may increase a developing country's ability to attract global investment, promote trade linkages, and stimulate technology transfer. Further, sending countries may benefit from remittances. From the internationalist labor market perspective, human capital mobility makes the distribution of skilled labor more efficient as some countries overproduce skilled labor.

Governments are increasingly concerned with attracting high-skilled workers or with keeping them in the locality. Policies of receiving countries generally exploit their attractiveness based on the living-standard difference, making immigration easier for

high-skilled migrants. Moreover, the United States and the European Union provide grants and scholarships in their competition for researchers and experts. The sending states, on the other hand, try to address the adverse effects of brain drain. Their policies include education to produce more skilled workers and to compensate for loss, retention by improving local conditions (may include selective treatment of high-skilled workers), support of Diaspora networks, and strategies to promote return and circulation.

—Jan Drahokoupil

See also Globalization; Human Capital; Knowledge Management; Research and Development

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HUMANITARIAN INTERVENTION

Humanitarian intervention refers to actions undertaken by an organization or organizations (usually a state or a coalition of states) that are intended to alleviate extensive human suffering within the borders of a sovereign state. Such suffering tends to be the result of a government instigating, facilitating, or ignoring the abuse of groups falling within its jurisdiction. This often takes the form of deliberate and systematic violations of human rights, including forced expulsions, "ethnic cleansing," and, in the most extreme cases, genocide. Humanitarian intervention can apply also in situations where there is no effective government and civil order consequently has collapsed.

Humanitarian intervention constitutes a calculated and uninvited breach of sovereignty (state rights) in the name of humanity (individual rights). Though humanitarian interventions do not necessarily require the employment of military force—as they could include, for example, the imposition of sanctions—the term refers normally to situations in which force (or the threat of force) is used. Humanitarian intervention is currently a major focus of debate in government departments, international organizations, think tanks, and across a variety of academic fields, including international and comparative law, international relations, political science, and moral and political philosophy.

A Brave New World?

The language and practice of humanitarian intervention is far from new. It has been the source of incessant argument by lawyers, theologians, and philosophers for generations, even centuries. But the recent debate has its origins in the Cold War and was motivated by a number of controversial military actions. Three in particular stand out: India's intervention in the Bangladesh War of 1971; Vietnam's intervention in Cambodia in 1978, which resulted in the overthrow of the genocidal Khmer Rouge regime; and Tanzania's intervention in Uganda in 1979, which ousted the dictator Idi Amin. These interventions were all condemned throughout the world. This criticism tended to be based on the contention that they undermined the notion of state sovereignty enshrined in Article 51 of the United Nations (UN) Charter. As such, these interventions offered a fundamental challenge to the stability of the post–World War II international system.

In the post–Cold War era, however, this conception of sovereignty as sacrosanct came under sustained attack. It was argued that despotic leaders should not be able to hide behind the shield of state rights and that the international community had an obligation to intervene to stop the widespread abuse of human rights. This contention garnered widespread support. It was an important theme, for example, in the writings of the UN Secretary-General, Boutros Boutros-Ghali. The 1990s was a decade of interventions: Iraqi "no-fly zones," Somalia, Bosnia, Sierra Leone, East Timor, and Kosovo. The 2003 Iraq war was classified as a humanitarian intervention by some of its advocates, demonstrating how wide the embrace of the term now is.

The doctrine of humanitarian intervention has been widely criticized. For many detractors, it represents a mode of liberal imperialism rather than being an integral element of liberal internationalism. Likewise, humanitarian intervention has been censured for coercively imposing Western ideas about rights onto other cultures. For others, humanitarianism is simply rhetorical cover either for the implementation of traditional geopolitical policies or for powerful economic interests. In particular, it is argued, the failure of the Western powers to intervene during the 1994 genocide in Rwanda, where there were no obvious economic or political interests at stake, demonstrated their hypocrisy. Indeed, Rwanda has become a lightning rod for the debate. For critics of interventionism, it proved that interventions were linked to self-interest. For advocates, Rwanda was a catastrophic failure and a spur for future action.

Sources of Contention

Numerous contentious issues frame the debate. Some are theoretical, others practical. Probably the most intractable relate to the question of legitimacy (both legal and moral). Who is to judge an intervention legitimate, and on what grounds? Much of the legal debate stems from the tension between Article 51 of the UN Charter and the provisions of Article 24(1) and Chapter VII, which grant the Security Council powers to take whatever measures it regards as necessary to reestablish international peace and security. If an act is deemed to threaten peace and security, the UN can empower agents to rectify this, as occurred in Bosnia. However, legal and moral obligations have clashed. In Kosovo, the North Atlantic Treaty Organization (NATO) intervened without UN authorization, claiming that although such authorization was unlikely to be granted, there was nevertheless an overwhelming ethical imperative to act.

Aside from questions of legitimacy, there are other problems to be confronted. There is a practical issue. Even if interventions were regarded universally as legitimate, there exists no consensus about whether they actually work, or whether they delay or even exacerbate the problems they seek to resolve. The question of

motivation is also problematic. Is it ever really possible to act solely for humanitarian reasons? Moreover, should motivation actually matter? This all depends on whether a deontological or consequentialist ethical system is employed. If it is simply a matter of consequences, as a utilitarian might argue, then an intervention conducted purely in the name of national self-interest that resulted in a "humanitarian" outcome (for example, the overthrow of a genocidal leader) could be classified as a humanitarian intervention. Likewise, an intervention conducted out of concern for human rights, if it failed in its primary goal, could not be classified as such. Such issues continue to drive the debate.

—Duncan Bell

See also Global Justice; Human Rights; Liberal Internationalism; Neocolonialism; Peace Process; Sanctions; Sovereignty; State-Society Relations; United Nations Security Council

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HUMAN RIGHTS

Human rights are entitlements that individuals enjoy in virtue of their status as human beings. Nonhumans often may be thought to possess certain rights in general, but not human rights. When a person has a particular right, he or she is entitled to a certain level of protection. For example, if someone possesses a right to freedom of expression, then that person possesses a capacity for freedom of expression that is protected from undue state interference. Several questions spring to mind: What is it about being human that

entitles someone to this special status? How do people know a human right when they see one? How many human rights are there? This article will begin by saying a few words about the origins of the concept of human rights, before turning to more contemporary discussions of it.

Natural Rights

The concept of human rights has its roots in thinking about natural rights. Natural rights adherents, such as Thomas Hobbes and John Locke, held that every individual person enjoys particular rights naturally. That is, human beings possess certain rights in virtue of their natural existence, for example, their status as human beings. Natural rights adherents claim that only human beings hold natural rights: all "rights" (in their terminology) were "human rights" (in our more modern language). It seems reasonable to suppose that such a view of natural rights originates from the belief that God gave pride of place to human beings over the earth and its creatures. Natural rights adherents do not tend to claim that nonhumans possess rights of any variety.

Natural rights became an important concept in Enlightenment political thought, helping map the boundaries of a monarch's political power over his people. For Hobbes, people all shared the right to self-preservation: All human beings held this right in virtue of being born. This was a major break from traditional Western thought, which held that individual people only held those rights granted to them by their king. For example, one might have a right to a particular property, but only in virtue of the monarch suspending his right over it. A person's rights are therefore held at the discretion of the monarch. In contrast, natural rights theorists claimed that each individual human being has rights independent of the monarch's discretion. These natural rights exist in virtue of an individual's status as a human being, and these rights set limits on the exercise of political power over individuals.

How does someone know he or she has natural rights? In keeping with prevalent Enlightenment thinking, natural rights theorists claimed that the use of "natural" (or God-given) reason could discern which rights human beings held, rights that placed justified limits on the political authority of monarchs. For example, philosophers, such as Hobbes and Locke, argued that one could discover a right to self-preservation. In their view, people living without being organized within some form of political community exist in an anarchic state of nature where their livelihood is insecure. People enter into a political community for a particular purpose, namely, to enjoy the security of their persons that is lacking in a state of nature. All political power then must know certain limits: It must not make the lives of citizens less secure than they would be—at the least—if there had not been a government in the first place.

One particular dispute among natural rights theorists is which rights they believe human beings possess. Hobbes thought our natural right lies in self-preservation. By contrast, Locke had a more expansive understanding of natural rights: Human beings held natural rights to their lives, liberty, and possessions. Government is restricted in what it can legislate with respect to these three fundamental natural rights. Modern natural rights theorists, such as John Finnis, expand these few natural rights into a dozen or more rights.

The Legacy of Natural Rights

The legacy of natural rights for contemporary thinking about human rights is severalfold. First, we normally think of human rights as something held by human beings in particular. We may well be sympathetic to the extension of certain rights to nonhumans, but probably not sympathetic to extending all human rights to all nonhumans (e.g., why claim that goldfish should enjoy the right to political expression?) or extending additional rights to nonhumans we do not grant to human beings. Thus, rights are entitlements: They are something every person is entitled to have in virtue of being a person.

Second, we normally think of human rights as something timeless. This has its origins in natural rights as something God-given and eternal. We do not tend to claim that our rights change over time. For

example, a right to liberty is an entitled protection from slavery. It is not the case that this right, say, exists on Mondays through Fridays, but does not exist on weekends. Indeed, recognition of the right to liberty leads many people to believe that slavery has always been wrong: The right to liberty is something every human being has held in the past and will continue to hold in the future.

Third, we normally think of human rights as limits on state power. Human rights signal a moral or legal domain upon which the government may never encroach. A human right to freedom of expression marks a space where individuals can act protected from state interference.

Fourth, we normally think of human rights as something possessed by individuals. For example, we have individual rights to freedom of expression or trial by jury. That is, they are rights that are enjoyed by individuals, a product of the liberal Western canon that spawned natural rights theory. Critics of human rights theories often disagree with the strong individualism that characterizes many theories even today.

In these four ways (among others), natural rights adherents were the first modern rights theorists, and the general positions they held have helped to shape more contemporary thinking about human rights. Modern rights theorists adhere to important differences. For example, most theorists today recognize that rights may well evolve and adapt over time. Theorists also recognize that rights may conflict with one another or be forfeited in particular instances (e.g., right to liberty for criminals). Finally, many recognize that rights are not entirely individualistic, as we normally recognize rights to self-determination or protections of groups from acts of genocide.

The Universal Declaration of Human Rights

Shortly after World War II, states across the world gave widespread approval to a document, the *Universal Declaration of Human Rights.* This document has been highly significant and important. Among other things, it helped bring into being international law, as well as a

moral standard. States became bound to abide by its provisions, and states could then be said to measure up to its standard of justice. This document also influenced the creation of the *European Convention of Human Rights* in 1950, a document that largely elaborated on the enumerated rights found in the *Universal Declaration of Human Rights,* although there are important differences as well.

What is perhaps most surprising about the *Universal Declaration of Human Rights* is the number of rights enshrined within its thirty articles. These rights include more classic natural rights, such as the right to life, liberty, and security of person, as well as the right to equal treatment and right to own property. There are also more controversial rights too, such as the right to freedom of movement and emigration, as well as the prohibition on forced marriages. All the rights listed in the document apply to all persons, regardless of nationality and gender.

The second most surprising feature is the lack of a legal mechanism. Signatories agree to extend a right to liberty or asylum to all people, but no procedure is put forward to address alleged or actual breaches of the various articles by signatories or any other state. Moreover, the *Universal Declaration of Human Rights* does not specify what precisely are the appropriate sanctions for particular breaches of its articles. In contrast, the *European Convention of Human Rights* (described by Francis Jacobs and Robin White) spells out the remit of the European Court of Human Rights.

It is also worth noting the significance of these documents for issues of governance. Contemporary good governance is often captured by respect for human rights at both domestic and international levels. A lack of respect for human rights is not an abstract philosophical statement, but a concrete criticism: Human rights serve as a standard of conduct for all states, regulating their relationship with citizens. States that are not thought to respect human rights properly are thought to be poorly governed, autocratic, and perhaps worse. A model of good governance is a state that takes all necessary measures to respect the human rights of its citizens. Good governance and human rights go hand in hand.

Contemporary Human Rights Theorists

Much discussion of human rights takes place in a legal context, concerned with the implementation, interpretation, and enforcement of human rights within international human rights law, as found in documents such as the *Universal Declaration of Human Rights* and *European Convention of Human Rights.* In addition, a lot of work by political and legal philosophers has helped illuminate how we think about rights.

The classic figure in philosophical discussions of contemporary human rights theory is Wesley Hohfeld. He discusses rights as falling under one or more of the following categories:

- *Claim*: If a person possesses a claim, she can demand something from another and the latter has a duty to perform whatever is demanded, all things considered.
- *Privilege*: A person has a privilege wherever there is the absence of a duty. A person can act how she likes whenever she does not have a duty to act contrariwise.
- *Powers*: A person has the capability of creating legal relationships, between himself and another. An example would be marriage: It is a legal union created by two people agreeing to live together.
- *Immunities*: A person possesses immunity when he need not be duty bound to follow the commands of his fellows.

Hohfeld's distinctions have been widely influential on human rights theorists ever since. His work brings to our attention the fact that different rights vary in character. At first glance, we may well think that all rights have a similar character. That is, the difference between a right to trial by jury and a right to marriage is that one right is to one state of affairs and the other right is to a second state of affairs. Instead, Hohfeld sensitizes us to the fact that one is a claim-right (e.g., the right to trial by jury is the right to demand a particular mode of trial that others are duty-bound to obey) and the second is a power-right (e.g., the right to marriage is the right to create legal relationships independent of the activities of the state). Many rights do not neatly fall into only one of the four categories. Indeed, there can be a number of different possibilities where a right satisfies two or more of the four categories at once. The use of his analytical system has many contemporary admirers, such as Leif Wenar, who have continued to help it expand and develop.

A major worry for many human rights theorists is the question of how we might know a human right when we see one. Classical natural rights thinkers thought our natural (practical) reason would lead all persons to particular conclusions. Thus, if you disagreed with a theory of rights, the implication was that you must not be thinking accurately enough. This approach has been challenged by pluralism and recognition of reasonable differences about substantive views of justice. That said, this approach is far from abandoned. For example, some contemporary theorists, such as Finnis or Joseph Raz, have tried to rethink the nature of practical reason and its ability to ascertain our rights and liberties.

Other contemporary theorists adopt a different strategy. Instead of starting from the use of practical reason, they instead point to a more obvious starting point for theorizing about human rights: international human rights documents, such as the *Universal Declaration* and the *European Convention on Human Rights.* The view is that Hohfeld's distinctions may well be helpful in clarifying how we think about rights more generally, but leave open the question of how we know a human right when we see one. International human rights documents, such as the *Universal Declaration,* have been drawn up by politicians with academics and accepted by a vast multicultural international community. They are not the final say, as it were, on which human rights exist. But they are the best place to start to think about them, given their origin and wide acceptance. These theorists then take these documents as a starting point for theorizing about human rights more generally, an approach that is gaining increasing favor and promise.

Criticisms

There have been a number of vocal critics of human rights theorists. The first charge against human rights theories is that they are inapplicable. These critics claim that talk of human rights assumes that one universal standard can be applied equally to all people everywhere

on the planet. Instead, standards cannot be thought to apply to all. This charge highlights the great differences between different communities on the priorities of certain rights and liberties. These critics claim there is no such thing as a "one size fits all" set of human rights applicable to all persons in all communities.

However, all persons across all communities have much in common. For example, in every community, acts of murder or theft are criminalized. We can say that there are rights to one's person and property, yet admit that we might each disagree on the extent of these rights. Equally, we might say that although some communities may recognize more, or different, rights in general than other communities do, this does not mean there is not a universal conception of human rights that captures those spaces all communities share in common.

A related second charge is that human rights theories are inapplicable—full stop and end of story. Absent a world government that could effectively implement international human rights laws, this task is a matter left with individual states. Such critics may not deny that effective enforcement of international norms is desirable. Instead, they need only point to the relative ineffectiveness of the United Nations in this task and the seeming impossibility of anything resembling a stronger intergovernmental body coming into being. Unless human rights are enacted in domestic legislation, they exist only as guiding normative principles and not as legal duties. This second charge relates to a motivation problem, namely, that people will not be motivated to enforce human rights internationally without some kind of international policing body or world state. Without such institutions, talk of human rights is an empty ideal that exists in journals and textbooks, rather than something concrete in our lives. It is only feasible then to enforce certain rights domestically; it is not feasible to enforce human rights across the globe.

A problem with this charge is that it commits the "is-ought" fallacy. That is, it assumes that because effective international enforcement of human rights is lacking in 2006, it ought to be the case that there are no human rights. Yet, in the near future, the empirical problem could disappear and effective enforcement could become possible. This charge is not therefore a claim against human rights but, rather, a worry about the enforcement of human rights.

A third charge against human rights theories is that they are imperial and fail to respect multiculturalism. Some of these critics claim that human rights are a Western imposition and product of a particular time in a specific part of the world. It is unduly paternalistic to force certain norms peculiar to one culture on another where such norms may not exist. In addition, some have claimed that human rights talk is contrary to "Asian values": group interests take priority over individual interests, with deference to authority.

We can respond to this charge. For one thing, can there be such a thing as Asian values given the incredible diversity between the peoples of India, China, Indonesia, and so forth? One would think not. Moreover, classic figures cited in defense of Asian values, such as Confucius, seem to be at odds with the view that groups matter more than individuals. In book eight of his *Analects,* he posited that "reciprocity" is one word that can be used as a rule of thumb for one's life. Thus, Confucius did not lend clear, unambiguous support to the view that individuals ought to defer to authority and the group above their own conscience or view of their good. In fact, he lends credence to the Golden Rule, an influential moral principle in the West as well.

Of course, disagreement between cultural communities is not proof that no common ground can be found. For example, one may disagree today about whether or not all humans have a right to fox hunting, but may find agreement tomorrow. Why should this disagreement be intractable? Moreover, it simply is not true that we disagree about everything. Most agree that murder, theft, and disease are bad things, all things considered. Why not claim human rights compose that set of rights we agree on, rather than claim that human rights do not exist because there are disagreements about particular, but not all, rights?

Conclusion

The concept of human rights is controversial insofar as there is vast disagreement about what these rights

are, but there seems wide agreement on at least a small core of less controversial rights found in most international human rights documents. Human rights theories have developed much since their more classic formulation in natural rights theory, although they still capture many similarities. Although one can expect criticisms of human rights theories to continue, one can also take some comfort in that human rights theories are capable of response and will likely continue to develop in future.

—Thom Brooks

See also Citizenship; Civil Rights; Good Governance; Humanitarian Intervention; Peace Process; Property Rights; Religion; United Nations Educational, Scientific and Cultural Organization

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HUMAN SECURITY

The concept of human security represents a departure from orthodox neorealist security studies because it places human beings, rather than solely states, at the center of international and national security policies. The human security paradigm means that human beings and their complex social and economic interaction are given policy primacy with or over states. The referents of the human security approach are individuals and its end goal is the protection of people from traditional (i.e., military) and nontraditional threats such as poverty and diseases. Moving the security agenda beyond a merely statist conception does not mean to replace it but to complement and build on it. Central to this is the understanding that human security deprivations can undermine peace and stability within and between states, whereas an overemphasis on state security concerns can be detrimental to human welfare needs. The state remains a central provider of security but state security, although necessary, is not a sufficient condition for human welfare. In these terms, the human security approach is framed around theoretical and practical applications that go beyond considerations about unitary state actors; it requires a multidisciplinary approach that reflects on the totality of social, economic, and power structures embedded in the present world order.

Human security has fully entered the policy and academic debates in the early 1990s; nevertheless, despite its widespread usage within national and international policy circles, its definition remains highly contested. The holistic vision of protecting the security of people lends itself to a variety of interpretations shaped by relative understandings of what constitutes a threat to the security of individuals, how the intensity and repercussion of any given threat can be measured (i.e., historical data or forward-looking forecasts), and by what possible means the threat can be prevented or removed. In other words, the ambiguities surrounding the concept of human security remain anchored in the fundamentally interpretative and debatable nature of the concept itself. Substantively, the malleability of the approach has allowed scope for tailored pragmatic responses functional to the policy priorities of the states and intergovernmental organizations. A claim to be dismissed is that human security does not necessarily equate to empty rhetoric; the coalition of states and supranational organizations that have supported the approach can count numerous accomplishments such as the Ottawa

Convention (i.e., Mine Ban Treaty), the recent establishment of the International Criminal Court, and the Optional Protocol to the Convention of the Rights of the Child.

The Origin and Evolution of a Holistic Paradigm

The idea of extending the concept of security from state security to individual human beings was first articulated by the Independent Commission on Disarmament and Security Issues in 1982. The Common Security report provided the first comprehensive criticism of the purely military approach to security while highlighting the need to devote due attention to the relation between security and the well being of individuals. After years of latency, a crucial point in history for the development of the concept is the end of the Cold War and the revitalization of long-standing bottom-up arguments within progressive academic and policy circles, once it was realized that the disappearance of the superpowers' military threats did not necessarily entail an enhanced level of security for citizens within states. The successive debates fundamentally challenged neorealist theoretical foundations and aimed at extending the narrow security paradigm to a people-centered conception. The evolution of the security discourse was also molded by the need to address the global social problems arising within the context of a globalizing world. The potential threats to individuals' life and well-being were therefore extended from being primarily military to broadly encompass economic, social, environmental, and health concerns.

In connection with the immediate post–Cold War period and the new development agenda, the first authoritative definition of human security was provided in 1994 when Dr. Mahbub Ul Haq drew attention to the concept in the U.N. Development Program (UNDP) Human Development Report. Beyond territorial and military concerns, the report argued that human security is fundamentally concerned with human life and dignity. For analytical purposes, UNDP disentangled its four main characteristics—it is universal, its components are interdependent, it is

best ensured through prevention, and it is people centered. On the more substantive level, the definition of human security given in the report remains broad and all encompassing. For UNDP, human security means safety from chronic threats such as hunger, disease and repression, and it means the protection from sudden and hurtful disruptions in the patterns of daily life. Understood in these terms, human security has also been encapsulated in the "freedom from fear" and "freedom from want" policy axiom. Although acknowledging the varying intensity of possible threats to human welfare, UNDP grouped these threats in seven nonexhaustive and nonexclusive security categories—community, economic, environmental, food, health, personal, and political. Despite the broadness and the apparent conceptual weaknesses of the definition provided by the report, the general prescriptions outlined therein have provided a useful springboard for academic enquiry and have remained a useful organizing concept for the work of international organizations throughout the 1990s.

The Contested Nature of Human Security

The 1994 UNDP report opened an outlet for the academic redefinition of human security. Numerous scholars have attempted to disentangle the dimensions of what immediately appeared to be an overly unrestrained analytical tool, which, by virtue of its all-encompassing nature, could lose its meaning. A number of scholars worked toward a recategorization of what could be classified a threat to human security. Jorge Nef, for example, has advanced a fivefold format, which borrows from UNDP's initial list; he regroups the initial elements, expands the idea of personal security by including the notion discrimination, and adds onto it a fifth element—the notion of cultural security.

The reconceptualization of human security has engaged scholars in a fierce academic debate—some in favor of narrowing the concept to a valuable essence and some wanting to preserve its holistic character. On the grounds of analytical rigor, pragmatism, and policy relevance, Keith Krause has argued that the sole denominator for the human security

agenda should be a focus on violent threats. In his view, a listlike description of any possible "bad thing" that could happen to individuals is a peril to conceptual clarity and renders causal analysis virtually impossible. Advocates of the broad theorization have opposed this approach. They argue that once the referent of the security agenda becomes the individual, it is impossible to disentangle violent threats to individuals from other issues such as poverty, environmental degradation, and infectious diseases that directly impinge on the safety, freedom, and self-realization of human beings. Among the most cited proponents of this approach is Caroline Thomas. In her view, human security means not only meeting basic needs but also the realization of human dignity.

Gary King and Christopher Murray offer a middle approach bridging narrow and broad conceptualizations. They have produced an analytical scheme including only the elements that, in their view, human beings might fight over or put their lives at risk for. To assess the increased or decreased level of human security among individuals or groups, the key essential elements King and Murray individualize are poverty, health, education, political freedom, and democracy.

The debate is far from settled and remains a source of controversy. In particular, all the attempts that have been made to sharpen the definition of human security have had to confront the exclusive problems of either attaching a value and a priority to possible potential threats to human life and vaguely justifying such a choice, or of maintaining the undefined connotations embedded in the original proposal while losing analytical rigor. A precise definition is potentially unattainable given that human security has been created and developed as an approach in response to an obsolete security paradigm. The novelty of the approach is, above all, an open agenda for reforming security strategies and addressing the source of insecurity of people.

Human Security and Global Governance

Human security has entered the policy discourse of a number of governments. Notable examples are Canada and Japan—these are often referred to as the coalition of likeminded middle powers. Each has provided a slightly different definition of the concept and has customized its application to best suit its individual interests. The government of Japan subscribes to a comprehensive understanding of human security—one that covers all the aspects that potentially endanger survival, daily life, and human dignity. As a tangible commitment to the human security agenda, the government of Japan sponsored the Independent Commission on Human Security chaired by Sadako Ogata and Amartya Sen, which in 2003 produced the report *Human Security Now.* At the heart of the report there is a reinvigorated stimulus to think about human security as an integral paradigm aimed at protecting core freedoms fundamental to human existence and development. On the other hand, the Canadian government, led by former Foreign Minister Lloyd Axworthy, adheres to a narrower but still open-ended definition of human security that distinguishes "freedom from fear" from "freedom from want" while acknowledging their distinctiveness and mutual interdependence. Canada's human security priorities were further elucidated once the International Commission in Intervention and State Sovereignty (ICISS) was created in September 2000. The establishment of the ICISS suggests that Canada is more interested in exploring and advancing the "freedom from fear" aspect of human security than the human development agenda.

Beyond these leading examples, a further attempt to institutionalize the human security agenda internationally is the Human Security Network. The network is a result of a bilateral agreement between Canada and Norway in 1998; thirteen other countries and one observer have joined the initiative. The goal of this intergovernmental forum is that of advancing and embedding further the human security agenda within global governance, with the end goal of creating a more humane world free from fear and want, and where people can fully develop their human potential. The network is a forum for dialogue and research; above all, it is an avenue to share evolving understandings and practices to advance the development of the human security approach. Substantively, the policy proceedings resulting from the yearly ministerial meetings have, first, provided general guidelines for

states where the safety and well-being of citizens are endangered, and second, they have helped legitimize the UN's overarching framework for the human security approach. Yet beyond this "coalition of the willing," very few states have embraced the approach and used it as reference for their domestic and foreign policies. Most states in the world have not yet integrated or tangibly supported the new paradigm, favoring instead a security conception couched in wholly neorealists' terms.

In 1998, the concerted action of Canada and the Netherlands made inroads into the agenda of the Security Council thanks to the thematic entry point approach to peace and security issues adopted by the council in the 1990s. These two nonpermanent members catalyzed the support of the council and made other members aware of the need to concentrate the council's debates and resolutions around the new security agenda. In 1999, the protection of civilians in armed conflicts became the subject of discussion. The subsequent resolutions and presidential statements reflected a commitment to work toward the actualization of freedom from fear with a focus on how to deliver effective humanitarian aid and increase the protection of people in zones of conflicts. Thus, the Security Council appears to have slowly been shifting its attention from solely military action to work on the security of the individual. Nevertheless, whether the commitment will be translated into practice remains to be seen.

Within the broader apparatus of the UN, Secretary General Kofi Annan has provided continuous support and intellectual leadership for the new security agenda. Repeatedly in his annual reports and in the Millennium Report, he has highlighted the belief that the global order has shifted from a state-centered to a people-centered one. The changing nature of world conflict, from inter-state to increasingly intra-state, the displacement of civilians, gross abuse of human rights, the AIDS pandemic, drugs and arms trafficking are some of the most recurrent concepts and themes Annan has been using to illustrate that, in a global world, an approach to security must be people-centered and that prevention must be a core aspect of the advancement of human security. As a proactive follow up to this open endorsement, the Human Security Unit (HSU) was established in September 2004 in the UN Secretariat as part of the Office for the Coordination of Humanitarian Affairs (OCHA). The objective of the unit is to embed the approach, as proposed by the Commission on Human Security, within the UN operations and to translate the vision of human security into pragmatic activities.

At supranational level, the UN has played a crucial role in defining, supporting, and translating the new security paradigm from idea into practice. Alongside the UN, other international organizations have demonstrated interests in the agenda. Both the former president of the World Bank, James Wolfensohn, and the former managing director of the International Monetary Fund, Michael Camdessus, expressed a commitment to policy and institutional reforms in line with the human security paradigm by means of expanding representation within the respective institutions and by extending ownership of developmental policies to individual communities. The extent to which these people-centered reforms will have an effect in eliminating want remains questionable; having reached a certain maturity, the reforms have not resolved the gross distributional problems that lay at the heart of global inequality and individual security.

—*Catia Gregoratti*

See also Commission on Global Governance; Post-9/11; United Nations

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HYBRIDITY

Hybridity refers to a condition under which two or more modes of governance are incorporated into a public organization. Modes of governance are typically defined as hierarchy, market, and network. Public organizations normally demonstrate hierarchical governance, through the bureaucratic order they bring to work inside the organization and to their external relationships with clients, users, and citizens. A hybrid public organization exhibits market or network modes of governance alongside the hierarchical. Examples include requiring its own staff to compete against firms and nonprofits for a service delivery contract, or working cooperatively with other organizations to deliver outcomes that could not be achieved alone.

This general definition of hybridity is modified by the theoretical approach in different literatures. It is essential to understand these variations so that confusion is avoided. Transaction cost economics views hybridity as an intermediate mode of governance between the polar opposites of market and hierarchy. It is characterized by features such as long-term contracting and reciprocity. The hybrid mode contains the incentives and autonomy found in markets and the administrative controls and coordination found in hierarchy, but at less intense levels. This theory analyzes the choice of governance mode as a function of the incidence of transaction costs and helps explain public-private and public-nonprofit contractual relationships.

The public administration literature in the United States locates hybridity in the context of the credible commitment problem. This is the question of how the property rights arising from a government decision can be protected, especially in a political environment where pressure groups seek to undermine program implementation. A solution is to create part-public, part-private agencies operating at arm's length to government. They are defined as hybrids because of their combination of public and private characteristics. They are bodies that deliver public policy, but do so through a corporate status that gives them access to private finance. And although they are creatures of government, they also lobby politicians and civil servants as if they were private companies.

Management theory views hybridity as a combination of organizational design archetypes. The ideal-typical designs are simple structure (coordination through direct supervision), adhocracy (coordination by all staff through mutual adjustment), machine and professional bureaucracies, and divisions or departments. There are tensions among each ideal type, and consequently, theoretical hybrids can be defined. For example, the tensions between simple structure and adhocracy produce an "entrepreneurial adhocracy" in which small self-organizing teams are coordinated by an overall manager. This approach to hybridity contributes to understanding the changing forms of public organizations.

Hybrids can be analyzed as a cultural phenomenon where public policy making and management involve actors whose traditions of governance differ. For example, business actors come from an environment where objectives and outcomes are more easily defined than in the public sector, and where executive rather than consultative decision making is the norm. Hybridity is the outcome of negotiating these different governance cultures. The style of decision making and management will contain elements from a number of different cultures. This perspective highlights the problems that cultural hybridity presents for the underlying ethos of public governance because it potentially dilutes the core values of transparency, neutral competence, and democratic accountability.

—Chris Skelcher

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HYBRID ORGANIZATION

Most simply, a hybrid organization shares characteristics of both public and private organizations. As with most social science concepts, things become slippery after that. Interest in hybrid organizations has grown as reformers seek to bring the perceived flexibility and efficiency of private organizations into the public sphere, but concerns about the accountability of these arrangements have grown as well.

The central question in defining hybrid organizations is, What distinguishes public organizations from private organizations? There are two general approaches to this task. The first places public and private at opposite ends of a continuum and then defines the characteristics that separate them. James L. Perry and Hal G. Rainey provided a typology of hybrid organizations based on this method in 1988 that focused on three variables: (1) public or private ownership of the organization, (2) public or private funding of the organization, and (3) the means of social control—that is, whether the organization is regulated by the market or through the governmental process (polyarchy). Private organizations are privately owned and financed, and the market provides the means of social control. Public organizations are owned, financed, and controlled by a government. Hybrid organizations share characteristics of both.

Perry and Rainey identified six kinds of hybrid organizations: Government corporation, government-sponsored enterprise, regulated enterprise, governmental enterprise, state-owned enterprise, and government

contractor. Government corporations, for example, are publicly owned and have a strong legal connection with the government but are funded through private sources. Government contractors, conversely, are privately owned and operate according to the market but get their funding from public sources.

The second method of defining hybrid organizations asks whether the organization is a governmental agency (defined by a statutory relationship) that is assigned some of the characteristics of private organizations, for example, increased discretion over hiring and firing, or a private organization that is provided characteristics normally associated with governmental agencies, usually the provision of a governmental service. The former are frequently called quagos or quasi-governmental organizations, and the latter called quangos or quasi-nongovernmental organizations.

Interest in hybrid organizations has grown as reformers have searched for ways to improve governmental performance, but their use by governments raises a number of questions. Hybrid organizations, and privatization more generally, appear to offer the flexibility and efficiency of the market with the resources and (at least implicit) coercive power of a government, thus delivering better performance than traditional governmental agencies. One tradeoff for this flexibility, however, is public accountability. To whom are these organizations responsible? Their shareholders? Their governmental overseers? The public at large? Additionally, many governmental agencies have to meet legal requirements, such as equitable treatment of applicants, that private organizations do not. At what point should these legal requirements give way to management flexibility?

—*Keith W. Smith*

See also Market; Matrix Organization; Polyarchy; Privatization; Public-Private Partnership; Quango; Quasi-Market

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I

IMMIGRATION

Immigration is the process through which individuals become residents in a new country of settlement. People migrate for a variety of reasons, and individual states have their own legal frameworks governing the immigration process. Immigration commonly refers to a permanent move, where one becomes a resident and a citizen of the country, rather than a visit or temporary period of settlement for work reasons, for example. This permanence helps distinguish *immigration* from the more general term *migration*, which covers a wider variety of experiences.

Historically, the process of immigration has been of great social, economic, and cultural benefit to states and has in many cases seen the development of multicultural societies. The immigration experience is long and varied with many modern states being characterized by a wide variety of cultures and ethnicities that have derived from previous periods of immigration. In the postwar period, immigration was largely the result of the refugee movement following World War II and, during the 1950s and 1960s, the end of colonization across Asia and Africa. Immigration from these areas to former imperial centers, such as the United Kingdom and France, increased. In the United Kingdom, for example, the 1948 British Nationality Act gave citizens in the former colonial territories of the Commonwealth (a potential figure of 800 million)

the right of British nationality. After World War II, immigrant workers, or guest workers, played a vital role in the rebuilding of Europe's infrastructure by working in heavy industry, in health services, and in transport. However, immigrants suffered discrimination during this time, and this has contributed in some countries to the isolation of ethnic groups and minority communities. Although some states attempted to deal with the social exclusion of immigrants by limiting future immigration, others approached it with a more inclusive "melting pot" approach, focusing on the amalgamation of diverse cultures into one coherent understanding of citizenship. This approach has been integral to the notion of citizenship in the United States, where immigrants taking U.S. citizenship swear allegiance to their new place of residence. Critics of this approach highlight the assimilation of diverse cultures and the repression of difference in the name of the state. Immigration is therefore closely related to citizenship and the social and political rights to which citizens of a state are entitled.

States maintain control of their borders and therefore are able to monitor and determine the number of immigrants who are able to remain permanently. This can vary across states, and in some areas, borders are more open than in others. In 1985, for example, European states signed an agreement in Schengen, Luxembourg, to end internal border checkpoints and controls, and subsequent European Union (EU) immigration and asylum law was agreed to by

the European Council in Tampere, Finland, in 1999. European Community law therefore states that European Economic Area (EEA) nationals are given the right to live and work (right of residence) in other member states. In many states, this entitles newly arrived immigrants to public services (housing and social services, for example). In the United States, the mechanism for selecting legal immigrants is complex, but all legal immigration flows have at least three components—family (spouses, parents, and children of U.S. citizens), employment (containing many different categories including unskilled workers and investors), and humanitarian (including refugees and asylum seekers).

—*Sarah Parry*

See also Citizenship; Guest Workers; Migration; Transnationalism

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IMPORT SUBSTITUTION INDUSTRIALIZATION

Import substitution industrialization (ISI) refers to a development strategy used primarily during the 1930s through 1960s in Latin America—particularly Brazil, Argentina, and Mexico—and in some parts of Asia and Africa. The general focus is on trade and economic strategies that promote domestic production of previously imported goods to foster industrialization. In theory, ISI is expected to incorporate three main stages: first, domestic production of previously imported simple nondurable consumer goods; second, extension of domestic production to a wider range of consumer durables and more complex manufactured products; and third, export of manufactured goods and continued industrial diversification.

Four major drivers of domestic goods production have been identified: First, decreases in the availability of imports, as occurred during the Great Depression and World War I; second, balance of payments difficulties that encourage governments to impose import controls; third, gradual income growth through exports that increases domestic market size; and fourth, official development policies aimed at promoting industrialization.

The latter case of ISI has received the most attention and critique from development analysts. The theoretical foundation for deliberate, government-promoted ISI emerged from critiques of the international division of labor in which developing countries largely exported primary products and imported finished, manufactured goods from Europe and the United States. Critics, such as the Argentine economist Raúl Prebisch, argued that this division of labor would ensure continued poverty for primary product producers. The subsequent deterioration in trade for poor countries could be explained through productivity gains in the north that resulted in increased wages, rather than lower demand for manufactured exports. In the south, lower productivity rates in agriculture and mining led to low and stagnant wages. In addition, the industrial countries were seen to have industrialized through use of high protective tariffs, which provided additional support for similar policies in Latin America.

Prebisch and others thus argued that developing countries must promote industrialization through practices that promote domestic manufacturing. Promotion policies involved both protection of "infant industries" for imports and incentives to encourage capital and technology imports. Tariffs were often used in addition to controls on the availability of foreign exchanges, exchange rate manipulation, and import licenses for particular products necessary for manufacturing.

Key to the implementation of these policies was an alignment that emerged between three key actors in these societies: the government, including state-owned firms, domestic private enterprises, and transnational corporations (TNCs). This "triple alliance" involved government investment in intermediate and capital goods sectors to support industrial

expansion, domestic enterprise production of import substitutes, and TNC production of high-tech goods needed for manufacturing that could not yet be produced domestically. Although promoters of ISI anticipated that this alignment would last only until access to capital improved and production spilled into additional industries, the interactions between these actors were often mutually reinforcing. Participation by other actors was then limited, as was continued industrial expansion.

By the 1960s, ISI strategies were seen to have important drawbacks. Results were different in every country, but general trends included production that often did not extend into industries other than consumer goods, slow employment growth, agricultural sector decline, and minimal productivity growth. Social strife also emerged and is seen in part as resulting from increased internal migration and greater inequality. Although large countries such as Brazil and Mexico produced at least short-term growth with ISI policies, smaller countries, including Ecuador and Honduras, were less successful in fully implementing these policies.

Critics within Latin America, particularly exiled Brazilians at the *Comisión Económica para América Latina* and the University of Chile in Santiago, condemned the dependent industrialization that emerged from the triple alliance and that failed in promoting egalitarian development. These scholars, and others in Mexico, often pushed for more socialist models free from TNC participation.

Promoters of free trade instead decried ISI's protective measures, arguing that they created distortions in capital appropriation and prevented developing countries from pursuing their comparative advantage in international trade. New, protected industries and government planning were deemed inefficient in comparison with those encouraged through market-led development strategies. These critiques, supported in part by early observations of export-led growth in East Asia, produced a strong emphasis by economic and development agencies on export promotion beginning in the 1960s.

A third perspective highlights the relevance of national social and political histories to the success, or lack thereof, of ISI strategies. The ability of the government to learn and adapt production strategies to local conditions depended highly on the character of local institutions and social organization. Also, even though the producers of consumer goods may have been initially successful, they had little incentive to support industrial expansion because this would require protection of those industries on which they relied for their production tools, thus potentially limiting their supply of high-quality inputs. In addition, the opportunities available to expand domestic production into new industries were limited by the lack of support by TNCs for domestic technological learning, compounded by low levels of technical training in the domestic population. In each country, the opportunity to expand industrial production often depended on variations in these social and political constraints.

These critiques raise important questions about development strategies and the role of the state in the twenty-first century. Although ISI policies are seen not to have accomplished their developmental goals, market-led and export-driven growth have also received criticism. In the context of international trade and with some recognition of a role for the state in development, what tools remain for national governments to use in pursuing development? How can the need for country-specific strategies be reconciled with pressures for multilateral trade agreements? Can TNCs be seen as partners with developing country governments in developmental strategies, or does "dependent" development continue to constrain broader social developmental goals?

—*Jennifer Bussell*

See also Dependency; Development Theory; Industrialization; Neocolonialism

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IMPOSSIBLE JOB

A leader of a public organization holds an impossible job when external stakeholders expect that organization to accomplish goals that simply cannot be fully accomplished given the available means, technologies, and constraints. Most public organizations face a persistent discrepancy between formal goals and actual performance, but societal and political stakeholders understand and expect this. When stakeholders do not accept a performance deficit, the job becomes impossible.

The impossibility problem afflicts all public organizations to some degree. Most public organizations were initiated to solve intractable problems or pursue grand ambitions. They serve multiple, mutually contradicting, and highly controversial goals. Most lack the technology and the means to accomplish the imposed goals and labor under many constraints. When stakeholders do not consider these factors, it becomes hard, if not impossible, to defend persistent underperformance.

Some public organizations receive little empathy or sympathy from their stakeholders. This happens when an organization serves a clientele that many consider intractable and irresponsible (think of drug addicts and career criminals), when an organization harbors questionable expertise, or when there is doubt that the organization's activities will contribute to the public good.

The job of prison director provides a typical example. The prison director is expected to keep inmates inside, to provide a decent living environment that deters others from becoming a criminal, to offer rehabilitative programs, and to protect them against violence—all this with minimal funding and little political support. Routine incidents (an escape, a violent incident, a corrupt guard) underscore the dominant notion of a permanently failing operation. In a politically volatile environment and in the absence of objective performance indicators, it becomes hard for a prison director to command a minimal degree of legitimacy for the functioning of the prison(s).

The holders of these impossible jobs can apply two strategies to increase their chances of success. They can actively engage with their stakeholders to find common ground, to create a minimal consensus, to engineer coalitions, and to enhance the perceived authority of the profession. This strategy works best when it is accompanied by the second strategy of creating a strong-agency myth, which convincingly explains how the organization's activities contribute to the public good and the long-term health of society.

An impossible job requires from its occupant a high degree of institutional diplomacy: the ability to relate the organization and its goals to society's needs and ambitions without sacrificing organizational capacity.

—*Arjen Boin*

See also Bureaucracy; Incrementalism; Organization Theory

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IMPOSSIBILITY THEOREM

The first statement of the impossibility theorem is in Kenneth J. Arrow's *Social Choice and Individual Values,* 1951. This set theoretic theorem, based on the assumptions of rational choice theory, is a major social scientific finding that was partly responsible for Arrow's receipt of the Nobel Prize, shared with John R. Hicks, in economics in 1972, and the theorem served as the point of origin for the field of social choice. The theorem led to the dissolution of the early twentieth-century research paradigm of welfare economics, it led to a reevaluation of how democratic decision procedures arrive at representative expressions of individuals' preferences, and it proved that under most circumstances, it is impossible to have a valid statement of public interest or social welfare. The result has been used to challenge the cogency of the concept of "the public" as a meaningful social entity.

The impossibility theorem assumes that agents have complete and well-ordered preferences over all the outcomes under consideration in a collective choice situation. This requires that agents know whether they prefer, disprefer, or are indifferent between all two pairs of possible outcomes, and it requires that agents' preferences obey the logical relationship of transitivity requiring that if Adams is preferred to Madison, and Madison is preferred to Washington, that in turn Washington cannot be preferred to Adams. The impossibility theorem considers cases in which three or more agents make a collective choice from three or more alternatives in situations as diverse as democratic voting, establishing public policies that reflect social welfare, and the marketplace. The theorem is constructed to resolve the question of whether there is any mathematical procedure for amalgamating individual preferences that results in a collectively rational preference ordering of all the possible outcomes.

In addition to assuming that individuals' preferences are rational, the theorem stipulates that four minimal conditions must apply to the decision procedure so that its result is valid. The theorem requires that individuals be permitted to have any rational preference ordering over alternatives, that there not be a single dictator whose preference over a single pair of alternatives holds for the group decision, that the collective ranking over outcomes remains unchanged if one of the alternatives ceases to be considered, and that the collective choice uphold Vilfredo Pareto's condition holding that a unanimous preference over a pair of outcomes implies a collective preference over that pair. Most researchers agree that although these requirements are normative, they are sufficiently mild and beyond controversy.

The theorem proves that given these minimal assumptions, it is impossible to construct any procedure that results in a collectively rational expression of individual desires. Though highly technical in its statement, the theorem has important implications for philosophies of democracy and political economy. The theorem disregards the cogency of democratic will formation that rests on the assumptions of a "general will" suggested by Jean-Jacques Rousseau, or of a discursive public sphere advocated by John Dewey and Jürgen Habermas. The theorem rejects the possible formation of democratic will by relying on experts who paternalistically apply knowledge of what is best for a population. The theorem also denies that there could be either objective basic needs, or universal moral criteria, that any procedure for collective decision making should recognize, such as minimal nutrition standards or human rights.

—*S. M. Amadae*

See also Pareto Optimality; Positive Political Theory; Public Choice Theory; Rational Choice Theory; Social Choice

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INCENTIVE SYSTEMS

Incentives are motivational influences or stimuli aimed at modifying the actions of actors, organizations, or institutions. Incentives usually designate positive influences, whereas deterrents designate negative influences, but both are usually combined in an incentive system that will reward some actions and penalize others.

At the beginning of the twentieth century, social sciences' contemporary interest in incentives was triggered by the pioneering work of John Watson, which led to a whole branch of psychology—behaviorism. Watson argued that, although humans were indeed sophisticated animals, the underlying principle of their actions was not ontologically different from that of Ivan Pavlov's dog. According to behaviorism, human actions are mainly conditioned by learned

reactions to incentives and deterrents. Behaviorism has influenced most of the social sciences during the last century. For example, most postulates in economics are behaviorist, including those of agency theory in organizational economics, which rests mostly on the design and function of incentive systems as a means for creating convergence of interests between agents and principals, thereby inducing cooperation.

More broadly, in 1961, P. B. Clark and J. Q. Wilson wrote a classic paper on the topic ("Incentive Systems: A Theory of Organizations"), conceptualizing organizations primarily as exchange systems with properly designed incentive systems that reward individuals for their contribution in the activity of the organization. This perspective can be extended to any institution or even social system and thus has an obvious connection with the concept of governance itself. Clark and Wilson also provided a typology of natural incentives. Incentives can be material, solidary, or purposive. Material incentives are tangible rewards that have a monetary value, the most obvious being different kinds of remuneration. Solidary incentives are intangible and cannot easily be converted into tangible goods or monetary value. They are mostly linked to rewards for socializing, congeniality, social status, and the like. Usually, solidary incentives are not linked to the output or the goal of an organization or institution. Purposive incentives are also intangible and not easily converted to monetary value, but, contrarily to solidary incentives, they are directly linked to the ends being sought by the organization. For example, a community organization that successfully seeks safer streets or a cleaner environment can provide its members (and others) with these intangible commodities. Most incentive systems, organizations, and institutions will rely on an uneven mix of all three kinds of incentives.

The fact that the incentive system is a central part of any kind of governance system is now widely accepted. However, the design and fine-tuning of incentive systems that successfully modify people's or organizations' behavior in the desired way is no simple task. Many authors have convincingly argued that material incentives alone were limited in their capacity to motivate human actions. More generally, any incentive system will have breaches as well as unintended consequences. Moreover, although human behavior may be conditioned, this conditioning is so utterly complex that it is not easily influenced. Incentives systems are thus as central to any conception of governance as they are difficult to design or implement.

—Damien Contandriopoulos
and Carl-Ardy Dubois

See also Organization Theory; Principal-Agent Model

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INCREMENTALISM

Incrementalism is a theory of public policy making originally developed by Charles E. Lindblom. Lindblom rejected the prevalent idea of policy making as a process of rational analysis culminating in a value-maximizing decision, arguing instead that policies result from a pluralistic process of interaction and mutual adaptation among a multiplicity of actors advocating different values, representing different interests, and possessing different information. Incrementalism falls within the pluralist tradition in political science, strongly resembling both interest group theory and the bureaucratic politics approach of foreign policy making, differing from these two models primarily in its prediction that policymakers will build on past policies and so focus on incremental policy alternatives. Incrementalism has been fruitfully applied to explain domestic policy making, foreign policy making, and public budgeting.

Lindblom regarded rational decision making as an unattainable ideal. To function properly, rational-comprehensive decision making must satisfy two conditions that are unlikely to be met for most issues: agreement on objectives and a knowledge base sufficient to permit accurate prediction of consequences

associated with available alternatives. Where these conditions are unmet (and they will be unmet, according to Lindblom, for most policy issues), the rational method provides no guidance whatever for policymakers. Incrementalism circumvents these problems, producing defensible policies where the rational method is paralyzed.

Incrementalism is remedial in orientation, emphasizing the amelioration of concrete problems rather than the pursuit of abstract ideals such as social justice. Affected publics bring problems to government through a process Lindblom termed the social fragmentation of analysis. No one actor possesses information sufficient to make a rational policy decision, and problems are often addressed without ever being fully defined.

Incrementalism builds on past policies. Because limitations on both time and information preclude examination of more than a few options, policymakers typically focus on alternatives differing only marginally from previous policies. This narrow focus confines attention to options that are well understood and politically feasible.

In practice, policymakers do not identify objectives and then examine alternative means as called for by the rational ideal. To the contrary, means and ends are typically considered simultaneously inasmuch as different policy alternatives represent different trade-offs among contending values.

Incremental outcomes are virtually inevitable given the need to bargain over a limited number of alternatives that differ only marginally from past policies. Large change is nevertheless possible through the accumulation of incremental steps resulting from repeated policy cycles. This serial nature of the policy process represents yet another advantage of incrementalism, according to Lindblom; it permits policymakers to learn through a process of trial and error, converging on a solution gradually through a process of successive approximations.

Because Lindblom believed most policy issues exhibit conflict over objectives and inadequate information, he expected that departures from incrementalism would be rare. The knowledge base will be sufficient to permit rational decision making only for minor technical or administrative decisions. Wars, revolutions, or other grand opportunities may serve as catalysts for major policy shifts, but the eventual consequences of these dramatic departures will be unpredictable.

Political scientist Charles O. Jones argued that an aroused mass public opinion demanding action on a particular problem can prod policymakers to enact non-incremental policies. An aroused mass public will not always produce policy escalation, however. Where policymakers with a long-term interest and expertise in an issue disagree among themselves, non-incremental policy making is effectively precluded by conflict over objectives and the inadequacy of the knowledge base. Under such circumstances, policymakers may distract mass public opinion through a symbolic drama, while negotiating an incremental solution to substantive issues out of public view.

Whatever the effects of public arousal on policy making, non-incremental policy departures are unlikely to yield effective public policies where the conditions for rational policy making are unmet. Jones characterized the Clean Air Act of 1970 as one such instance, noting that mass public arousal did nothing in that case to increase the knowledge base available to policymakers. The technology-forcing provisions of the 1970 legislation assuaged public opinion by setting goals for businesses that no one knew how to meet at the time the law was passed. The conditions for rational decision making are most likely to be met (if at all) late in the life cycle of policies, after policymakers have accumulated a great deal of experience with policies and crystallized their objectives.

One's evaluation of incrementalism will hinge on underlying assumptions about human nature and what it is possible to achieve through politics. Utopians of both the Right and the Left reject its slow operation and apparent incoherence. More pragmatic policymakers find incrementalism a realistic and practical way to pursue needed reforms gradually, through a pluralistic process of trial and error.

For incrementalism to work properly, at least two conditions have to be met. All or almost all affected interests must be represented in the policy equilibrium, and there must be no major imbalances in power

among the various participants. Later in his academic career, Lindblom argued that corporations occupy a privileged position within all capitalist societies, primarily because of their extraordinary legitimacy and their ability to provide or withhold economic prosperity. Although seeming to abandon pluralism for a power elite view of policy making, Lindblom argued that his primary concern remained the effective operation of incrementalism. Where corporations wield excessive power, incrementalism cannot work properly, as options threatening to business interests are ruled out of order in advance and politicians pursue policies favorable to business interests whether these groups actively seek them or not.

—*Michael T. Hayes*

See also Bureaucratic Politics Approach; Interest Group; Policy Analysis; Policy Development; Policy Learning

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INDIGENOUS GOVERNANCE

Indigenous peoples are the original inhabitants of a geographic space that was subsequently taken from them by outside peoples either by conquest, occupation, settlement, or some combination of all three. Indigenous peoples most commonly refers to those peoples subjugated since the late fifteenth century by European powers and their colonies. Indigenous governance refers to the myriad ways in which these peoples continue to formulate, organize, and actualize their self-governance in formal and informal settings.

Such governance practices can be organized into three broad categories:

1. Practices that take place independent of, or prior to, the colonization by an external political entity. Indigenous peoples had already existing forms of political community before their domination and exclusion by foreign peoples. In many cases, these forms of governance continue and constitute an important part of the political lives of indigenous peoples. These forms of governance may include traditional pre-contact self-governance institutions; diplomatic practices in relation to other indigenous peoples; internal differentiation and collective organization of, for example, clans, families, bands, or tribes; and ceremonial activities.

2. Practices that take place in coordination with, or formally sanctioned by, the colonial power. In many cases, indigenous peoples have accommodated themselves to, and integrated themselves into, the political structures of the colonial power, either by force or choice, or both. The governance of indigenous peoples has historically been channeled into structures that typically continue to be controlled by the colonial power, formally and informally. Examples of such governance practices may include band-councils, quasi-judicial adjudicative panels, formal legal challenges, participation within the governing institutions of the colonial power (e.g., sitting in elective office of a legislative body of a colonial power), and treaty negotiations.

3. Practices that are specifically developed and exercised in opposition to colonial power. Indigenous peoples have always resisted colonialism and have practiced political governance to counteract the negative effects of exploitation and domination. These forms of resistance governance may include the organization and coordination of movements toward de-colonization, antiracist activism, and warrior societies.

Indigenous governance practices often take on more than one of these dimensions simultaneously, such as working within structures formally sanctioned by the colonial power but also simultaneously modifying and resisting them. Furthermore, because indigenous governance is a set of practices that is

always changing with the needs of indigenous peoples and with the colonial setting itself, it cannot be formalized as consisting of any particular one of these relationships, institutions, or goals.

—*Robert Lee-Nichols*

See also Multiculturalism; Postcolonialism; Self-Government; Tribal Governance

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INDIVIDUALISM

The term *individualism* refers to a strong ontological or moral trend in traditional political science that regards the individual as the constituting factor of social and political life. Ontological individualism sees society as being composed of individuals, whereas moral individualism argues that the assurance of individual rights is the highest of all goals. Seen from an individualist perspective, there is a strong tension between individualism and collectivism or collective rule. From an ontological perspective, collective rule is messy because it seeks to govern a group of atomistic individuals with different and conflicting agendas and desires. From a moral perspective, collective rule is problematic because it unavoidably reduces the autonomy—or freedom—of each individual.

Both ontological and normative individualism have played central roles in the development of the political systems known as liberal democracies. Liberal democracies have tried to establish a balance between individual autonomy and collective rule, partly by keeping the power of the state at bay, and partly by

limiting the realm of collective rule. General elections and a separation of powers within the state apparatus have prevented the state from becoming too powerful vis-à-vis the individual, and the realm of collective rule has been restricted by making a sharp demarcation between a public sphere of collective rule and a private sphere of individual autonomy and self-government.

The emergence of the governance society has undermined the traditional institutions of representative democracy, including the mechanisms that were intended to maintain and ensure the balance between individualism and collectivism. First, general elections are reduced to one of several channels of influence, and the price is likely to be a reduction in the influence of some individuals in comparison with others. Second, increased networking within the state apparatus is likely to undermine the separation of powers. Third, the integration of private actors in the governing of society undermines the borderline between the realm of collective rule and the realm of individual autonomy.

Some governance theorists have begun to challenge the image produced by ontological and moral individualism that individualism and collective rule are opposites and must be balanced just as they speak against the belief that the strongholds of traditional institutions of liberal democracy were to establish such a balance. Governmentality theorists such as Nicolas Rose and Michel Dean have argued, for instance, that the perception of how to govern society in liberal democracies does not place individualism in opposition to collective rule. On the contrary, individualism is seen as a central means of governing. Liberal societies have largely been governed through the shaping of freedoms where individuals govern themselves within an autonomous space organized by the state. In other words, the state has governed through the framing of self-governance. A clear example of this framing is the legal regulation of the market and the family as two realms of self-governance.

Governance theorists argue that the emergence of the governance society should be seen as an increase in the effort to govern by means of self-governance.

Hence, it has increasingly been recognized that self-governance should not necessarily be restricted to the private sector, but represents a promising means to improve the governing capacity of the public sector as well. Seen from this perspective, the governance society is the next step toward a society that governs itself through the shaping of spaces for individuality. Ontological and moral individualism serve primarily as legitimating narratives in the development of techniques of self-governance.

—Eva Sørensen

See also Capitalism; Governability; Governance; Governmentality; Interpretive Theory; Liberalism

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INDUSTRIALIZATION

Industrialization is a historical process of economic and social change whereby a society is transformed from a pre-industrial, agrarian economy to an industrial state. Industrialization is typically associated with technological innovation, particularly the development of large-scale production because of the use of new, inanimate energy sources (e.g., coal and steam engine). In addition to technological components, industrialization also entails broad political and social changes. The first known Industrial Revolution took place in Britain during the eighteenth and nineteenth centuries and became the prototype for the early industrializing nations of Western Europe and North America. Some place the Industrial Revolution as early as 1750 but others use the first quarter of the nineteenth century. In Great Britain, the textile industry is commonly seen as the starting point of industrialization.

Basic conditions of an industrial order are the following:

1. Production is geared to exchange rather than subsistence; in other words, agriculture must be able to produce a surplus of food suitable for mass distribution and consumption.

2. Inanimate sources of power in economic production largely replace humans and animals.

3. The application of scientific and engineering knowledge to production where mass production techniques become current knowledge.

4. Factors of production (e.g., labor, capital, and raw materials) are concentrated in large units (e.g., factories).

New social and economic relationships also developed in growing cities and factories as societies became more differentiated and complex in their social structure. Large numbers of workers concentrated in factories grew to be a strong political factor and created a material basis for civil society because resources were distributed away from the state into private hands. Industrialization also created an impetus for democracy as new social classes emerged, facilitating collective action.

Early industrializers became global economic leaders, creating a free market of labor and a pivotal role for the entrepreneur. Later industrializers, such as the Soviet Union (USSR) in the early twentieth century, attempted to industrialize in a few decades with predominately forced labor strategies. During the Cold War, several third-world countries industrialized guided by either the United States or the USSR. In the mid-twentieth century, industrialization spread to countries such as Japan, China, and India.

In the major industrialized nations of the late twentieth century, traditional large-scale industrial sectors, for various reasons, could no longer compete with flexible companies or high value-added industry as technological improvements and new industrial jobs required specialized skills, giving rise to mass unemployment. This shift away from manufacturing toward service industries aggravated by the increased liberalization of international trade has signaled what many see as the emergence of a postindustrial society.

—Rebecca Chen

See also Civil Society; Collective Action; Democratization

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INFORMAL ORGANIZATION

If the formal (or technical) organization is the distribution of roles and responsibilities within an organization as it appears on paper, then the informal (or social) organization is how the organization operates in reality. When emphasizing the informal organization, we draw attention to the patterns of activity and interpersonal relationships that develop inside an organization and that are not reflected in an organizational chart or personnel manual. We focus on what actually happens when organizational members perform (or do not perform) their jobs. The informal organization can work in conjunction with, parallel to, or against the formal organization.

The informal organization can be most directly contrasted with Max Weber's rational-legal bureaucracy, which is intentionally impersonal. There, responsibilities and functions reside in an office and are designed such that anyone with the necessary skills can occupy the office, learn how to perform its function, and do so with little variation in outputs. In contrast, the informal organization is intensely personal. Individuals may occupy roles and offices, but they bring to those offices their own interests, values, and assumptions. Their organizational behavior is as much a function of their personalities as it is their formal duties. Workers develop friendships (and enemies), trusted sources of information, and preferences for how to accomplish assigned tasks that may or may not support the formal organization.

The informal organization was first noted in the Hawthorne experiments of the early 1930s, where researchers noted the presence of a social organization in addition to the technical one that governed worker behavior. The social organization was structured and orderly, just as the formal organization was, and in this case worked to counter organizational efforts to structure the work process. Chester Barnard's work argues that an executive's work is chiefly concerned with shaping the social organization so that it works in conjunction with the technical organization. Indeed, the modern emphasis on organizational culture, mission statements, and efforts to empower workers can be seen as attempts by managers to structure the informal organization so that it reinforces rather than counteracts the technical core of the organization.

The informal organization fell out of favor as systems analysis in general declined in popularity in the 1960s. Its legacy, however, can be seen in more recent work on institutional theory and network analysis. Institutional theory views the organizational world as a construct of the ideas and conceptions of its members; socially created meanings and normative rules for acceptable behavior provide the basis for authority and decision making within the organization. Network analysis focuses on the interaction of culture, human agency, and social structure.

—Keith W. Smith

See also Decentered Theory; Formal Organization; Institutionalization; Network; Organizational Culture; Organization Theory; Social Network Theory

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INFORMATION ACCESS LAWS

At its broadest, the family of information access laws may be taken to include all those statutes and

regulations that determine who may or may not see information held by organizations—governmental or otherwise. These laws fall within one or more of five categories:

1. Access to information—other than personal information—held by the state in all its forms (e.g., freedom of information, which has archival access legislation as a subcategory).

2. Access to information about the individual. The sectoral scope of such laws varies from one national jurisdiction to the next, but the trend is toward coverage of state, private, and voluntary sectors (e.g., data protection).

3. Power of state agencies to pass personal data from one to another for certain, specified purposes (e.g., data sharing; strictly speaking a subspecies of data protection, but worth distinguishing because of its growing social and political salience).

4. Protection for employees who make unauthorized disclosures of information whose release may be seen to be in the public interest (e.g., whistleblower).

5. Determination of when state officials may or may not disclose confidential information held by the state. They also identify the sanctions to be imposed on those who make unauthorized releases (e.g., official secrecy).

It will be immediately apparent that this typology is based both on the organizational scope of the laws and the character of the information to which they relate. They may be combined in many ways, and they have been adopted by states in quite different sequences. In many states, all five categories may now be found alongside one another, integrated with varying degrees of success.

A number of official secrecy regimes had been established by the middle of the twentieth century (e.g., the British Official Secrets Act 1911), but the development of the broader family of information access laws is mostly a phenomenon of the second half of the century. It has its origins variously in a reaction to totalitarianism, in a mistrust of the democratic state, in consumerism, and in libertarianism. There is a growing debate about whether the rights enshrined in these laws constitute fundamental human rights. International legal instruments do lend support to the argument that information privacy rights have this status (for example, the European Convention on Human Rights). But there was some suggestion in the latter part of the twentieth century that the European Court of Human Rights was also willing to infer a right to information, albeit a partial one, from other rights in the European Convention.

The spread of this family of laws across the Western world and beyond has been encouraged by donors and development agencies (who see freedom of information as a bulwark against corruption) and by trading blocs (notably the European Union, which has sought agreements with its trading partners to secure the application of data protection principles to transborder data flows).

The speed of development of information access laws increased sharply in the last two decades of the twentieth century. The advent of the information society meant that greater economic and social power was vested in the control of access to information. Technological change also brought with it a raft of new legal challenges, not least those governing the definition in statute of basic information concepts whose significance had been transformed in the electronic environment (e.g., "original" and "record"). It seems probable that technological change will drive the renewal of information access regimes within shorter and shorter cycles for the foreseeable future.

—*Andrew McDonald*

See also Data Protection; Electronic Records; Freedom of Information; Open Government

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INFORMATIONALISM

All societies are to a certain extent shaped by human activity that produces subjective and objective information—cognition, communication, cooperation,

and the informational products produced by these processes can be found in all societies. All labor is based both on mental and manual aspects, that is, on a dialectic of mental labor and manual labor. Nonetheless, the terms *informationalism, information society, postindustrial society,* and *knowledge-based society* are reserved to characterize a social formation that is shaped by knowledge, information technology, science, and expertise as immediate factors of social production in its entire realm. Social production is increasingly shaped by mental and informational labor and less by manual labor. Informationalism is a mode of development of modern society that is structured by and based on knowledge, science, expertise, and information technologies.

Technologically achieved increases in productivity allow the reduction of the share of manual aspects and the increase of the share of mental aspects of labor, that is, the composition of labor shifts from the dominance of high-energy manual labor to the dominance of cognitive, communication, and cooperative labor (informational labor). Informational labor and informational production dominate and restructure all realms of the economy and society. The emergence of the information society is a multidimensional shift that involves the rise of knowledge as a strategic resource in all societal areas. Information has become, besides labor, capital, property, and power, a defining characteristic and mechanism of modern society. This shift has ecological, economic, political, and cultural dimensions and is accompanied by both new opportunities and new risks in all subsystems of society. Networked computer usage has resulted in a real-time globalization of social relationships; knowledge flows today transcend national borders; and they result in the globalization, intensification, and time-space-distanciation of social relationships and establish a more intensive and extensive interconnection of humans. The twentieth century has seen an unprecedented increase in intensity, extensity, and velocity of global communication that is closely related to the rise of radio, television, satellite transmission, the microelectronic revolution, and digital fiber-optic cable networks or digital data processing. We today live in an information society in the sense that information

and information technologies have become immediate forces of production that influence and change all subsystems of society. The increased informational character of society is the result of the rising importance of expertise, scientific knowledge, and information technologies.

The information economy can be characterized as an economy where labor is mainly cognitive, affective, communicative, and cooperative labor. Such labor produces symbols, social relationships, knowledge products, and expertise. Services, especially information-based services, have become the main sector of the economy. Networked electronic communication allows a reorganization of the corporation and mediates the emergence of transnational corporations, flexible production systems (lean production, outsourcing, just-in-time-production), and the decentralized, networked firm. Informational labor, communication, information products, research, expertise, and marketing have become central aspects of value production. There is an increasing importance of engineering, management, researchers, and technological jobs in firms. The information economy has a polarized social structure, both low-paid/low-qualified and high-paid/high-qualified informational labor have been rapidly increasing. Hence, one can also speak of the rise of a white-collar proletariat, a cybertariat, or cognitariat. The main antagonism of the information economy is the one between information as a public good (open source) and a commodity (intellectual property rights).

Characteristics of an informational polity include the emergence of e-government, electronically networked forms of surveillance, global virtual political communities, discussions about the potentials of e-democracy and the threats of e-populism, and new forms of protests and social movements that have been described as cyberprotest and cyberactivism. The main antagonism of informational polity is the one between the potentials of e-democracy and networked forms of political participation and digital, networked surveillance and control.

The Internet and the computer are the main technologies that shape informationalism. They both have their origin in military developments, but have been

generalized and commercialized. Capitalist restructuring has been the main driving force of informationalism—hence one can describe the dominant societal formation adequately as informational capitalism; without capitalism, the emergence of an informational mode of development would have taken place more slowly. Informationalism is a mode of development that allows capital accumulation in faster and more productive, flexible, efficient, and rational forms. Informationalism and capitalism are mutually connected, but can't be reduced to each other. Informationalism has enabled the post-Fordist restructuring of capitalism; the logic of capital accumulation has coined the rise informationalism.

—*Christian Fuchs*

See also E-Democracy; E-Government; Fordism and Post-Fordism; Network Society; Public Information

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INSTITUTION

In ordinary language, institutions signify core concepts of governance, such as the executive, parliament, and judiciary. In current political science, institutions take a broader meaning. They are formal rules (including constitutions), informal norms, and shared understandings that constrain and prescribe political actors' interactions with one another. Institutions are generated and enforced by both state and nonstate actors (such as professional and accreditation bodies). Within institutional frameworks, actors may have more or less freedom to pursue and develop their individual preferences and tastes.

Institutions have always been a major subject of social science research, particularly in political science and sociology. Their importance has been reinforced, since the 1980s, with the emergence of new institutionalism and its intellectual streams—rational choice, historical, normative, and sociological institutional theories.

Why do actors adhere to institutions? From a rational choice institutional perspective, with its instrumentalist logic, people follow norms because they want to avoid sanctions and maximize rewards. For instance, members of parliament, in a parliamentary regime with closed-list elections, are more likely to adhere to norms of party discipline, in hopes of being remunerated with a future executive position, than are members of the U.S. Congress, who are less dependent on the president for their future political career.

Normative institutionalism, however, explains actors' adherence to norms in reference to their perception of some actions as appropriate or inappropriate for people in their role. For instance, a minister may resign as a result of a crisis related to her ministerial department, following an informal norm of proper behavior in such circumstances, regardless of whether she perceives this action as instrumental to her future reelection prospects.

Sociological institutionalists claim that the strength of some institutions results from their taken-for-granted nature: Actors adhere to norms because they cannot conceive an alternative form of action. For example, a prime minister may respond to a political crisis by nominating an independent public inquiry, headed by a supreme court judge, because this has become the standard response to instances of crises.

Institutions have been shown to have a major impact on political processes and outcomes. Rational choice institutionalists emphasize institutions' role in shaping the degree of stability and change in a polity through the determination of the number of players whose consent is necessary for a change in the status quo. Historical institutionalists highlight institutions' path-dependent effect, whereby the contingent choice of one institution over another—for example, private over public provision of pensions—results in actors' investment in adaptation to the selected institution and therefore in its durability and in stable divergence of countries' institutional forms. Conversely, normative

and sociological institutionalists explain the convergence of governance regimes across counties (for example, privatization and the new public management reforms) as a result of the legitimacy of these institutional forms.

—*Sharon Gilad*

See also Deinstitutionalization; Embeddedness; Institutionalism; Institutionalization; Institutionalized Environment; Institutional Performance; New Institutionalism; Norms; Punctuated Equilibrium; Rule; Weak Institution

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INSTITUTIONALISM

The study of institutions has a long pedigree. Contemporary institutionalism draws insights from older works in a wide array of disciplines including economics, political science, sociology, anthropology, and psychology. The reappearance of interest in institutions in the early 1980s follows a familiar pattern: a reaction to dominant strands of thought that neglected institutions, historical context, and process in favor of general theorizing. As a result, institutionalism is characterized by an epistemological preference for historicist rather than deductive-nomological approaches to research. The new institutionalism (NI) is less "new" than it is a restatement of previous scholarship. At the same time, the contemporary study of institutions has been reinvigorated by a concern for theoretical elaboration of microlevel processes. The following discussion traces the development of institutionalism from the nineteenth century until the emergence of the NI. Although the focus is on intellectual developments that occurred before the neoliberal turn, a historical understanding of institutionalism is useful for approaching contemporary problems of governance because the concepts used to discuss contemporary institutional arrangements originated in the past.

Nineteenth-Century European Institutionalism

A full overview of the institutionalist tradition would go back to Aristotle's discussion of regime types (*politeia*). More recent interest in institutions emerged during the nineteenth century among the German historical economists (GHE) or what Paul Pierson called the institutional economists. Providing a critical response to the universal theories of the classical economists, these scholars disparaged deductive work, which they considered to be self-referential mathematical modeling. They argued that economic life is better understood through empirical work rather than through logical philosophy.

Their key insight was the need for historically and sociologically informed empirical analysis of reality. The earliest figure from this group was Wilhelm Roscher. His work insisted on the importance of context—historical, social, and institutional—for understanding the laws of political economy, economic behavior, and the empirical diversity of social life. Early research focused on the relationship between the social and economic organization of society, stages of development, and evolutionary processes. Bitter conflicts with their Marxist contemporaries (followers of the theories of Karl Marx) notwithstanding, some scholars now see a close analytical affinity between the two traditions.

It is customary to divide the GHE into three generations: Early, Younger, and Last. The latter is noteworthy because it encapsulates some of the work of Max Weber, who was influenced by early GHE. Weber is perhaps the most influential modern institutionalist. Contemporary institutional works that posit institutions as an independent and non-epiphenomenal

variable are indebted to Weber's theorizing a political realm that is autonomous from economics and ideas. In his discussion of the state and bureaucracy, he proposes a macrosociological theory of institutions.

Institutionalist insights are also present in Weber's theory of authority. For Weber, charismatic authority, though magical in essence, is inherently transient. As charisma exhausts itself and becomes routinized, traditional or rational-legal forms of authority take its place. With routinization, social relations and interactions become increasingly regular, predictable, and impersonal. Under modern capitalism, these take on a rational-legal form and become more extensive and elaborate. Some usages of the term *institutionalization* are thus a subset of Weber's process of routinization. Later institutionalist insistence on the importance of the legitimacy of social action is informed by Weber's insight that social action is framed with reference to a "sacred" metaphysical principle.

Early Twentieth-Century American Institutionalism

Institutionalism appears in American scholarship during the late nineteenth and early twentieth centuries in the works of the American institutional economists (AIE). Thorstein Veblen was a pivotal figure who criticized the neoclassical approach for its focus on individuals and exogenous specification of preferences. He argued that individuals are shaped by their institutional and sociocultural context. He emphasized habit, instinct, and emulation as alternatives to utility calculation models of behavior. Veblen theorized institutional persistence, a product of lock-in, and developed several mechanisms of change, including conflict between institutions, exogenous shocks, and the interplay between routines and the variable and volatile action of agents.

Although Veblen embraced an organicist approach to social science, favoring the biological metaphor of evolution over the physical metaphor of mechanics deployed by economists, he was explicitly antifunctionalist. He raised the possibility of social breakdown, and his vision of history as an unfolding process that is cumulative but also crisis ridden, rather than as a

self-balancing smoothly changing system, marks an early appearance of both critical junctures and path dependence. Veblen's theory of institutions, though underdeveloped, already identified many concepts that are central to historical institutionalist (HI) research.

A later figure among the AIE was John R. Commons, who rejected the framework of the classical economists in which providence endows individuals with freedom to enter into relations of economic exchange and economics is separate from politics. Commons argued that economics was a series of transactions that were made possible by institutional supports. He identified three types of transactions: rationing, managerial, and negotiated (associated with communism, fascism, and capitalism respectively). Institutions have to guarantee liberty and property before negotiated transactions can occur. He defined institutions as the working rules of collective action that are laid down and enforced by various organizations including the state. Institutions produce order by creating expectations toward which individuals can orient their economic behavior. This interpretation of institutions is at the heart of rational choice institutionalism (RCI) and the new institutional economics (NIE) and can be seen in the recent works of authors such as Douglass North. (Commons also added that collective action occurs most frequently according to customs, which are later supplemented by formal rules that are more precise, elaborate, and carry sanction.)

Mid-Twentieth-Century American Institutionalism

An anthropological version of economic institutionalism emerged later in the work of Karl Polanyi. Influenced by the GHE, he argued that economic relations are historically contingent and cannot be understood outside of their social context. For Polanyi, economics is always embedded in society. Rather than economic relations producing social integration, Polanyi argued, the social background, and institutions in particular, integrated the economy. According to this logic, markets are not the product of spontaneous acts of exchange. Instead, personal-level acts of exchange produce prices only under a system of price-making

markets—a system that cannot arise solely from random acts of exchange. Historically, the market system is a relatively recent innovation and only one of several, contingent institutional solutions to the problem of economic integration. Additional forms of integration are reciprocity (e.g., lend-lease) and redistribution (e.g., the Soviet Union).

Polanyi defined institutions broadly as uniting, stabilizing, and giving structure to the economic process. Although economic institutions such as price and money are important, Polanyi also stressed the importance of non-economic institutions such as religion and government. Haggling over price and individual choice are understood as a product of institutions; this foreshadows later sociological institutionalists (SI) who see human behavior as following a "logic of appropriateness" and institutions as creating identities. Like his predecessors, Polanyi rejected the idea that contemporary economic science can universally capture economic relations.

Institutionalism also appears in political science during the mid-twentieth century when American political science was dominated by the study of democratic progress in the United States. Analysis of other countries was rare. Nevertheless, theorists such as Carl J. Friedrich focused on institutions in their cross-national work on constitutionalism. For Friedrich, constitutionalism was characterized by both a concern for individual autonomy and institutional arrangements—divided government and federalism—to prevent the concentration of power, especially in the state. Institutions are the rules of politics and the instruments of their enforcement. However, Friedrich is careful to note that institutions must reflect social and political reality, and without belief in their legitimacy, they are greatly weakened. Friedrich sharply contrasted modern constitutionalism from nonconstitutional systems such as totalitarianism, and his work on the latter influenced an entire generation of Sovietologists. Finally, he was also interested in questions of institutional crafting—a concern that re-emerges among institutional transitologists of the 1980s and 1990s—although he was agnostic about the existence of a "universal common denominator" for institutional design. Friedrich's insights can be seen in both HI and RCI.

Institutionalism appeared in sociology with the emergence of organizational science (OS), which was a response to the rapid growth in the size of firms starting in the 1860s. The earliest and most influential figure was Chester Barnard, who in the 1930s argued that an organization is a complex system of cooperation and highlighted the need to understand the behavior of the individuals that compose it. He identified a disconnect between an organization's conscious system of coordination (formal aspects) and its unconscious processes (informal aspects). The latter include customs, habits, attitudes, and understandings. The role of the executive is to create open communication and inducements for individual members.

Barnard stressed the importance of nonmaterial inducements, which facilitated individuals' carrying out orders without consciously questioning authority. From this perspective, a manager directs the values of the organization so that individuals work toward a common purpose. He also argued that organizational forms vary across organizations because the configuration of individuals is unique to each organization, as is the appropriate organizational solution. Starting in the 1950s, organizational theories by Philip Selznick and others combined Barnard's insights with ideas from structural functionalism; these are sometimes referred to as the "old sociological institutionalism."

After World War II, a group of behavioral economists known as the Carnegie School criticized neoclassical economics for deductive theorizing that relied exclusively on empirically untenable theories of rational choice. Influenced by the behavioral revolution in psychology, they offered alternative microfoundations for understanding human behavior. In his analysis of firm behavior, H. A. Simon remarked that both the internal organization of firms and their external decisions did not correspond to the predictions made by neoclassical economic theory. He theorized that emotional and cognitive processes interfered with goal-directed behavior, rendering rational choice difficult. Though institutions were not explicitly mentioned, patterned individual behavior was explained through "behavioral routines"; the new concept had an important influence on organizational theory.

Institutions Neglected

During the 1950s and 1960s, American social science was dominated by structural functionalism (SF), a universalistic approach developed by Talcott Parsons. Parsons was greatly influenced by European classical sociology and particularly by Weber's concept of legitimate authority and routinization. Rather than dealing with the difficulty of establishing their empirical boundaries, Parsons theorized institutions as constituting the political subsystem and performing functions to promote the stability of the larger social system. In this view, institutions are not autonomous but, rather, adapt to pressures that emerge from outside the subsystem. Institutional change is explained by analogy with Freud's ego psychology of the individual: Institutions undergo a process of character formation, which leads to symbolic and functional coherence. Structural functionalism is closely related to David Easton's systems theory (ST). Inspired by cybernetic science, the political system serves the function of authoritatively allocating values for society. Specifically, institutions converted inputs (demands and supports from outside the political system) into outputs (decisions that are universally binding for all of society). Both SF and ST were characterized by a modernization teleology that was subsequently criticized.

Starting in the 1940s, a behavioral research program emerged that focused on individuals and their location in the social structure. Relying on increasingly sophisticated statistical methods, these scholars sought to correlate political behavior with various socioeconomic variables. The implicit theory of politics is pluralist; macrolevel outcomes result from the aggregation of individual choices. Nevertheless, as in SF and ST, institutions are epiphenomenal. The state and political institutions are in the background and merely serve the function of allocating public goods to competing social groups.

Institutionalism Revisited

In response to theories that focused on social structure, the 1980s witnessed a resurgence of interest in institutions and the emergence of the NI. Theorists of comparative politics such as Peter Evans, Dietrich Reuschmeyer, and Theda Skocpol suggested that the state was autonomous and called for bringing the state back in as an explanatory variable. *Bringing the State Back In* became a seminal work that proposed an institutionalist research program that would sustain political science for more than two decades. The study of institutions was significantly advanced with research in political economy on the state-led development of the Asian NIEs, as well as institutional reforms in the developed countries. With the onset of the third wave of democracy, researchers also became increasingly interested in cross-national comparison of institutions, with a view to understanding the process of democratization. Finally, the global expansion of capitalism and European Union (EU) integration led to significant research demonstrating the role of institutions as intermediaries between structures and outcomes.

Paul DiMaggio and Walter Powell's call for a new institutionalism is noteworthy because it emphasizes the "taken for granted" nature of institutions. The inspiration for this concept comes from *The Social Construction of Reality,* in which Peter Berger and Thomas Luckmann argued that human beings create and recreate the social world themselves but experience it as an objective reality. Adopting the phenomenology of Alfred Schutz, Berger and Luckmann argued that the disconnect is because humans are introduced to knowledge of society through language that reduces all unique and concrete experiences of social encounters to generalized meanings. More broadly, "objective reality" is a product of the institutionalization of language, roles, and traditions.

Finally, James March and Johan Olsen's explicitly referenced earlier institutional works in their call for bringing institutions back in. In addition, they offered a specific critique of rational choice theories and rearticulated older concepts such as path dependence, unintended consequences, and critical junctures, and claimed that theoretical work remained to be done at the level of microprocesses. Finally, they adumbrated a research program to investigate among other things the interaction of society and institutions, the sources of institutional coherence, how historical processes lead to delayed outcomes, and nonutilitarian models of behavior.

Conclusion

Most of the concepts used to understand institutions in discussions of governance appeared in earlier institutionalist research. In response to ontological and epistemological changes in the social sciences, some concepts underwent various transformations. One example is the SI idea of "taken-for-granted," which is a phenomenological version of what behavioral economists called "routine," which is a cognitive version of what Veblen called habit. At the same time, the concepts that underpin institutionalism are becoming more theoretically elaborate. This is particularly true at the microtheoretical level and can be seen in the NI. From this perspective, one might say that our understanding of institutions is itself becoming institutionalized.

—Boris Barkanov

See also Institution; New Institutionalism; Organizational Structure; Political Economy; Punctuated Equilibrium; Sociology of Governance

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INSTITUTIONALIZATION

The process and development or changing of rules and procedures that influence a set of human interactions over time is called institutionalization. Hence, institutionalization is a process in which societies are "made" and "modified" by regulating societal behavior (i.e., supra-individual behavior). Three options can be distinguished: (1) rule making or their installment, (2) rule adaptation or developing "best practices," (3) rule change or replacing "old" rules by "new" ones.

The German social scientist Max Weber was already aware of processes of institutionalization and its subtle variations. He explicitly differentiated between rule configurations that were goal orientated (*zweckrationalität*) and those that were idea consolidating (*wertrationalität*). This nuance between purpose and value orientation is still relevant for studying institutionalization. Institutional processes that direct behavior with reference to a shared goal can be considered as organizational types of institutionalization, whereas modes of (preferred and stabilized) conduct of actors are based on mutual expectations. Institutionalization is thus a human activity that installs, adapts, and changes rules and procedures in both social and political spheres. It affects the interactive behavior of individuals and organizations as well as of political entities (e.g., states). This distinction between individuals, collective actors, and polities is important because the way rules and procedures are developed and subsequently become operational is different for each sphere. For example, the development and establishment of liberal democracy is actually an ongoing process of institutionalization. On the one hand, it reflects a shared value within a society as expressed in its appreciation of individual

political and civil rights (*wertrationalität*), but on the other hand, the relationship between state and society is organized by means of basic laws to define its mode of governance to make it work democratically (*zweckrationalität*).

With regard to social interactions, rules evolve more often than not in a nonbinding fashion, albeit depending on informal hierarchies and whether or not they are born out of necessity. Eventually, many practical rules are developed into institutionalized behavior that remains more or less stable over time: Practices become shared rules that in turn are formalized in supra-individual terms (e.g., the Ten Commandments in the Bible, but also Jean-Jacques Rousseau's idea of the social contract).

This type of institutionalization may well be typical of organizations and societal development as such. Yet, it is not typical if we consider the political space: Political systems are by definition characterized by the existence of binding rules that are formalized (e.g., by law or constitution) and can be enforced independently from individual actors (like enforcement by the police). Although procedures may differ to some extent, both rules and procedures are subject to scrutiny and external controls (by the judiciary, the legislative, electorates, etc.) that are characterized by a hierarchical relationship. In this view, the human interaction within a polity is prescribed and largely predictable. Hence, the process of institutionalization serves the purpose of a system's stability. Yet, it should immediately be noticed that also in the political sphere rules and procedures do change and are adapted if and when unintended consequences occur and the input legitimacy and output legitimacy of a political system is negatively affected by the relationship between rules and procedures, on the one hand, and political behavior and system's performance, on the other hand. Electoral reform (e.g., recently in Italy and New Zealand) and decentralization (e.g., in Belgium and Great Britain) are examples of restoring the institutional framework of the polity to enhance legitimacy. The debates on a constitution for the European Union (EU) and on establishing democracy in post-communist Europe reflect the attempt to regulate political behavior and to enhance responsible

government. Political institutionalization is therefore not a static but dynamic process.

Institutional analysis has produced various explanations for the emergence and change of rule configurations and related behavior with regard to political and social outcomes. Three types of explanation can be discerned:

1. *Rational choice:* Institutionalization is considered as the urge for establishing general welfare, where rules of behavior constrain the actor in choosing strategies of goal-attainment. This is a well-established and widespread approach within institutional analysis and is well suited to understanding the emergence of governance in all its variations (from public to private, etc.); that is, if and when the actors' preferences are stable and their interests are revealed in a transparent fashion (as is, for instance, assumed under democratic conditions in relation to party competition). However, although rational choice does perform quite well if these assumptions are met with respect to analyzing highly institutionalized systems and circumstances, it does less well in situations where conflict and values are prominent. It appears that this type of explanation is suitable for policy analysis and routinized behavior.

2. *Culture matters:* The embeddedness of values and norms and their influence on social and political relations is seen as constitutive of the process of institutionalization. The extant belief systems of a society and the related framing of reality are considered to promote forms of legitimate governance. In the cultural approach, mutual trust is the basis for acceptance and justification of rule making and perseverance. For instance, the process of democratization is thought to depend on the cultural context in which formal binding rules are operational: the logic of appropriateness—as James March and Johan Olson call this process—is developed in addition or in place of the formal ones (the logic of consequentiality). This approach appears suitable for understanding behavioral variation of political actors under seemingly similar institutional arrangements like liberal democracy.

3. *Shock and crisis:* Institutions change as a result of exogenous and indigenous shocks to a system. If we

limit ourselves to political systems, then rule adaptation or the installment of new rules and procedures is considered as a system's response to a (perceived) crisis. Apart from a breakdown, this can also mean adapting the existing framework of reference for problem solving by government. Alternatively, endogenous shocks are often seen as sources for radical institutional change. More often than not, this is conducive to institutional battles over the preferred direction of change and conflicts over the extent of change. Examples of this are the transformation of the Soviet Union into its present polity and the emergence and development of the EU. In this perspective, institutional change is analyzed with a view on shifting power relations among actors. The reorganization of a polity's rule-adaptation and related procedures is then considered as a redeployment of power resources.

Institutionalization is a complex process of evolving rules and procedures that is by definition dynamic. As institutions must be considered as humanly devised contracts of social and political actors, the actual working and related performance of institutions is conducive to changes in society and its type of governance.

—Hans Keman

See also Deinstitutionalization; Democratization; Governance; Informal Organization; Institution; Institutionalized Environment; International Organization

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INSTITUTIONALIZED ENVIRONMENT

The idea of the institutionalized environment is based on the more fundamental concept of the institution. The definition of institution has itself been subject to a reasonable amount of debate: Institutions may be defined narrowly—understood to mean formalized governmental structures (such as agencies) and written rules—or more broadly, in that all informal rules and practices that have been socially legitimized may be considered to be institutions. Using either definition, evoking an institutionalized environment is thus a way of examining the effects of a complex set of collectivities, rules, and practices on an individual or an organization. In general, the institutional perspective on governance provides a popular route for the application of sociological theory, allowing scholars to consider the combined effects of structural and cultural elements on their subject of inquiry. Prescriptively, such a perspective may suggest that familiarity and facility with existing institutions are the keys to effective political action.

Because the institutional environment represents such a potentially enormous set of influences, theorists have found different ways of breaking elements of the institutionalized environment into more usable pieces. One popular method is to define the effect of institutions against the dictates of rational, decontextualized efficiency. Where an organization or individual is perceived to act in a way that is not the most efficient for the direct achievement of a goal, the institutional environment may be examined for ways that it prompted an inefficient course of action. This form of analysis typically seeks to demonstrate that the action ultimately was rational in that it was the most efficient action available under the institutional circumstances, or that the legitimacy the actor gained by acting within the institutional guidelines ultimately most efficiently furthered the achievement of the actor's goals. A rational analysis may also consider the degree to which an environment is institutionalized—the number or power of individual institutions operating in an actor's environment. More provocatively, some theorists have pointed out that the valuation of rational efficiency is

itself a cultural institution—a position that invalidates the opposition of rationality against all other institutions and seeks, rather, to understand the interplay of institutions on actors.

Other approaches turn to the institutionalized environment to understand organizational isomorphism—the tendency of actors to conform to their environments. To explain this, some theorists differentiate the institutionalized environment according to the forms of pressure that are brought to bear on organizational actors. Coercive institutional pressure is the pressure to conform to the dictates of governmental regulations or laws and is the most stringent form. Normative institutional pressure describes pressures to conform to cultural values derived from social or professional groups. Finally, mimetic institutional pressure describes the tendency of organizational actors to resemble other actors in their environment without any obvious sanction driving them to do so. This last form is also described as the cognitive effects of institutions—the ability of institutions to manipulate symbolic systems in such a way as to alter social perceptions and interests.

—Emily Shaw

See also Institution; Institutionalization; New Institutionalism

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INSTITUTIONAL PERFORMANCE

The concept of institutional performance refers to the quality of public service provision. It focuses on the performance of various types of formal organizations that formulate, implement, or regulate public-sector activities and private provision of goods for the public. Therefore, institutional performance is often referred to as "governmental performance" or "quality of government," and excludes other types of social institutions, such as family or religion. To perform well, institutions have to be responsive to citizens' demands and expectations and to be able to effectively design and implement policies reflecting these demands and expectations. Therefore, quality of institutional performance is assessed in reference to two broadly defined issues: responsiveness and efficiency.

Institutional performance is a matter of primary importance in democratic regimes because this is where accountability is necessary to maintain a government's legitimacy. Responsiveness, accountability, and impartiality of governmental agencies and equality of all citizens are among the main definitional features of democracy, whereas in nondemocratic regimes, coercion, religion, or tradition may serve as primary sources of regime reinforcement and legitimacy. Research shows that, indeed, nondemocratic regimes tend to have much worse performing institutions (i.e., less transparent, responsive, and efficient).

Indicators

Recently, there has been an increasing interest in developing indicators of institutional performance. There exist two major methods of assessing performance quality. The first one refers to the public's confidence in institutions, that is, to citizens' beliefs that institutions' agents are fair, are competent, and bring about desirable outcomes. This approach assumes that the general public recognizes whether institutions perform well or not and reacts to this. Therefore, this approach uses public opinion surveys, especially survey questions about respondents' confidence in various types of public institutions (such as parliament, police, government, the legal system). Public opinion–based indicators are relatively sensitive to short-term changes and isolated events, such as political scandals, and they tend to reflect evaluations of the current government policies and satisfaction with public services available to an average citizen. Therefore, they are particularly adequate to explore the institutions' degree of responsiveness.

The second approach uses expert surveys and conventional statistical measures (such as levels of spending, unemployment rates) to create objective indicators of performance. The paradigmatic example is World Bank Governance Indicators project, which looks at (among other issues) government effectiveness defined as the quality of public-service provision, quality of bureaucracy, competence, and independence of civil service and government's commitment to policies, and at regulatory quality, which is defined as the lack of excessive regulation and the low incidence of market-unfriendly policies. Objective indicators capture relatively stable institutional characteristics and are less sensitive to short-term changes. Both types of measures—public opinion and objective indicators—can be used to analyze trends over time in performance or to make comparisons between different institutions within the same country or equivalent institutions across countries. A simultaneous decline in the quality of several institutions is likely to be an indicator of a system-related political crisis.

Sources

There is significant interest in the possible determinants of good institutional performance. Most recently, the concept of social capital, linking institutional quality with the culture of trust and reciprocity and widespread civic activism among the general public, has become particularly popular among academics and policymakers. This concept suggests that where citizens are engaged in community affairs and public issues, and are willing to compromise over polarizing issues, overcoming collective action problems becomes easier and "rent-seeking" and patronage practices among public officials are less likely. Therefore, social capital promotes broad interest articulation and ensures active evaluation and verification of institutions' responsiveness. However, critics of the social capital approach argue that the relationship between social capital and institutional performance is in fact reversed, and that citizens' attitudes and engagement are determined by institutions' quality.

An alternative approach to understanding the determinants of institutional performance focuses on institutions' organizational features and places the issue of public-sector performance within the framework of private sector and business management. Proponents of this approach believe that to be efficient and profitable, firms must have the capacity to flexibly respond to customers' changing expectations. Therefore, proponents search for the determinants of institutional performance predominantly within the public administration's capability to reform itself efficiently to become more responsive to citizens' demands.

Implications

Quality of institutional performance has numerous important implications. Institutions that perform well are likely to elicit support, confidence, and compliance from citizens. Good institutional performance generates support for the government and, more generally, for the political regime. This is particularly important in the countries undergoing political transformation, where democracy has not yet fully consolidated. Poor performance undermines citizens' confidence in institutions, which may result in political apathy and decreased legitimacy of the regime. Citizens' perceptions of institutions as trustworthy and competent influence citizens' compliance with the law.

Economic growth is also dependent on institutional performance. The quality of bureaucracy and the regulatory framework reflecting government's general attitude toward business influence firms' productivity. They form an economic environment that strongly influences the degree of capital accumulation, skill acquisition, technology transfer, and invention. Law enforcement is the key element preventing private diversion of economic outputs, whereas government expropriation, confiscatory taxation, and corruption are the major means of public diversion in an economy. Therefore, the quality of government and institutional performance strongly affects national growth.

—Natalia Letki

See also Effectiveness; Institution; Performance Measurement; Rule; Satisfaction; Social Capital; Weak Institution

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Interdependence

Actors (persons, organizations, groups, governments) are interdependent when they need resources, assistance, or efforts from other actors to realize their own ambitions. This interdependency consists in the fact that no actor can reach its goals solely with its own resources: The resources the actors need to reach their goals are divided among them.

Resources include the whole range of formal and informal means parties possess to achieve their objectives. This may include formal competencies and decision-making power (authority); clearly identifiable resources such as money, organization, and human resources; and less tangible resources such as authority, legitimacy, strategic capability, mobilization power, and the like. An actor's degree of dependence is determined by the importance this actor attaches to resources "owned" by others and by the possibility of substituting these resources or acquiring them through other actors. The importance and the substitutability of these resources thus determine dependency relations.

Backgrounds of Interdependency: The Network Society

Between government and society, but also between the different actors within society, the public and private sector, many forms of interdependence exist, and the widespread consensus is that these interdependencies have grown in number, variety, magnitude, and intensity.

Several authors have argued that these growing interdependencies are related to the dramatic changes in our society during the last decades. These changes can be summarized as a development toward a network society in which horizontal relations and networks have grown in importance partly as a result of information technologies but also because of specialization. According to some authors, other societal trends, such as individualization, have reinforced these developments. Individualization, considered as one of the major societal developments in Western society, results in a larger variety of values and seems to go hand in hand with a diminishing of the importance of traditional societal relations. The change toward a network society (and the growing variety of values) makes our society less governable from one point because resources are divided and there are no undisputed values for judging policy proposals and outcomes.

Manuel Castells has argued that our societies are increasingly formed in the bipolar tension between the net and the self. If we look at Castells's analysis, this development toward a network society is a gradual progression that started sometime in the 1970s but accelerated during the final decade of the twentieth century. The implicit assumption is that there is a growing need for interorganizational structures between organizations (in the private as well as the public sphere) to deal with this growing complexity of interactions in the public and private sphere (and the interfaces between those spheres) because of interdependencies. The growing number of strategic alliances between firms, the attention to chain management and networks of firms, and the growing attention to forms of co-governance and public-private partnerships gives ground for this assumption.

The consequence is that to solve the complex policy problems that government faces, government needs to involve various actors in policy-making and implementation processes. Private actors, social alignments, and citizens do have important resources or the

power to obstruct policy interventions, and only through joint efforts and collaborative action can policy problems in a modern society be solved. Thus, interdependency is much at the heart of the recent interest in governance as a new steering form.

Dependency as Source for Interactions

Complex problems require the combination of various resources owned by different actors. This means that actors have to exchange resources and interact with each other. Because each actor is autonomous and acts from its own perceptions of the problem, desired solutions, and perceptions of the other actors, and each actor chooses its own strategy, interactions around problem situations tend to become complex and difficult.

When actors control an important and irreplaceable resource, they can block the creation of a solution strived for by others. They can do this when their interests would be harmed by a certain solution or because they think that they will acquire a better negotiating position by creating barriers. When actors want to realize a solution, they must possess realization power: This is rarely concentrated by one party but usually requires the willingness of various parties to invest their resources in a mutual course of problem solving. When the interests and perceptions of parties involved in a game are convergent, then realizing a solution is not that difficult. In such a situation, the policy game can develop according to the phases of the rational model. But such a situation can hardly occur with complex problems engulfed in uncertainty. In this situation, a strategic game will develop where parties, on the basis of diverging or conflicting interests and perceptions, find themselves in a complex negotiation game that has quite a different dynamic.

Analyzing Interdependence

To analyze the dependency relations among actors, we have to look at the type of resources distributed among them and what these resources mean to other actors. A variety of resources are distinguished in the literature, but we limit our discussion here to five types:

1. *Financial resources:* These are often important for initiatives to solve complex problems. They provide opportunities to truly realize solutions and cover the (extra) organizational costs attached to complex decision-making processes for difficult problems.

2. *Production resources:* These are necessary for enabling policy initiatives. One can think of, for instance, owning land in an urban restructuring issue. In the same case, one can think of building capacity, and so on. In other cases, it might be the capacity of realizing production resources and services such as the number of beds of a hospital, medical equipment, and so forth. In many cases, production resources concern what actors have previously invested in, and these are often specialized by nature, such as the equipment and know-how of a construction company, the specific technology necessary for problem solving, and so on. On the one hand, this make the owners of these resources dependent on the initiators and decisionmakers because the owners seek opportunities for using their specialized resources in projects to earn a profit on their previous investments. On the other hand, the initiators cannot easily acquire these resources through other actors because they require a substantial investment.

3. *Competencies:* This concerns the formal-juridical authority to make certain decisions. For instance, the authority to decide planning and zoning, to issue permits for certain activities, and so forth. These resources generally rest with a public or semi-public actor (independent regulatory agency, etc.).

4. *Knowledge:* This is an important resource for developing solutions but also for investigating the nature of the problem. Knowledge can be available in various types of documents, but it can also be implicit (experience knowledge). This last type of knowledge is difficult to transfer, so it is necessary to activate the actor to use his implicit knowledge in the decision-making process.

5. *Legitimacy:* This is clearly a "vaguer" resource than the others, but it is certainly not unimportant. Some actors have the ability to give or withhold legitimacy from decisions made to solve difficult

problems. One example is, of course, elected political bodies whose support can give extra weight to a project or policy initiative. But also, societal groups can search the media to fulfill such a role. Thus, legitimacy in the network society, where the media has become increasingly important, has also become an important resource.

Every actor possesses a range of means, so an extensive overview is not helpful; what is important is mapping the most relevant resources given the problem situation. Next, when the degree of replaceability is assessed, we can determine the degree to which the problem owner depends on the actor. Critical actors are actors who possess resources that are important to the problem owner or own resources that can be used to hinder the activities of the problem owner (hindrance power) that the problem owner cannot bypass.

The dependency of other parties is influenced by the resources they control and by their subjective involvement with the problem and their willingness to use their resources. The interest that an actor attaches to a problem or solution can become clear from his problem perception. But that is not always the case. It might be useful to determine whether an actor is faced with clear costs and benefits. If so, he or she will probably be a dedicated actor or he or she might become one. When an actor does not perceive clear costs or benefits, or when these offset each other, he or she will be less inclined to work hard for the solution. It is then likely that we are dealing with a nondedicated actor.

An analysis of the objectives and interests of actors provides information that can be used for taking the next step: determining similarities and differences among actors' problem perceptions, interests, and objectives. We can distinguish different categories of actors on which the problem owner is more or less dependent, as shown in Table 1.

This overview provides an impression of an actor's possible responses to a specific problem formulation and the solution direction that is linked to the response. This can serve as a reason for parties to alter the problem solution, or to cash in potential support by making alliances especially with dedicated and nondedicated critical actors. We must keep in mind, though, that mustering support does not remedy the problem of dedicated critical actors who can block. Their status as critical actors gives them veto power over the majorities.

We also must keep in mind that by reformulating problem formulations and objectives, we can bridge contradictions among parties. In other words, the positions that actors occupy in this diagram are highly determined by the problem perception and the objectives taken as a starting point for the analysis. Changing that can make allies of potential blockers. Thus, this figure also provides suggestions about where one can find a substantive change of the problem formulation.

Table 1   Analyzing Dependency Positions: Differences Between Actors

	Dedicated Actors		Nondedicated Actors	
	Critical actors	*Noncritical actors*	*Critical actors*	*Noncritical actors*
Comparable perceptions, interests, and goals	Actors who are likely to participate and be potential allies	Actors who are likely to participate and be potential allies	Necessary potential actors who are hard to activate	Actors who will not have to be involved at first
Contradictory perceptions, interests, and goals	Potential blockers of (certain) changes (biting dogs)	Potential critics of (certain) changes (barking dogs)	Potential blockers who will not directly act (sleeping dogs)	Actors who do not require attention at first

Source: Adapted from Koppenjan, J. F. M., & Klijn, E.-H. (2004). *Managing uncertainties in networks: A network approach to problem solving and decision making* (p. 147). London: Routledge.

Managing Interdependencies

Governance certainly has much to do with managing interdependencies and trying to find solutions that are attractive to the several actors from whom resources are necessary to realize collective action. But these solutions must also satisfy the various value judgments that are at stake in the decision-making process.

So it is not surprising that governmental organizations increasingly try to set up interactions between private actors, societal organizations, and citizens with important resources or potential obstruction power. Through forms of interactive policy making, negotiation, collaborative dialogues, and so on, governmental actors try to create consensus between the different involved actors about the problem definition, the desired solution, and how it will be implemented.

These new forms of governance need a quite different form of management than the image of management in the classical organizational handbooks, which tend to stress the unity of leadership and goals.

Managing interdependencies between actors and the interactions that go along with them needs a more interorganizational form of management that can be called network management. Network management is more focused on activating actors, promoting interesting solutions, and facilitating interaction. The network manager is more a mediator or facilitator than a top-down manager.

If we look at the characteristics of network management, we will find the following:

- *Power and authority.* Because the network manager is dependent for his initiative on the resources of other actors and mostly does not have any or only limited authority over other organizations, he operates in a divided power structure and there is no single authority where strategic decisions can be unilaterally made. The public manager as network manager simply does not have the position and authority to make unilateral decisions. His world is one with a divided authority structure in which he has to achieve coordinated action. This does not mean that there are no power differences or that power does not matter as some critics say. In a network or inter-organizational perspective, the power of an actor depends on his available resources and the way he is dependent on the resources of other actors. The more the various actors are mutually dependent on each other's resources, the more equal the power division in the network is. But even powerful actors have limited authority because they have no direct authority regarding the way other actors use their resources.

- *Goal structure.* Activities are not guided by uniform, clear goals because the various actors involved have different goals. Goals also emerge during the cooperation process. This makes a large part of decision and cooperation processes in networks a goal-seeking rather than a goal-setting process. It also makes the goal structure of interorganizational cooperation and decision making more like a package deal, where different actors find interesting elements that suit their interests and capacities, rather than a unified common goal.

- *Management role.* From an interorganizational network perspective, the role of the manager is a mediator, a process manager, or a facilitator because network management is in essence an interorganizational activity.

- *Management activities.* These are focused on bringing different actors together, adjusting and accommodating goals and perceptions, and building organizational arrangements to sustain and strengthen interactions. If we were to name three network management equivalents of classical management activities such as planning, organizing, and leading, these would probably be goal finding and perception accommodation, making organizational arrangements, and coordinating.

—Arwin van Buuren and Erik-Hans Klijn

See also Coalition; Collaborative Governance; Collaborative Planning; Collaborative Problem Solving; Collective Action; Cooperation; Dependency; Epistemic Community; Functionalism; Governance; Heterarchy; Interest Group; Interorganizational Coordination; Multilevel Governance; Negotiation; Network; Network Society; Policy Network; Power Sharing; Public-Private Partnership; Regional Governance; Stakeholder

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INTEREST GROUP

In its broadest definition, an interest group can be understood as an entity whose aim is to represent the interests of a specific section of society. More specifically, an interest group can be defined as an organization searching to influence public policies. Although the first definition allows us to conceive interest groups as actors influencing political actors and other interest groups or public opinion in general, the second definition insists mainly on the link that exists between political actors and interest groups, which refers more specifically to the term *pressure group*. These two understandings show the challenges a definition of interest groups faces, in particular in systems that move from government to governance. Three terms are central in this respect: interest, organization, and influence on political actors.

The Interest of a Group

The term *interest* constitutes the heart of the notion interest groups. Common interest is considered the constituent element of a group. According to one of the founding fathers of the pluralist approach of collective action, David B. Truman, social groups are the origin of politics. The group socializes the individual and offers the prism through which the individual perceives the world. Latent or unorganized groups mobilize when their members' interests are concerned, which guarantees that no group can exercise its domination forever. Thus, the groups control and neutralize each other. This approach faces at least two problems: First, it implicitly assumes that all interest groups have the same probability to emerge, and second, that to create an interest group, a common interest must exist. Mancur Olson's work opposed the second assumption particularly: Instead of leading to collective action, the existence of common interests leads to common inaction. Based on the hypothesis of a rational actor, Olson shows that the free-rider phenomenon applies to every collective action. To create interest groups, Olson proposes the appeal to incentives, positive and negative. Negative incentives are understood as costs imposed on actors in the case of noncompliance. This can be the refusal to exercise one's profession, as in the case of the British Dockers if they are not trade union members. Positive incentives concern the offer of economic and social advantages such as a guaranteed assistance of a lawyer in case of work problems.

The Group as Organized Entity

The second element that needs a closer look is the notion of an organized group. In this sense, interest groups are voluntary associations of joiners. They have members, either formal ones who sign up or informal supporters who routinely show up to assist their organization. Thus, an organized group is distinct from a movement or a latent group. However, it is important not to overestimate this organizational principle. Empirical research has shown that social movements or latent groups can be organized and hierarchically structured and are therefore only distinct from interest groups by name. It is important not to overestimate the

rigor, the transparency, and the foreseeable nature of interest group behavior. The organizational structure must be placed on a continuum of more or less structured situations. Thus, a certain number of transnational nongovernmental organizations (NGOs) are organized as real enterprises.

To Influence Public Policy?

Finally, interest groups influence public policy in using a certain number of action repertoires, such as strikes and protests, expertise, and institutionalized consultation. This element is usually put forward to differentiate between interest groups, searching to influence public policy, and political parties, searching for political power. This distinction also allows us to differentiate between interest groups and bureaucracy. Thus, interest groups should be nonstate or private actors. However, these distinctions pose a number of challenges, particularly in systems of governance.

First, an interest group can be tempted to institutionalize its structures to influence public policies and to gain political power, as shown by the developments of labor, environmental, or agricultural movements in Europe that were transformed into political parties. The second differentiation—between bureaucracy and interest groups—poses similar problems. The police officers' or teachers' strikes are only two of numerous examples. These groups play the role of an interest group while being administrative actors. The national or international bureaucracy also can be considered an access point for interest groups, but can become an interest group itself.

Thus, to define an interest group, it is necessary to understand what a group is authorized to do and what role it is expected to play in a system of governance. Therefore, a firm or a bureaucracy can play the role of an interest group in using specific action repertoires linked to interest group behavior. The firm's attempt to influence public policy at the national or international level transforms it temporarily into an interest group.

Action Repertoires

The action repertoires of interest groups are not neutral but, rather, correspond to a number of subjective elements, influenced by the national or international context in which interest groups emerge, the specific policy field, the role an interest group plays in society, its financial resources, social capital, its organizational structure as well as the group's political or social aims. In general, action repertoires can be differentiated into four ideal-types: negotiation and consultation, expertification, protests and strikes, and juridiciation.

Negotiation and consultation are action repertoires used by groups invited by political actors to participate in the policy formulation and implementation process. These action repertoires also lead to lobbying strategies when interest groups are not directly contacted by political actors, but nevertheless want to represent their interests. Expertification refers to an action repertoire widely used in governance systems. Political actors increasingly often call on expertise in the policy-making process. Interest groups providing expertise therefore possess strategic advantages in representing their interests. Protests and strikes are usually linked to governmental but less to governance systems because they aim to exercise societal pressure on a specific government. Governance structures are, on the contrary, rather horizontal, and no clear target for societal pressure can be identified. Finally, juridiciation refers to the use of law by interest groups. They appeal increasingly to national, supranational, and international courts to make their claims be heard.

Today, interest groups are considered increasingly important actors in international and regional governance systems such as the European Union. Transnational interest groups intervene regularly in international affairs as global governance relies on various transnational networks linking together state and nonstate actors and, thus, often generate private governance regimes parallel to state-centered and ruled regimes.

—*Sabine Saurugger*

See also Association; Civil Society; Collective Action; Corporatism; Governance; Incrementalism; Interdependence; Network; Nongovernmental Organizations; Organization Theory; Pluralism; Social Movement Theory; State Capture

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INTEREST INTERMEDIATION

One of the central pillars in theories of governance is that during the past thirty years, the relationship between the state and civil society has undergone significant change. More precisely, it is claimed that instead of the state imposing its government on the economy and society, public bodies now govern with and alongside groups who represent varying collective interests and, thus, engage in interest intermediation. In short, changes in interest intermediation are strongly linked to a conception of governance as a form of politics where public and private actors are more interdependent and equal than was previously the case.

Although it is far from clear that close relations between states and interest groups are new, research in many countries has indeed shown that these have tended to deepen and become a fundamental part of every democratic polity. To understand and study this trend, we must first grasp why public bodies and interest groups tend to become codependent and how this trait has recently evolved. The second part of this text then examines the public administration-interest group relationship "in action" by exploring how it contributes to the making and implementation of public policy.

Interest Groups and the State

The relationship between interest groups and public authorities has interested the social sciences for decades. Indeed, analysis of the depth and intensity of this relationship has frequently been used to compare and categorize states. Over recent years, however, many researchers consider that close relations between private and public actors have become generalized and that, consequently, "governance" involving both sets of protagonists has become a universal phenomenon.

Pluralism and Neocorporatism

In all democratic polities, social groups have generally created organizations charged with representing their respective interests. More precisely, these organizations are first, arenas within which these interests are defined and second, actors for defending them. If the aim of defining and defending interests has remained stable over time, it has nevertheless been carried out within territorial and sectoral environments that have differed widely. The principal aspect of these environments is the posture of the state regarding interest groups. Since the 1970s, political science has defined two ideal-types of state-interest group relations that constitute the two ends of a continuum used for comparative research: pluralism–neocorporatism.

According to this approach, "pluralist" relations between interest groups and states have three common traits. First, several interest groups exist in each sector (e.g., agriculture) or at national levels of intersectoral groups (such as trades unions' congresses or representatives of business). Second, these groups compete among themselves to affect public agenda setting and decision making. Third, the representatives of the state (e.g., civil servants working in ministries) keep themselves sufficiently distant from interest groups so they can choose those they want to favor at any given time.

In contrast to the pluralist model, neocorporatist relations between interest groups and states entail a close and continuous relationship between representatives of the state and their opposite numbers in interest groups. Generally, this form of relationship drastically reduces the number of groups that exist at either a sectoral or intersectoral level and, therefore, the degree of competition that takes place between them.

The pluralist–neocorporatist continuum provided a number of important insights for comparative politics. First, it allowed for the analysis of interest group power when undertaking comparisons between polities. At this macro or societal level, countries such as Austria and West Germany came to be categorized as neocorporatist states whereas the United States was seen as the epitome of societal pluralism. Second, this continuum also encouraged comparison between sectors either within or across countries. At this mesolevel of analysis, for example, neocorporatism was often identified in agricultural sectors throughout the Western world. In contrast, environmental politics has tended to be marked by more pluralist relations between interest groups and public authorities.

Causes of a Shift to Governance

Without losing all its pertinence, during the last fifteen years the pluralist–neocorporatist continuum has tended strongly to be replaced by analysis of state-interest group relations couched in the language of governance. Indeed, in considering both that neocorporatist relations have been opened up and that pluralist relations have tended to give way to concentrations of power among smaller numbers of societal groups, research has often concluded that governance is now the generalized condition under which political exchange now takes place. More precisely, it is now generally accepted that politics in Western societies takes place in contexts of neopluralism where closed networks of representatives of interest groups and the state interact with each other on relatively equal terms. Three causes of this trend have been identified.

The first of these causes is attributed to shifts in the structure of national economies, often labeled globalization. Whereas states were relatively autonomous in managing their respective economies before the 1980s, growing interdependence between industries from different countries has meant that public actors have had to devise new roles for themselves.

This breaking down of the force of national frontiers overlaps with a second cause of a trend toward analyzing interest groups in terms of governance: the growth of supranational public authorities such as the European Union (EU). By becoming involved in making law and public policy at this level, national governments are no longer able to guarantee to their respective interest groups that their voices will be heard at the supranational level. Consequently, interest groups and governments increasingly work closely together to have any chance of developing such influence.

A third cause of a shift toward governance-type relations between interest groups and public authority is best described as ideological. Western governments have increasingly abandoned the goals and policy tools of social democracy (regulation, interventionism) in favor of those of neoliberalism ("the market," deregulation). In so doing, relations between interest groups and states have narrowed to focus on the efficiency of the conditions under which economies and societies operate rather than on the justness of the direction toward which they ought to be moving.

It is still probably too early to identify with precision how the pluralist–neocorporatist has lost its analytical power. For the moment at least, governance provides an alternative perspective within which studies of interest groups and their involvement in politics can be updated and rethought.

Interest Groups and the Governance of Public Policies

A major advantage of analyzing interest groups as partners in the governance of societies is that research no longer has to answer the sterile question, Do interest groups matter? Instead, one can focus more immediately and directly on discovering which groups matter and why. To generate information on these questions, the most effective starting point is to examine how interest groups involve themselves in setting public policy, on the one hand, and in influencing its implementation, on the other.

Formulating Policy

Public action first entails the devising and adoption of laws and other policy instruments in the pursuit of certain goals. This process formally entails the executive setting such goals, devising draft forms of public

intervention, and getting them accepted or amended by the legislature. In practice, and particularly under conditions of governance, interest groups tend to be involved strongly in all three of these political activities.

Many of the goals set by executives are general, such as "reducing taxes" or "reforming the education system." At least if one reads election manifestos, these macro goals often appear to be the pure product of political parties. However, interest groups get involved in defining such objectives through high-level collusion (e.g., the British Conservative Party and the Confederation of British Industry in the 1980s), and many apparently macro goals are actually the product of an accumulation of more specific sectoral, or mesolevel, policy aims (e.g., transport policy as the cumulative result of innumerable demands made by different parts of a country's industry). At this level, interest groups are even more intensely involved because they can offer pertinent expertise while convincing their own membership that the course of action proposed by the executive is right and just. Indeed, at the sectoral level, interest groups are often the prime movers for establishing and revising policy goals. In the case of environmental policy, for example, such groups have consistently identified and alerted the media to issues such as air or water pollution as problems meriting public intervention.

In the language of policy analysis, the process of public problem definition does not just involve the stating of general policy objectives. On the contrary, intense political debates constantly take place within which interest groups compete to impose their definition of what the problem is over that of others. For example, in the case of European agricultural policy, groups that represent large farmers consider that the principal problem for the EU is to encourage intensive farming that provides food at a low cost to the consumer. Other farm groups argue that intensive farming does not necessarily produce good-quality food and gives rise to a series of negative social costs such as environmental damage. They thus define the public problem as one of seeking a balance between intensive and extensive agriculture.

Understanding how such groups engage with the executive to define public problems begs the question of how interest groups themselves set their policy goals. Internal consultation is generally constant and implies intermediation between group leaders and grassroots members. Traditionally, this was done through endless rounds of meetings. Over time, however, such meetings have become supplemented by contact that takes place through internal newsletters, magazines, and, more recently, through the Internet. Ultimately, the result of this process is that the interest of the group is defined. This in turn allows group leaders and their permanent staff to defend the process as representative of what their membership wants.

Once defined in this way, the interests of a group then need to be advanced in such a way as to be transformed into law or other forms of public commitment such as subsidies to farmers or tax cuts for small businesses. At this stage, the executive must be convinced of the appropriateness of these goals, and so must the legislature. This is therefore when interest groups tend most to seek support from other groups to aggregate a wider set of interests. Indeed their objective is to be able to argue convincingly that their shared policy goals are in the public interest. For example, in the 1980s, a confederation of European telecommunications operators argued strongly that privatizing public monopolies in this sector would be in the interests of the consumer and the taxpayer. Executives and legislatures throughout Europe adhered to this general objective, and they went on to accept many more detailed proposals for policy instruments put forward by the telecommunications operators.

In summary, a major part of interest intermediation under conditions of governance entails the definition of public problems and the formal, and often legal, adoption of forms of public intervention. Rather than being passive recipients of state-imposed policy ideas, interest groups in democracies are generally highly active in proposing goals for public action and then striving to institutionalize them in a durable manner.

Implementing Policy

The media tend to consider that all significant political activity takes place around the setting of policy and its translation into law. According to this view

of politics, "decisions" are taken at this stage and then simply administered by civil servants. In reality, the idea that the latter can simply tell social and economic actors what they can and cannot now do is simplistic and overlooks how and why decision making is an ongoing process during which policy setting and implementation constantly overlap. Indeed, interest groups are highly involved in implementing policies and invest in this process to try to maintain their levels of access to the executive.

Implementation is primarily a form of decision making because the management of public problems involves policy instruments such as standards (e.g., pollution norms), subsidies (e.g. agricultural price support), and tax reductions (e.g., for single parents). Once these policy instruments have been devised and adopted, they regularly need to be updated to account for changes in the context of the policy sector involved. For example, in the 1980s, the EU produced a wine surplus that caused many producer groups to demand that measures be brought in to reduce it (e.g., subsidies for grubbing out vines and distilling unsellable wine). In the 1990s, market conditions improved and the same producers requested that the subsidies be suspended. During this time, much decision making took place without recourse to the legislative process. Instead, the beneficiaries of the policy instrument sought and obtained its revision largely during implementation.

In other policy areas, implementation is an important form of decision making because policy goals have deliberately been left general to allow actors at local levels to fill in the gaps. This is so in the case of the EU's regional policy aimed at improving the social and economic conditions of Europe's least developed areas. Every six years, the EU sets out general objectives for this policy and defines which area should receive what budget. However, decisions are taken at the regional level, for example, about whether to favor the building of roads or the development of professional training. These decisions are taken in partnership between regional governments and local interest groups such as chambers of commerce or confederations of fishing cooperatives. Given the power of such groups in many areas, the governance of EU regional policy can thus be seen to depend heavily on the involvement of nonpublic actors in public decision making.

More generally, implementation is the daily activity around which interest intermediation takes place. Although public authorities and interest groups are continually in discussion about new proposals for public intervention, their most frequent cause for interaction is quite simply the need to make microdecisions regarding the policies already in place. This constant interaction gives rise to interdependencies that generally perpetuate a long-established relationship between representatives of the state and their opposite numbers in interest groups. Changes of government or the emergence of new interest groups can upset this stability and give rise to new forms of interest intermediation. Nevertheless, governance more typically features forms of state-interest group interaction that evolve slowly rather than change abruptly.

As for policy setting, when undertaking research, attention needs to be paid to two questions about the power distribution that emerges from any examination of the role of interest groups in governance. The first concerns the representativity of interest groups and why some are clearly more equal than others. The second question relates to the contemporary status of the state: What role remains for public bodies in polities cogoverned by interest groups?

—Andy Smith

See also Association; Corporatism; Globalization; Interest Group; Pluralism

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INTERGOVERNMENTAL RELATIONS

The term *intergovernmental relations* is used in two senses. First, in the field of international relations, the term refers to relations among national governments that are members of an international regime or association. In European Union (EU) studies, for example, "intergovernmentalism" is a neorealist theory of European integration that argues that national governments, rather than the EU institutions (such as the Commission or the Parliament) or subnational governments, are the key actors in the EU system of governance. The other way in which the term is used is in public administration where it refers to the relations between levels of government within a nation-state, whether this is a federation or a unitary state. This second sense of the term will be analyzed in this article.

The U.S. Origins of Intergovernmental Relations

Intergovernmental relations (IGR) developed in the United States as a subbranch of public administration (itself a subbranch of political science) as a way of analyzing the U.S. federal system. Before World War II, political science studied IGR for its constitutional and legal structures and tended to assume that these structures expressed the totality of relations among levels of government. The growing size and complexity of government and the expanding federal policy programs that occurred in the twentieth century led a number of analysts to become aware that other types of relationships were hidden behind these formal structures. After World War II, these programs continued to expand, which raised questions regarding the formulation and implementation of public policy, the actors involved in the policy process, and the levels across which policies were made and delivered. This led to the growth of the policy sciences, which originated as a branch of political science and public administration but drew on other disciplines such as economics, fiscal studies, and sociology.

IGR may be considered as part of this broad theoretical thrust toward a deeper and more comprehensive understanding of the workings of government. Dale Krane and Deil Wright defined it as "the various combinations of interdependencies and influences among public officials—elected and administrative—in all types and levels of governmental units with particular emphasis on fiscal, policy and political issues." Wright also argued that IGR has a normative aspect and was to be preferred to federalism as a less value-laden way of referring to the multiple, complex, and interdependent jurisdictional relationships found in the United States. This normative direction of IGR theory led to an emphasis on implementation issues, itself a subbranch of public administration. In the U.S. context, the issue was how IGR affected the implementation of policy programs, and research emphasized the role of, and relationships between, policy actors operating across all governmental and administrative levels. The key question was how to coordinate and manage these relationships in such a way as to improve implementation, and this gave rise to the study of intergovernmental management. This was largely an empirical field of study concerned with examining the most effective policy instruments in an intergovernmental setting. In the United States, such instruments included reorganizing the formal roles and relationships of policy actors and redesigning the shape of organizations, new bodies such as commissions to facilitate horizontal coordination across levels of government, coordination mechanisms, regulatory as well as deregulation mechanisms at different periods of time, and devolution and decentralization.

Intergovernmental Relations Research Outside the United States

Although IGR research originated in the United States and could be considered almost synonymous with the study of federalism, it also became a field of study in Western Europe and Australia. The U.S. version was imported mainly through the work of R. A. W. Rhodes, who applied key concepts drawn from interorganizational theory and network interdependency theory to the centralized unitary state of the United Kingdom. This approach modified the traditional top-down view of the British system of governance as dominated by

the doctrine of Parliamentary sovereignty by pointing to the role of interdependent policy networks and the role of local authorities.

In France, too, in the 1960s and 1970s, sociologists such as Michel Crozier and his colleagues Pierre Grémion, Jean-Pierre Worms, and Jean-Claude Thoenig, applied organization theory, "borrowed" from the United States, to the study of central-local relations in that country. This was a break from the traditional method, rooted in public law, of studying government and administration in France, which interpreted central-local relations from the perspective of France as a "one and indivisible Republic." The organization school scholars developed the notion of "regulation croisée" to describe relations between the prefect, the local politicians or "notables," and the administration. This approach, also known as the honeycomb model in English, interpreted central-local relations as descending and ascending in a zigzag pattern of mutual interdependencies across the politico-administrative system.

A version of IGR could also be applied to European federal states. In Germany, Fritz Scharpf and others examined relations among the different levels of government, the federal, the Länder, and the local authorities, which they described as cooperative and negotiating characterized by functional interlocking and intertwining (*Politikverflechtung*). The close interlocking intergovernmental relationships are even stronger in Germany with its system of cooperative federalism than they are in the United States, which is characterized by dual federalism. In the German system of cooperative federalism, the federal government is responsible for the broad framework of policy making, with an important input from the Länder through the *Bundesrat,* whereas the Länder are responsible for implementation. Although the Scandinavian states are unitary states, there is a similar pattern of cooperative intergovernmental relations and a similar pattern of small central state bureaucracy and a large local government sector responsible for policy implementation. Public administration theorists in the Netherlands drew on both Anglo-American and German network theorists to analyze central-local relations that also revealed the Netherlands to be closer to the German

model of cooperative federalism than to its "official" form of a centralized unitary state inherited from the Napoleonic era.

Changing Patterns of Intergovernmental Relations: From the Welfare State to the Neoliberal Period

These analyses of IGR cover the period of the heyday of the welfare state in Europe of the great liberal policy programs in the United States that is from the 1960s until the 1970s. This period was characterized by the postwar economic boom, the optimism that the great problems of poverty and income inequalities, illiteracy, poor health, bad housing, and, in the United States, racial discrimination could be eradicated through rational policy programs. Central governments, whether in federal or unitary states, intervened in the economy using techniques developed by John Maynard Keynes of macroeconomic management, and expanded their bureaucracies at all levels to implement their policy programs. They also increased direct funding, usually in the form of earmarked grants, and the use of these funds by other levels of governments was highly regulated. IGR analysis during this period was largely concerned with how the different levels of government interacted in the delivery of these large-scale programs.

In the 1980s, the welfare state system went through a series of crises and faced a number of new developments and challenges that changed the nature of IGR in all developed states and even further afield (for example, in Latin America and in the new democracies of East and Central Europe). First, the economic crisis that occurred toward the end of the 1960s was exacerbated by the oil crises of the 1970s. Second, the state's fiscal crisis made it increasingly difficult for the state to pay for its policy programs, and which, in turn, fueled the tax protests that began in California in the 1970s. Third, these crises were an opportunity for politicians, such as Margaret Thatcher and Ronald Reagan, influenced by New Right thinkers to implement new approaches based on what subsequently became known as neoliberalism and to introduce important policy and administrative reforms. These

reforms included reducing public expenditure as well as deregulation, privatization, new public management, and, at least in the United States and other countries (if not in the United Kingdom), decentralization. The international context also changed with a new phase of globalization, encouraged by the collapse of the Bretton Woods Agreement, and the subsequent deregulation of exchanges. There was also a shift of economic production locations with the migration of heavy industries from the traditional core areas of Europe and North America to Asia and the development of service industries in the former. The European response to these challenges was to relaunch the European integration project in the 1980s with the development of the 1992 Single Market project and the consequent strengthening of the EU institutions following the Treaty of Maastricht. New paradigms of politics, policy, and administration were developed in response to these changes, which had a deep effect on IGR in all countries.

Redefining Intergovernmental Relations in the Era of Neoliberalism

The paradigm shifts in government, politics, and policy that have occurred under the influence of neoliberal theories have led to a redefinition of the nature, role, and functions of the nation-state itself and of national governments. Such a shift inevitably affects the central government's relations with other levels of government and in how the nature, role, and functions of subnational authorities are defined.

In the United States, the issue concerns the role of the federal government and that of the states. One school of thought has argued that, following the Reagan era, there has been a "devolution revolution," whereby the federal government has cut back on its interventions and the states have asserted their rights. Another has argued that, on the contrary, centralization has continued to grow. Both these positions are probably oversimplifications of a rather more complex reality, which is that there have been processes of both centralization and decentralization occurring simultaneously. This has made the IGR field much more obscure and complex where no one single model of policy or administration (interventionist or neoliberal) is dominant but

where there exist a number of competing models. Deregulation in some respects might be accompanied by reregulation in others where the state gives (e.g., freedom to develop policy initiatives) with one hand but takes it back (regulation of the fiscal aspects of these policies) with the other. This means that policy actors, such as administrators responsible at the state level for administering intergovernmental finance or policy issues, need to develop new skills of discernment and steering in a quite new situation compared with the previous periods of state expansion or contraction.

These contradictory aspects of IGR may also be observed in Europe. In the United Kingdom, the neoliberal project of Margaret Thatcher and the Conservative Party brought about real changes in the British politico-administrative system and policy programs (mainly through cutting back funding and introducing new public management techniques into the public sector). At the same time, the period of Tory government in Britain saw a massive increase in centralization with the emasculation of local government, the creation of semi-autonomous agencies that took over several local government functions, and the creation of new bureaucracies overseeing sections of the public sector. In France, the decentralization and regionalization reforms that began in 1982 and were relaunched in the 1990s have radically transformed the old French IGR system of regulation croisée, mentioned previously. Again, there are contradictory tendencies. On the one hand, there has been a real decentralization of political functions, which has particularly benefited the larger cities and towns and, to some extent, the new regions set up in 1986. The newfound power of subnational authorities has also been enhanced by the change in the role of the prefect who lost his position as executive of the regional and departmental councils, which was assumed by the elected presidents of these councils. Furthermore, relations between the central state and the subnational authorities, especially the regions, now happens on the basis of contracts signed between the different levels of government. But this does not mean the state has gone away. On the contrary, it remains the most powerful actor in the system where the contractual partners are quite unequal. The prefect, too, although he or she has lost some powers, has now gained complete control over the local administration

(previously the prefect controlled only part of it). Similar developments have occurred in other European unitary states. Italy began a series of constitutional and political reforms in the 1990s, which have significantly reformed the pattern of central-regional-local relations. Regions and local authorities were strengthened at the expense of the central state, and today there is much greater diversity across the Italian state. The Scandinavian countries have gone through a period where central regulation was decreased in the free commune experiments in the 1980s to increasing reregulation in the 1990s but with greater variation in what were once highly uniform states. Similar trends may be discerned in federal states such as Germany, although this country has been the most resistant to radical change of its federal system.

Current Trends in Territorial Governance

A number of common threads run through and underlie these experiments and reforms in different countries. First, there is the decline of the nation-state as the primary source of sovereignty, legitimacy, and decision making. This is a result of processes of globalization and internal administrative reforms and, in Europe, of accelerated European integration. Second, in the European case, the EU has become an important level of governance and policy actor, which both constrains the freedom of national governments and encourages subnational authorities by entering into direct relations with them. Third, partly as a result of the EU and partly because of the changing nature of national government, subnational authorities have, since the 1980s, emerged as important actors in their own right alongside both national government and the EU institutions. Fourth, there is now a new fiscal orthodoxy, partly mediated through international organizations such as the International Monetary Fund (IMF) and World Bank, partly through the European Central Bank and its policy on the euro (which affects even European countries not part of the Eurozone). These constrain the fiscal freedom of national governments, and they in their turn impose the constraints on local authorities. These trends underlie some of the contradictions noted previously.

Central governments withdraw from some policy fields and decentralize competencies to lower levels of governments but this policy "freedom" is somewhat hollow because it is the same central governments who reregulate subnational authorities to keep them in line with the new fiscal orthodoxy.

A final word might be said about multilevel governance (MLG), which is sometimes used as a synonym of IGR. Gary Marks coined MLG to describe how the EU formulated and implemented policy on the structural funds. MLG has stimulated much useful research on IGR in the EU in a specific policy area during a specific historical period (after the Single European Act and the expansion of structural funds). MLG has even been adopted by the EU and national governments to describe current systems of governance. The danger is that it may suffer from inflation of use by being overstretched and therefore becoming devalued. Given its specific origins in the analysis of a particular EU policy field, it probably should not be used as a synonym of IGR, which can be applied more generally.

—John Loughlin

See also Center-Local Relations; Devolution; International Organization; Interorganizational Coordination; Multilevel Governance

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INTERNAL MARKET

The notion of internal market refers to the introduction of market-type mechanisms within organizations. Such market mechanisms include internal contracts and the internal charging for and trading of particular services between units of the same organization. These units then act as purchaser or provider vis-à-vis other units—or both concerning different products and services. Internal markets belong to a cluster of market-type mechanisms, including outsourcing, vouchers, user chargers, and so forth.

This definition of internal market should not be confused with the European Union's internal market program.

The underlying assumption behind the development of internal markets is that the introduction of incentives leads to more efficient performance of organizations overall. In particular, information generated via the price mechanism is seen as an essential indicator of an organizational unit's performance. For example, the argument has been made that large organizations with considerable fragmentation and internal decentralization have inherent problems of centralized control over resource use. An internal market, with different parts of the organization competing for service orders, is said to allow for enhanced performance. In contrast, the view that organizations exist precisely to overcome the transaction costs of market systems or to provide for redundancies or other socially desired properties by avoiding market incentives is being downplayed.

Although competition (concerning promotion, resources, etc.) has a long tradition as a doctrine for organizational governance, the concept of a formalized internal market for products and services gained currency as a reform idea within private-sector corporations in the 1960s and 1970s. Within the public sector, the idea of internal markets ranked among the key themes of the so-called new public management.

Areas of application of internal markets include the relationship between internal service agencies (for example, procurement, organizational consultancy, construction) and policy departments. The agencies or departments that consume the service are given budgets for services that were previously free of charge. Hence, these agencies have an incentive to limit their use of common services. The idea was also emulated in the design of overall organizational setup of local governments.

Possibly the most well-known introduction of an internal market was in the case of the UK National Health Service (NHS) between 1991 and 1999 (and arguably part of the Labour government's proposals following the general election of 2005). A key part of this internal market was the relationship between the general practitioner who, on behalf of the patient, was to offer treatments at competing hospitals.

As research on the NHS has shown, internal markets have been open to the same unintended consequences as other mechanisms of competition, in particular the goal displacement and collective action problems in providing public goods of the organization as a whole.

Internal markets are viewed as an essential part of marketization for research on governance. This highlights a research tradition that emphasizes the importance of incentives for individual behavior. More broadly, internal markets relate to wider questions regarding the transaction costs of particular organizational and institutional designs.

—*Kai Wegrich*

See also Market; Marketization; New Public Management; Purchaser-Provider Split; Quasi-Market

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INTERNATIONAL COURTS

During the past century, increasing legalization of global issues combined with an increase in the number and scope of formal international treaties, conventions, and protocols led to an expansion in the number and intensity of disputes between actors operating on the global stage. International courts are created to adjudicate these disputes.

International courts are nonpolitical judicial bodies established through multilateral treaties. They employ independent judges who use international law and predetermined procedural rules to mete out judgments and give judicial advisory opinion on international disputes. Initially, such disputes were between states. However, since the 1960s, the scope of public international law has expanded so much that international legal personality was extended beyond states to embrace other actors, such as international organizations, multinational corporations, nongovernmental organizations, terrorists groups, and individuals.

Today, at least seventeen permanent international courts and a growing number of quasi-judicial bodies, ad hoc tribunals, legal panels, arbitration commissions, and private international adjudication bodies carry out judicial arbitration functions.

History of Universal International Courts

The idea of creating permanent international courts can be traced to the second Hague Conference in 1907. That conference produced a skeletal framework for the Court of Arbitral Justice (CAJ) and a draft convention for the International Prize Court (IPC), although the latter was not ratified by a single conference participant.

Immediately after the Hague Conference, five Central American republics decided to create an international court. This Central American Court of Justice (CACJ) functioned for ten years. Its jurisdiction spanned interstate disputes as well as individual complaints against governments of the contracting parties for breaches of international law.

The next stage in the development of international courts occurred at the end of World War I with the creation of the Permanent Court of International Justice (PCIJ) in 1920, based on Article 14 of the League of Nations' Covenant. Toward the close of World War II, the Allied powers concluded that a new judicial system was needed for settling international disputes peacefully. Provision was made for that court in both the Atlantic Charter and in draft proposals for the creation of the United Nations (UN).

Before the UN's founding in San Francisco on April 25, 1945, the United States assembled the Committee of Jurists from forty-four states to discuss the establishment of a permanent international court. That committee drafted the Statute of the International Court of Justice (ICJ). Most of the provisions were taken almost verbatim from the PCIJ Statute. The statute for this new world court was submitted to the UN founding conference and adopted along with the UN Charter on June 26, 1945. Both legal documents were brought into force on October 24, 1945. The raison d'être of the ICJ is found in Article 1 of the UN Charter.

The ICJ is the principal judicial organ of the UN. All UN members are automatically considered parties to the ICJ Statute. Non-UN states may become parties if they meet certain preestablished criteria. So far, three non-UN members have become parties to the ICJ Statute—Switzerland (1948), Liechtenstein (1950), and San Marino (1954). The UN elects fifteen highly qualified judges, representing the major legal systems of the world, to serve on the Court for nine-year terms in The Hague. The judges give advisory opinions and hand down judgments that are binding on parties that agree to abide by those decisions.

Within the UN are other adjudicating bodies, such as the Administrative Tribunal of the International Labour Organization (ILO), the Law of the

Sea Tribunal, the UN Compensation Commission, the International Centre for the Settlement of Investment Disputes, and the World Trade Organization (WTO) Dispute Settlement body.

Regional International Courts

Within regions, there are also international courts. Prime among them is the European Court of Justice (ECJ)—a key arm of the European Union (EU). The ECJ has the authority to interpret treaties and legislation, as well as to arbitrate disputes between individuals, states, and EU institutions. The ECJ has built on the foundations of the Court of Justice of the European Communities, the Court of Justice of the European Coal and Steel Community, the European Court of Human Rights, and the Court of Justice of the Benelux Economic Union. International courts in the Americas include the Inter-American Court on Human Rights, the Arbitral Tribunal of the Central American Common Market, and the Andean Common Market Court of Justice. In Africa, the East African Common Market Tribunal collapsed in 1972.

Ad Hoc Tribunals and the International Criminal Court

Since World War II, attempts have been made to punish individuals responsible for war crimes and genocide. The first war crimes tribunals were set up at Nuremberg and Tokyo. However, these were products of victors' justice and, hence, not good models for impartial international judicial systems. The idea of establishing war crimes tribunals resurfaced in the 1990s to counter the post–Cold War outbreak of major atrocities such as genocide in Rwanda and ethnic cleansing and mass rape in the former Yugoslavia.

Two international ad hoc tribunals were created by the UN Security Council—the International Criminal Tribunal for the Former Yugoslavia (ICTFY) in 1993, and the International Criminal Tribunal for Rwanda (ICTR) in 1994—to prosecute those who committed war crimes and crimes against humanity. Former Serbian President Slobodan Milosevic is one in a number of high-profile individuals charged and tried by the ICTFY. Although the ICTR's record is less stellar, it has convicted sixteen war criminals, including a former prime minister and three media leaders from Rwanda.

These ad hoc tribunals paved the way for the creation of a permanent international criminal court. In 1998, the UN assembled a conference of plenipotentiaries in Rome that concluded a statute for a permanent International Criminal Court (ICC). The ICC has compulsory jurisdiction over four types of crimes: genocide, crimes against humanity, war crimes, and crimes of aggression. It also has jurisdiction over individuals. Thus, heads of states and military officials are not immune from its jurisdiction. This explains the U.S. refusal to ratify the Rome Statute.

Despite U.S. objections, the ICC now has 139 signatories and 90 ratifications and is set to further advance international adjudication and contribute to the progression of international law.

One of the weaknesses of international law has been the paucity of enforcement and judicial mechanisms. The current evolution in international courts and tribunals may be a positive sign of the strengthening of international law and of the progressive movement toward better forms of global governance.

—*W. Andy Knight*

See also Adversarial Legalism; European Union; International Law and Treaties; United Nations

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International Division of Labor

The international division of labor refers to the geographical organization of industry through trade. The

evolution of international markets has led to specialization among countries so that what is profitable to produce and what is not profitable is significantly influenced by global competitive conditions.

According to neoclassical approaches, international trade and division of labor should lead to greater efficiency, economic growth, and upward convergence of living conditions in the countries participating in international trade. In contrast, critical approaches emphasize uneven development and unequal power relations that the international economic relations entail.

In the eighteenth and early nineteenth centuries, international trade had only a minor role. In the early twentieth century, trade was a consequence rather than a cause of the rapid economic growth. The demand for primary exports (natural resources) was a major source of growth for many developing countries. The "golden age" of 1950 to 1973 witnessed rapid growth of international trade. There was a decline in both trade and output in the 1980s, followed by rapid rise of international trade in the 1990s.

These patterns are related to the transformation of the regulatory framework. The General Agreement on Tariffs and Trade (GATT), a multilateral form for tariff negotiations established after World War II, was superseded by the World Trade Organization (WTO) in 1995. GATT produced large reductions in tariffs and thus liberalized trade. WTO aims to reduce or eliminate a range of nontariff barriers and differences in trading conditions between countries. It is a significant institutional force in trade liberalization, much more powerful than GATT, because its dispute panels have authority to make binding judgments.

Developed states have dominated postwar trade in both manufacturing and services. Until the 1980s, developing countries preferred the protectionist developmental strategy. The 1980s saw a sea change among developing countries with widespread reduction in trade barriers undertaken both as a domestic strategy and under pressure from multilateral institutions such as the World Bank, International Monetary Fund (IMF), and WTO. In the 1990s, non-oil trade between developed and developing countries rose as a

proportion of total trade, overwhelmingly because of East Asian countries and China. The global economy is now multipolar. Within the complexity of uneven relations, three regional blocks (triads) have emerged: North America, the European Union (EU), and East and South East Asia.

Trade has expanded because of decreasing tariff barriers and transport costs and because of the changing structure of global production. According to the new international division of labor thesis, production was being reallocated away from urban areas in industrial countries toward rural communities in developing countries. This shift occurred mostly in the labor-intensive industries such as textile and electronics assembly. This also represented a shift from strong, unionized, protected, male labor toward a weakly organized, cheaper, and female one. Although the low-skilled manufacturing work was transferred, the high-skilled marketing, research and development, and finance and administration were retained in the high-cost countries. Although depicting much of the significant processes, this account tends to simplify the highly complex organization of many production processes.

—*Jan Drahokoupil*

See also Foreign Direct Investment; Globalization; Production Chain; Production Network; Research and Development; World Trade Organization

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INTERNATIONAL LABOUR ORGANIZATION

The International Labour Organization (ILO) is a specialist agency of the United Nations (UN), whose mandate is the protection of working people and the promotion of their human and labor rights. The ILO

was set up in 1919 under the Treaty of Versailles to facilitate international agreement on labor protection through the adoption of conventions and recommendations by its member states. It was the only major international organization to survive the demise of the League of Nations, and in 1946, the ILO became the first specialist agency of the UN. In 1969, the ILO was awarded the Nobel Peace Prize for its contribution to peace through the pursuit of social justice.

The ILO is made up of three principal institutions. The International Labour Office—the permanent secretariat headquartered in Geneva—comprises some 1,900 personnel from 110 different nationalities and headed by a director general; the International Institute of Labour Studies, the research arm of the ILO, also based in Geneva, whose mandate is to promote research, public debate, and knowledge sharing on emerging issues of concern to the ILO and its constituents; the International Training Centre—a large residential training center in Turin that provides training and learning in areas that further the ILO's mandate and support its member states in their pursuit of economic and social development. The administration and management of the ILO is decentralized to regional, area, and branch offices in more than forty countries.

The ILO has a tripartite structure of governance and decision making that remains unique within the UN. Each year its member states are invited to send two government, one employer, and one labor representative to the annual International Labour Conference. Each has the right to speak and vote independently. The governing body is similarly structured, comprising twenty-eight government members, fourteen employer, and fourteen worker members. Ten of the government seats are permanently held by states of chief industrial importance (Brazil, China, France, Germany, India, Italy, Japan, the Russian Federation, the United Kingdom, and the United States). The other government members are elected by the conference every three years. Working within and around this structure are various tripartite and expert committees that focus on particular industries or key issues such as the International Programme on the Elimination of Child Labour (IPEC), which manages

more than 1,000 ILO-sponsored initiatives worldwide to promote alternatives to child labor.

This tripartite activity is extended to include the promotion of national level "social dialogue" between labor and employer organizations covering a broad spectrum of social and economic issues and supported through an extensive network of technical cooperation. Originally set up in the early 1950s to support developing nations, technical cooperation programs now account for more than half of the ILO budget and cover activities from training entrepreneurs in small business administration to assisting governments in revising labor legislation in some 140 countries and territories at various stages of development. The emphasis on linking international agreements with national activity reflects the long-held ILO strategy of demonstrable relevance. This seeks to ensure that in pursuit of its mandate, the ILO has a visible and active presence within those member states in most need of its support and expertise. Increasingly, ILO technical cooperation is run in conjunction with poverty-reduction programs operated by the UN, World Bank, and International Monetary Fund, underlining ILO commitment to ensuring that social protection issues form part of an integrated framework of economic and financial aid.

The ILO is mostly associated with the area of international labor standards contained in the international labor code. These set international standards on a wide range of labor-related issues. Conventions become legally binding instruments through their adoption into national legislative frameworks. Recommendations provide member states with guidance on legislative development, labor policy, and management practice. For example, the activities of the IPEC program referred to earlier are underpinned by two key conventions, the Minimum Age Convention 1973 and the Worst Forms of Child Labour Convention 1999. Both are supplemented by related recommendations. These legislative provisions form part of an integrated program of social protection that focuses international agreements, national action, technical cooperation, and a system of supervision on IPEC priority target groups such as bonded child laborers, children working in hazardous

occupations, and young working children (those younger than twelve years of age).

—*Stephen Hughes*

See also Functionalism; Global Compact; International Organization; International Regime

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INTERNATIONAL LAW AND TREATIES

International law and treaties form the basis of global governance. International law is understood to be the range of rules, norms, and practices created by states (and increasingly by other international actors) to govern their interaction, so that mutual goals such as international order, justice, or development can be achieved.

There are three sources of international law: treaties, custom, and general principles of law. Treaties are codified versions of agreements between two or more states on any given issue. They may include rules for enforcement such as arbitration, or referral to an independent body such as the International Court of Justice. Customary international law is often unwritten, but refers to acts that states, through practice, have over time come to view as illegal. The principle that national ambassadors should not be harmed, even during a state of war, is one example of this. Finally, general principles of law are based on natural law: the belief that instinctively some acts are right whereas others are wrong. The fact that most legal systems take acting in good faith into account for example, means that "good faith" is seen as an international legal standard.

The pursuit of global order has been the principal rationale for states to agree on international treaties. Key treaties such as the Treaties of Westphalia (1648) and Utrecht (1713) and the Charter of the United Nations (1949) have therefore progressively defined the nature of statehood, sovereignty, and the limits of legitimate state action. These principles regulate the interaction of states in the international system. Where no formal provisions for enforcement have been made, enforcement is normally carried out by reciprocity (the threat of retaliation in kind), collective action (such as UN sanctions), or shaming the guilty party (such as exposing human rights violations). International law and treaties therefore can be seen as the building blocks of global governance. Realists, however, do point out that international law is only important when it serves the interests of powerful states because they cannot be forced to comply by weaker states.

Traditionally, some, such as R. Higgs, argued that international law only applies to states. However, the need to regulate new areas of international interaction is expanding the importance and scope of international law. International regulations are being agreed upon in new policy areas (e.g., environment or trade) sometimes as issue-specific international regimes. This is beginning to affect domestic legal regimes and practices, for example, by the use of international human rights law in domestic cases. Lastly, individuals and some collective groups are gaining rights and responsibilities under international law; for example, war criminals can be called to account for their personal actions before the International Criminal Court or special tribunals. This potential shift to supranational law is therefore leading scholars to reassess the significance of international law in shaping global politics.

—*Jocelyn Mawdsley*

See also Commission on Global Governance; Environmental Governance; Global Governance; International Courts; International Regime; Liberal Internationalism

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INTERNATIONAL MONETARY FUND

The International Monetary Fund (IMF) is an international financial organization based in the United States in Washington, DC. It emerged from the 1944 conference that was held at Bretton Woods, New Hampshire, and attended by delegates from forty-four countries. The first twenty-nine countries to sign the IMF's Articles of Agreement did so in December 1945. The principal aims of the IMF included international monetary cooperation, global economic growth, stable exchange rates, and assistance to countries with balance-of-payments deficits.

The Bretton Woods conference established a new institutional framework for the international economy at the end of the World War II. It led to the formation of the World Bank as well as the IMF. Today the World Bank and the IMF remain important—and very controversial—parts of a loose system of international economic governance.

Ultimately the IMF is controlled by its member states. The Board of Governors is the chief policy-making body of the IMF, and it consists of one representative from each of the 184 member states. The Executive Board handles the day-to-day operations of the IMF, and it consists of twenty-four Executive Directors. The following countries are represented by one Executive Director each: China, France, Germany, Japan, Russia, Saudi Arabia, United Kingdom, and United States. The other sixteen directors represent regional groups of the remaining member states.

The IMF is financed by quota subscriptions from each member state. The quota amount is based on the size of the country's economy. Countries pay twenty-five percent of their quota in Special Drawing Rights (SDR) or a major currency: SDR is a unit of account within the IMF, and its value is set daily by an adjusted average of four currencies: the U.S. dollar, the euro, the Japanese yen, and the British pound sterling. Quotas then determine both the amounts that individual countries can borrow from the IMF and their voting rights within the IMF. Hence the voting rights of a member state loosely correspond to its economic strength. The United States—the world's largest economic power—has the largest quota and so the highest percentage of the votes—17.5 percent of the total amount. Critics argue that this voting structure gives wealthy states too much control.

Member states with balance-of-payments deficits can borrow from the IMF under a variety of loan programs. One program is a standby arrangement that provides a loan to deal with a short-term balance-of-payments problem. Another program is an extended fund facility for medium-term relief. The IMF also provides poverty reduction and growth facility for the poorest members. It has a supplemental reserve facility for short-term deficits caused by a lack of market confidence. In addition, it offers emergency assistance for balance-of-payments problems caused by natural disasters or military conflict.

—*Mark Bevir*

See also Asian Financial Crisis; Fiscal Crisis; Neoliberalism; Third-World Debt; Washington Consensus

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INTERNATIONAL ORGANIZATION

International governmental organizations (IGOs) are legally constituted, permanent institutions created by three or more member states to achieve some common purpose. IGOs represent the formal, visible product of

the process of multilateral diplomacy and international regime formation, which includes the negotiation of both informal and formal norms and rules to govern particular issue areas. Although precursors to formal international organizations can be traced to the Congress of Vienna in 1815 and the Concert of Europe, the most important developments in the growth of international organizations are associated with the 1919 and 1945 settlements. International nongovernmental organizations (INGOs), often abbreviated to NGOs, are created by private citizens in three or more states as nonprofit voluntary organizations that exist to further some international purpose. They are especially numerous and strong in the fields of human rights activism and humanitarian and environmental campaigning. IGOs include both regional and global membership organizations and may be created to perform generalized or specific tasks. Security organizations are created to control the use of force. The United Nations (UN) is mandated to perform this collective security role at the global level. Functional organizations, also known as specialized agencies in the UN Charter, exist to provide international public goods and services beyond the capacity of any one state to supply. These may be subdivided between economic, technical-scientific, and social-cultural purposes, such the International Monetary Fund (IMF), World Health Organization (WHO), and UN Educational, Scientific and Cultural Organization (UNESCO). Regional organizations may be created for purposes of sustained cooperation and integration between the members such as the European Union (EU); to meet more limited goals of regional solidarity such as the Organization of American States (OAS), Organisation for Economic Co-operation and Development (OECD), and Commonwealth; or for regional trade promotion such as North American Free Trade Agreement (NAFTA) and Asia-Pacific Economic Cooperation (APEC). The definitive Union of International Associations yearbook recognizes more than 2,500 IGOs in its most recent edition.

Some INGOs, such the International Committee of the Red Cross and the Red Crescent, have almost global membership and long-standing legal status in international treaties such as the Geneva Conventions on the care of prisoners of war. Other INGOs,

typically created in the latter half of the twentieth century, have rapidly acquired influential status, such as Amnesty International, the World Wide Fund for Nature and Medicines Sans Frontiere, or Doctors Without Borders. UNESCO maintains strict criteria for the recognition of INGOs. These exclude profit-making corporations, transnational business corporations, secret societies, and organized crime syndicates. INGOs must also meet tests of transparency in policy making and their financial accounting. INGOs with UNESCO accreditation can lobby within the UN system on a regular institutionalized basis. The Union of International Associations (UIA), recognizes more than 25,000 INGOs as eligible for inclusion in its database.

To reconcile the principle of sovereign-equality of states with membership of international organizations, most IGOs operate voting systems based on the basis of one member, one vote. The UN General Assembly votes on this basis, as do the so-called specialized agencies such as the WHO. Variations do exist, as in the most well-known veto rights of the five permanent members of the UN Security Council. The multilateral development banks, such as the IMF and World Bank, distribute voting rights to members in accordance with deposits in the same way as corporations, which assign voting rights to stockholders. The EU mixes weighted voting, proportionate to population on some issues, with the need for unanimity for the most important issues such as defense cooperation. A particular variation on unanimity is consensus decision making, an established feature of so-called conference diplomacy or global summits such as the UN Conference on Environment and Development (UNCED), or Earth Summit of 1992. Consensus procedures are open-ended and extend over the time necessary to achieve agreement. The UNCED procedure, having agreed to a general Framework Agreement on Climate Change in 1992, needed a further five years to achieve agreement on specific targets in the Kyoto Protocol.

International organizations evolve as their founding purpose changes or becomes fulfilled. Dramatic regime changes, such as the Smithsonian Agreement of 1971 that abandoned fixed exchange rates in international currency dealing, removed one of the

founding purposes of the IMF. The fund then expanded its mandate by offering extended development loans. Over a longer period, the World Bank also evolved from its founding task of European reconstruction into third-world development. The North American Trade Organization (NATO) has continued to exist and indeed expanded its membership despite the transformation of the former Soviet Union into a democratic capitalist power and the dissolution of the Warsaw Treaty Organization that formerly opposed NATO. In some cases, the final form and powers of an organization can itself be the subject of continuous political debate and dispute. The EU may be considered to be in the early stages of creating a federal union, or may not evolve beyond creating the world's largest free-trade area. EU members continue to debate the future levels of integration that the EU will reach and the geographical limits of its potential membership.

The status, role, and potential impact of international organizations are subject to extended theoretical disputes between schools of international relations. To realists, these impacts are usually conceived as instruments of state policy. In other words, states only join and use international organizations to advance their various national interests. Liberal internationalists and functionalists see a forum or arena within the system of IGOs in which a system of states can achieve shared goals in fields such as global finance, trade, environmental regulation, and sustainable development. This necessarily involves a greater toleration of negotiated outcomes than realists want to concede. Since 1970, the growth of international organizations is closely associated with explanations emphasizing interdependence and regime theory. This so-called complex interdependence is characterized by complex agendas, the large number and mixed nature of the parties or actors involved in negotiations, and the near irrelevance of military force to achieve solutions to disputes between states on these issue-areas. Cosmopolitan theorists see international organizations, especially INGOs, as potentially transforming the international system of states itself. These theorists emphasize the potential for democratization implied in the ability of individuals and their

associations to publicize and lobby governments directly across international frontiers.

Methods

International organizations may be seen to operate on a number of levels or tiers. They develop norms of behavior; sometimes those norms are negotiated into firmer rules. Rules require some mechanism of enforcement. In some most advanced cases, international organizations may actually deliver programs and services usually associated with government-level activities. A clear illustration of this progression from norms to enforcement is nuclear proliferation. The norm in favor of nonproliferation was first adopted in a UN resolution of 1958. It took a full decade before a legally binding treaty, the Nuclear Proliferation Treaty (NPT) was adopted in 1968. Enforcement was entrusted to a specialized agency, the International Atomic Energy Agency (IAEA), that thereafter developed a safeguards system to inspect the NPT parties nuclear industries. If breaches of the treaty are discovered, the IAEA alerts the UN Security Council. Many developing countries, especially those blighted by natural disasters that overwhelm their governmental capacity for relief and reconstruction, look to the system of international organizations combining both IGOs and NGOs to fill this capacity.

Multilateral or conference diplomacy as practiced in international organizations attempts to adopt agreements between the parties that ideally meet three criteria: public scrutiny, simultaneous agreement, and binding terms. First, it is embedded in the post-1919 (Woodrow) Wilsonian tradition of liberal internationalism that multilateral policy is, at least in its formal plenary stages, open to public scrutiny including media coverage and NGO lobbying. Second, the nature of collective action problems is that the parties must act simultaneously to maintain trust and effectiveness between them. Attempts to renege or delay implementation of international agreements between sovereign states tend to deter the parties from making those agreements. Third, bargaining in international organizations is directed toward some concrete

outcome, preferably a binding agreement such as a convention or treaty adopted by the parties.

Bargaining and negotiation in IGOs is usually conducted toward one of three possible outcomes. At least, member states seek to define the lowest common denominator in their relationship, which they seek to preserve. Bargaining provides an agreed floor, which avoids lose-lose outcomes. For example, World Trade Organization (WTO) members agree not to raise tariff levels in trade negotiations. Typically, members are usually able to split the difference as a means of accommodating divergent interests. No one party gets what they most want, but most accept their second-best outcome as a compromise. These are win-lose outcomes in which members hope to balance gains against losses over the whole agenda or a longer timeframe. Most productively, bargaining between members can produce agreement on some higher goal obtainable only by consensus between them. These historic win-win outcomes can form new bases for international order such as the last Uruguay round of General Agreement on Tariffs and Trade (GATT) or the near-universal security gains of the NPT.

Major complications and failures of multilateral negotiation do occur within international organizations. Several factors contribute to these episodes. The proliferation of parties is one factor. Global agreements that required the agreement of just 51 states in the international system of 1945 now involve nearly 200 sovereign parties. Complex agendas and linkages between items on those agendas, such as those involved in sustainable development or trade bargains, create numerous opportunities for negotiators to withhold consent on particular items to extract concessions from others. This in turn creates large, package-deal agreements in which nothing can be agreed until everything has been agreed, such as in the last Uruguay round of GATT, and the current Doha round of WTO bargaining. These in turn require extended periods to secure all-around agreement, often several years. These conditions finally tend to reward the most intransigent parties—those most willing to delay agreement and least affected by domestic or international criticism if they provoke the breakdown of agreements. Recent extended negotiations over the convention on the law of the sea in the 1980s, the Kyoto Protocol in the 1990s, and the Rome statutes of the International Criminal Court (ICC) all illustrate these characteristics.

Future

Historically, international organizations have undergone their most rapid periods of expansion in both number and membership at the end of major global wars, as can be seen in the cases of 1815, 1919, and 1945. The end of the Cold War certainly provided an opportunity to recast the multilateral order. The UN and related agencies have benefited from the end of the Cold War by removing the central ideological and confrontational dispute that dominated the forty-year period after 1950. The great reduction in veto use permitted the permanent five powers to use UN channels for the resolution and management of several long-standing regional disputes. The UN system has also seen the recent trend toward large multi-agency programs to address complex issues such as the UN Joint Program on HIV/AIDS (UNAIDS) and the Global Environmental Facility (GEF). However, both the Group of 8 and WTO have demonstrated greater dynamism and expansion of functions in this period. The EU has also embarked on a dual process of deepening the level of integration between members by such innovations as the single euro currency zone, while widening the membership base to include most of eight former communist states of central and Eastern Europe. Other regional organizations have been created, most importantly NAFTA, and others enlarged, such as Association of Southeast Asian Nations (ASEAN). In membership, the nongovernmental sector of INGOs or global civil society has undergone an exponential proliferation in numbers and expansion of influence since 1970.

The period since 1990 has also witnessed a wave of theorizing about regimes and international organizations. The end of the Cold War reopened opportunities in normative theory, introducing concepts such as cosmopolitan democracy and global citizenship. The post–1990 wave of democratization throughout Latin America, Eastern Europe, and parts of Southeast Asia

has improved the democratic qualities of international organizations, and by enlarging the role of global civil society, NGOs, in particular, have raised questions concerning democracy and accountability in the intergovernmental organizations. For example, the EU has enlarged the powers of its now directly elected European Parliament.

International organizations as a microcosm of the international political system occupy an ambiguous position in relation to globalization. Globalization, if interpreted rather narrowly as the loosening of financial controls, deregulation, privatization, and direct foreign investment flows, has increased the penetration of space, geography, and culture by the neoliberal economic model. This has not been without reactions, nationalist, religious, and popular. Some IGOs are essential and instrumental in the promotion of neoliberalism, most obviously the World Bank group, the WTO, and regional free-trade associations. These agencies have been the forefront of promoting deregulation, privatization, and free trade since 1990. Other IGOs occupy a reforming position, being associated with ameliorating the social and distributional effects of global economic change. Many of the UN programs and specialized agencies operate in a similar manner. The UN Development Program (UNDP), WHO, and International Labour Organization (ILO) typify this global Keynesian role, promoting development models that retain a capacity-building role for government agencies. Many INGOs are associated with this reformist perspective, creating a triad of governmental, corporate, and nongovernmental actors with shared interests and a public-private partnership approach. A number of INGOs with a critical environmental or neo-Gramscian perspective claim a role as sites of resistance to globalization. During the 1970s, the international equivalent of Vladimir Lenin's long march through the institutions saw attempts to radicalize the agendas of the IGOs in which a number of revolutionary governments and third-world member governments briefly constituted a majority. Formerly radical IGOs such as the UN Conference on Trade and Development (UNCTAD) have abandoned this position since 1990. International organizations that were criticized through the 1970s and 1980s by realists and conservatives are now more likely to be criticized by the antiglobalization movement, which associates the larger organizations with the promotion of globalization. Middle-ground and middle-range theories of governance will continue to identify international organizations as essential mechanisms to fulfill the need for those global public goods that continue to be necessarily supplied outside of market mechanisms.

—*Mark F. Imber*

See also Global Governance; Institutionalization; Interdependence; Intergovernmental Relations; International Labour Organization; International Monetary Fund; International Regime; Liberal Internationalism; Organisation for Economic Co-operation and Development; United Nations Educational, Scientific and Cultural Organization; Washington Consensus; World Health Organization; World Trade Organization

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INTERNATIONAL REGIME

International regimes are an outcome of the accommodation-seeking behavior of states that, while in pursuit of their own interests, engage in frameworks that coordinate these interests with those of other states. International regimes adopt institutional forms that bring nation-states together in line with the norms, principles, and rules that are particular to a regime. Trade, labor standards, human rights, and the environment are prominent examples of international regimes that structure behavior in an increasingly complex multilateralist world. Each constitutes a set of principles, norms, and rules that govern state behavior, frame international cooperation, and act as a reference point in galvanizing nongovernmental activity.

Regime Activity

The principles of regimes define the purposes that members of a regime are expected to pursue. The principle of social justice has underpinned International Labour Organization (ILO) activity and the international labor standards regime since 1919. Norms provide clearer directions to regime members on what constitutes legitimate and illegitimate behavior while defining responsibilities and obligations in relatively general terms. The norms of the international labor standards regime require that member countries recognize and protect the rights of labor. At the same time, there is a general recognition that the ability to ratify international labor standards mainly depends on the level achieved in economic development. Rules overlap with norms to a significant extent but are more specific in detailing the rights and obligations of regime members. Thus, although the norms of the international labor standards regime refer to the recognition and protection of labor rights, the rules set the specifics of how they may be achieved. Once a government agrees to ratify an international labor standard, it is obliged to introduce the standard into national legislation. Finally, a regime's decision-making procedures provide the mechanisms for implementing principles and changing rules.

How regimes operate is hotly debated. The autonomy of institutions within regimes is questioned as the role of hegemonic power in influencing regime behavior in, for example, international trade and investment, can be an important consideration in understanding the framework in which state interests can be promoted or constrained. A measure of institutional autonomy can be established through the activities of a regime's permanent executive. Here, the epistemic dimension of regimes is emphasized in arguing that international cooperation can be an outcome of the activities of executive leadership and related epistemic communities that inhabit international organizations. The accumulation and comprehension of knowledge in the international arena can be intensely political, and the epistemic community of international institutions can promote regime change by means of the information and ideas they mobilize. The control and use of knowledge can be important influences on regime decision making and aid the construction of institutional autonomy from the influence of constituent states.

Regime Change

Regimes undergo continuous transformations in response to their own internal dynamics, the activities of institutional leadership and knowledge-based experts, as well as their political, economic, and social environments. For example, Asia's regional financial turmoil in July 1997 resulted in crises for a number of global regimes—trade, financial, and social, in particular. Policy responses by the international agencies addressed both the social impact of the crisis on national economies and the global challenges thrown up by the crisis. Global regimes did not respond in a uniform manner, but their different emphases established interplay between prescriptions. The prescriptions of the ILO were, at least initially, at odds with those of the international financial institutions (IFIs), with the former stressing the importance of balance between financial and social responses. Eventually, the IFIs came much closer to the ILO perspective as the potential for long-term social instability in the Asian region became clearer. All regimes involved in the crisis shifted ground as a result of internal

reassessment and external relations with other regimes and their institutions.

The transformation of regimes can occur in a number of ways. Some regimes develop internal contradictions, which lead to failure or a demand for major change. These take the form of potentially irreconcilable conflicts between influential elements of a regime's activities or institutions. Sometimes, the internal contradictions may drive developments that become embedded over time and rejuvenate the regime. On other occasions, crisis may lead to regime failure or to shifts in the underlying structure of power that manipulate regime behavior. Rather than radical change, shifts in the distribution of power within a regime will often occur gradually, leading to a more adaptive process and a reorientation of regime activity. A regime can be pressured by forces powerful enough to threaten its norms and rules. A contemporary example of this effect is the impact of communication technologies on the capacity of civil society to share and use information to effect change. Nongovernmental organizations particularly have made use of these technologies in developing opposition to the policies of the international trade and investment regime.

Regimes: A Critique

The concept of regimes is not universally accepted. For its critics, the concept has developed into a catch-all that embraces everything from a patterned set of interactions—an international system, or any form of multilateral coordination, cooperation, or collaboration—to an umbrella for all international relations. Its supporters offer the regime concept as a pragmatic approach to understanding the contexts in which international organizations work. Perhaps viewed in this way, the concept is useful as a mechanism for understanding and analyzing international environments in which principles, norms, rules, and decision-making procedures have a significant influence on the behavior of states.

—Stephen Hughes

See also Epistemic Community; Functionalism; Global Governance; International Law and Treaties; International Labour Organization; International Organization; Internet Governance

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INTERNET GOVERNANCE

Internet governance refers to issues surrounding attempts to develop an international regulatory regime for the Internet. In recent years, the foundations of such a regime have been laid, centered mainly, but not exclusively, on a body known as the Internet Corporation for Assigned Names and Numbers (ICANN). ICANN was established in 1998 to take over most of the functions previously held by the U.S. Department of Commerce, though the United States still holds overall control of the important technical aspects of the Internet—a point of some controversy for a bloc of nations seeking to exert greater intergovernmental influence.

It is often stated that the Internet cannot be regulated. But Internet governance scholars argue that there are powerful points of control and influence over what appears to be a decentralized communication medium. Like all forms of communication, the Internet relies on common technical standards. Chief among these is a way of handling flows of data called Transmission Control Protocol/Internet Protocol, or TCP/IP. For TCP/IP to function properly, there must exist some form of managing the allocation of IP addresses and the resources to which they point, in particular the process by which the obscure numerical addresses of computers, such as http://212.187.244.16, are translated into identifiable domain names, such as http://www.white house.gov. This set of functions—known as the

Domain Name System (DNS) has been described as the root of the global Internet. For a Web site of any kind to be visible, it must be entered into the DNS. Without it, the Internet as we know it would cease to function.

When the Internet started to diffuse during the 1990s, a diverse alliance of interests and institutions—including multinational corporations, the U.S. government, the European Union (EU), the International Telecommunication Union, the World Trade Organization (WTO), various nongovernmental organizations (NGOs), and a technical engineering body known as the Internet Society—became embroiled in a struggle to shape the emerging network. The result was a fragile compromise: the creation of an industry self-governance regime based on ICANN's control of the DNS.

However, since the early 2000s, the role and influence of the United Nations (UN) has become increasingly central to the future development of Internet governance. During the mid-2000s, a debate arose about the involvement of UN member governments either in the established Governmental Advisory Committee of ICANN, or a new mechanism. Attempts to make more use of the DNS to control the Internet have been promulgated by a bloc of non-Western governments, including China, Saudi Arabia, and Iran. The EU also favors greater political involvement, principally as a means of countering what it sees as U.S. dominance of an important economic resource. This controversy plagued the UN's World Summit on the Information Society, held in two stages between 2003 and 2005.

Internet governance is of broad significance for two reasons. First, it demonstrates that even in a policy area where the constraints on regulation are severe, it is still possible for a combination of national governments, international organizations, private companies, and civil society NGOs to exert leverage. Second, ICANN has been willing at times to experiment with democratic mechanisms that acknowledge the growing importance of citizens and global civil society in international relations. This conception suffered a severe setback in 2000 when the first (and only) ICANN "global election" descended into chaos,

but it remains a powerful normative perspective that unites many progressive NGOs.

—Andrew Chadwick

See also Global Civil Society; International Regime; Regime Theory; Self-Regulation; United Nations; World Trade Organization

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INTERORGANIZATIONAL COORDINATION

Until the middle of the twentieth century, it would have been relatively rare for an encyclopedia concerned about governance to highlight interorganizational coordination. Attention to any aspect of interorganizational issues would have emerged from the work of organizational sociologists who noted that there were times when it was relevant to look beyond the borders of a specific organization. A range of organizational theories was related to the work of these sociologists, including issues dealing with organizational design and structure, questions of strategies, and institutional theories. Most of the research focused on these issues either emphasized generic organizations or was limited to private-sector organizations.

One such theory, resource dependency theory, was most directly related to the interorganizational coordination topic. This theory argued that organizations depend on the environment for their survival and that other organizations within the environment create interdependencies that allow an organization to reduce uncertainty. Scholars dealing with the dimensions of these relationships tended to focus on private-sector behavior, particularly the ways that firms found ways to maximize their power and control of resources at the

same time as they acknowledged the existence of other organizations within the environment.

The behavior that emerged from this set of relationships was often characterized as network behavior. Network theory highlighted the patterns of recurring linkages either inside or outside of organizations, especially how individuals manage what were called boundary-spanning activities. It included a wide range of behaviors from individual social relationships to more structured relationships between organizations. Networks could be temporary or permanent but they all acknowledged that an individual organization was unable to achieve its goals by acting alone.

During the post–World War II era, it became increasingly obvious that many of the issues that had emerged from the organizational theory perspective had relevance to the behaviors of the public sector. Few individual public organizations could achieve their goals without looking to others who were also involved in the work of the organization. This occurred as a result of the growth of government activity, the expansion of political agendas, and the complexity that followed this growth.

But despite the intellectual power of the ideas that were found in organizational theory, it was difficult to put them into practice in the public sector. Many of the problems or perceptions of governance failure were related to difficulties involving interorganizational coordination. Perhaps nothing illustrated these problems as well as the 2005 Hurricane Katrina disaster. Coordination did not occur between specialized federal government agencies, between the public and private sectors, between levels of government (federal, state, and local jurisdictions), and between political officials and professional experts. Although the problems related to Katrina were relatively obvious, it was not clear how they could be addressed.

At least three different approaches are relevant to understanding how the public sector can deal with the challenges of interorganizational coordination: the policy approach, the federalism approach, and the management approach. The policy approach highlights the interplay between the fragmented structure of policies and decision-making venues and attempts to respond to social and economic problems that reached beyond

the traditional fragmented structure. Although the problems reach beyond separate and discrete categories, the actors within the political system were defined by specialized relationships between existing interest groups, legislative actors, and bureaucratic offices. This shift was illustrated by the shift from what were called iron triangle relationships (between the three actors) to what Hugh Heclo termed issue networks that cut across otherwise separate relationships. In addition, the complexity of the system pushed a variety of policy advocates to call for analyses that highlighted relationships from the bottom up instead of looking at the system from the top down. During the 1960s, there were attempts to devise coordination strategies from the bottom up, such as the Community Action Programs and the Model Cities program.

The federalism approach to interorganizational coordination shifted what was called the layer cake view of intergovernmental relationships (where each level of government had discrete responsibilities and rarely interacted with other levels) to what Morton Grodzins termed "marble cake relationships" (where governmental responsibilities are intertwined among the national government, states, and localities). The layer cake image contributed to what former North Carolina Governor Terry Sanford called "picket fence relationships." This model suggests that separate policy areas are controlled by program or functional specialists who see their roles as maintaining separate relationships down the intergovernmental chain.

By the 1960s, there were also attempts to look at the intergovernmental or federal system in new ways. Deil Wright offered three models of national, state, and local relationships. Coordinate authority emphasized independence and autonomy players. Overlapping authority emphasized interdependence and bargaining relationships. Inclusive authority depicted the three levels of government in a hierarchical relationship with state and local governments dependent on the national government. The traditional approach was to focus on a top-down approach. But just as the policy approach suggested that it was relevant to analyze the system from the bottom up, new intergovernmental relationships were defined from the point where programs were actually translated into practice.

The management approach to interorganizational coordination highlights the impact of complexity and program shifts on the world of the program managers. Two literatures and emergent fields illustrate this interest: intergovernmental management and implementation. Intergovernmental management focuses on the ways that government managers seek to achieve goals and implement policies. Wright highlighted three activities that are linked to growth and complexity: calculation (playing the game of who benefits from specific program designs), fungibility (finding ways to shift resources received for one purpose for another), and overload (processes that lead to excessive costs, ineffectiveness, and overregulation).

Implementation is the second literature that is related to the management approach to interorganizational coordination. Beginning with Jeffrey Pressman and Aaron Wildavsky's study of economic development, analysts have focused on the steps that are required to make a program come alive and the constraints that are found in the program design that make this a difficult task. Increasingly, implementation of programs and policies cannot be accomplished without the cooperation and coordination of multiple organizations.

Both of these literatures provide evidence that managers who seek to achieve coordination between their organizations and others are limited in many different ways. Actually, the constraints that are found in the structures, designs, and resources of programs often lead managers to devise games that allow them to avoid these requirements. Managers have often developed a range of informal behaviors that give them the ability to create relationships such as networks to work beyond their organizational borders. At times, these strategies allow managers to identify areas of flexibility in the existing system that had been hitherto ignored.

Instruments of Interorganizational Coordination

A wide range of instruments has been devised to achieve various degrees of interorganizational coordination. These instruments relate to an increase in shifts of policy boundaries, changing views about the role of government, interdependence between levels of government, public-private interdependence, and a focus on performance. At least four categories of instruments can be identified: structural, programmatic, research and capacity building, and behavioral. These instruments may be more or less appropriate in particular situations, and the determination to adopt a particular approach seems to be highly idiosyncratic.

Structural

Structural matters have to do with formal roles and relationships, patterns of authority and leadership, rules and regulations, and methods of integrated formal roles, tasks, and relationships. Five different instruments fall into this category: reorganization (changes in the design and redesign of organization), commissions (bodies that include all relevant actors), deregulation (efforts to increase accountability and decrease autonomy), devolution and decentralization (authority given to others such as state or local governments), and regulation and oversight (processes such as evaluation or planning and requiring oversight).

Programmatic

This set of instruments highlights the redesign of programs and grant types and shifts in resource-allocation patterns. Three instruments fall into this category: the shift toward broader purpose grants (giving grantees a broader range of activities that go beyond traditional boundaries), partnerships (requiring that related organizations jointly sponsor an application for a program), and collaborations (agencies engaging in a group process in which they pool resources and jointly plan, implement, and evaluate new services).

Research and Capacity Building

This set of instruments provides ways to increase capacity among multiple players. The three instruments in this category include research (providing a way for players to understand problems and issues), the provision of information (devising clearinghouses for those seeking information), and capacity building

(involving efforts to strengthen the capabilities of state or local officials to manage programs on their own).

Behavioral

This set of instruments rests on a broad view of accountability that requires attention to individual and group processes of communication and to processes of conflict management. Four instruments fall into this category: conflict management (ways to build consensus among actors in programs or policies through negotiation or consultation), individual communication (methods of assisting individuals learn to listen, delegate, manage conflict, and build consensus), group communication (meetings or hearings that provide a forum for actors to take positions and express their views), and developing new routines (ways for organizations to devise processes that represent the needs of all relevant actors).

As this discussion indicates, a range of strategies can help either a scholar or a practitioner define an appropriate approach to achieving interorganizational coordination. One might display this variety as a continuum where efforts can range from one-time minimal strategies that rely on informal and nonpublic approaches to broad system change tactics that are formalized, visible, and public. In addition, it is useful to acknowledge that numerous actors might be involved from both inside and outside government. This range might represent program interests, political actors, and other organizations. Strategies also vary in the policy or program substance that is being coordinated.

A Checklist

Although there is no template that could be used to determine the appropriate approach to developing interorganizational coordination activities, the following list provides a framework for an individual attempting to make such a determination.

- Who is responsible for establishing the implementation effort?
- Does the current system actually provide implementers the opportunity to redefine goals to meet their own needs?

- What type of a policy is involved? (It may be more difficult to deal with redistributive policies than with distributive or regulatory policies.)
- What policy instrument is used to implement the program?
- Are the decisionmakers involved general-purpose government officials, program specialists, or other actors?
- What is the extent of the national role or presence in the program area (e.g., the level of funding involved)?
- What is the level of risk for noncompliance as perceived by both parties?
- What sanctions are available for nonperformance?
- What is the history of past oversight relationships (collegial or conflictual)?
- What is the level of diversity of practices across the country?

—*Beryl A. Radin*

See also Collaborative Governance; Collaborative Planning; Intergovernmental Relations; Local Governance; Network; Political Exchange; Resource Dependency Theory; Social Network Theory

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INTERPRETIVE POLICY ANALYSIS

Interpretive policy analysis has become the umbrella term used by many policy researchers, university-based, governmentally based, and consulting firm–based, for approaches that use field research and other methods inspired, influenced, or undergirded by interpretive philosophical presuppositions (such as those of phenomenology, hermeneutics, and critical theory). These approaches are considered alternatives to now-traditional quantitative policy analytic tools, such as cost-benefit analysis and survey research, which are seen as grounded in positivist philosophical presuppositions concerning the reality status (ontology) of the subject of study and its knowability (epistemology). By contrast, interpretive policy analysis, as an approach, and its tools argue for the centrality of local knowledge to successful policy analysis—knowledge held by policy-relevant actors, including legislators and implementers as well as those whose lives the policy in question is likely to affect (or is already affecting). In this, interpretive policy analysis shifts its acknowledgement of expertise to include the expert knowledge those actors have of their own lived experiences. This also shifts the role of the policy analyst from subject-matter expertise to expertise in facilitating what many interpretive scholars discuss as participatory discourse or deliberative practice. Some scholars even argue that this renders interpretive policy analysis more democratic than its more technocratic quantitative alternatives.

History of Ideas

Interpretive approaches to policy analysis began to develop in the United States in the early to mid-1970s, along with the growth of the field of policy analysis itself. Early challenges addressed the assumption inherent in the then-developing analytic tools that facts and values were distinguishable and not only should, but could, be separable. (This is a classic argument of logical positivist philosophers, one of the reasons that critics of traditional policy analysis see it as having roots in those philosophical presuppositions.)

Similar discussion about facts and values was taking place at the same time in the field of urban planning, which is not surprising given that housing and urban development were central public policy concerns in the 1960s and 1970s. The planning literature that critiqued the rational planning model prevalent in the 1960s emphasized the need to involve citizens in planning deliberations, something that is echoed in more recent participatory policy arguments in the interpretive policy analysis literature. Postpositivist critiques of logical positivism and its presuppositions published in fields other than public policy and political science also influenced policy analytic thinking. Notable in this regard were social constructivism, phenomenology, hermeneutics, and critical theory. In the Anglophone literature, Charles Taylor's 1971 essay "Interpretation and the Sciences of Man" was influential, as was Clifford Geertz's *The Interpretation of Cultures,* with its focus on "webs of meaning" as a focus of analysis.

The critique of quantitative policy analytic approaches deepened theoretically in the 1980s. Whereas the planning literature had postulated in the 1970s that to deal with the fact-value dichotomy, the planner need only articulate her values up front and then proceed with the work. critics now argued incisively that this maintained the assumption that facts and values were separable, as if planners could step out of their values. The journal *Policy Sciences,* under the editorships of William Ascher, Ronald Brunner, and Douglas Torgerson, joined in advancing arguments for interpretive approaches. Building on these and other arguments, interpretive policy analysis developed further in the 1990s and through the turn of the century, often in parallel to advances in feminism and other critical theories.

Interpretive Analysis Procedures

Interpretive policy analysis as an approach is strongly intertwined with its research methods. These include the use of observation (with whatever degree of participation), conversational ("in-depth") interviewing, and the close reading of documents (such as legislative records, agency correspondence and annual

reports, contemporaneous newspaper accounts, actors' personal diaries). Ethnographic and participant-observer research are typical examples of the use of such methods to access and generate data. The data accessed or generated through these methods typically fall into three broad categories: acts (what people in the policy situation under analysis do, such as administrators' work practices or legislative activities), language (what people say and write about the policy in question and associated acts, including the written language of legislative documents, position papers, publicity flyers for meetings, reports, and so forth, and the spoken language used in interviews, speeches, conversations, and so on), and policy-relevant objects or physical artifacts (such as the design elements of an implementing agency's building or a house in housing policy). Potentially, a wide range of interpretive methods may be used for analyzing these data once they are available, ranging from semiotics, symbolic inter-action, and ethnomethodology, to frame analysis, and even to space analysis. Interpretive methods also include various forms of language analysis, including discourse analysis, narrative analysis, story analysis, and metaphor and category analyses. What method will be used depends on the character of the data being analyzed; perhaps, for example, ethnomethod-ology for acts, frame analysis for language, space analysis for objects.

—*Dvora Yanow*

See also Discourse; Interpretive Theory; Local Knowledge; Narrative Theory; Tradition

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INTERPRETIVE THEORY

Interpretive theory poses a set of answers to the question, How do we know what we know about the social world? Interpretivists go beyond viewing interpretation as one among several approaches or types of methods by which human scientists (also known as social scientists) can acquire knowledge. They argue that the objects that human scientists study are themselves interpretations. Hence, all knowledge of human actions and practices requires us to grasp the meanings they embody. Equally, interpretive theorists differ in their analyses of what meanings are, how they are communicated, and how they relate to actions. Intentionalist positions construe meanings as individual beliefs, desires, or intentions, whereas more structuralist variants link meanings to discourses or systems of signs. Interpretive theories also differ about how meanings operate within society, for instance, through logical progression, structural links between concepts, or individual dispositions. A focus on meanings has led some interpretivists to view the task of the human sciences as primarily appreciative rather than explanatory; they argue that the human sciences aim solely at a deeper understanding of the rich texture of the cultural objects they study. Other interpretivists insist,

however, that greater understanding is an integral part of giving explanation in the human sciences; they argue that we can explain actions and practices only by interpreting the beliefs or meanings that inform them.

Intentionalist strands of interpretive theory, in particular, offer a way of explaining practices of governance. They provide a distinct account of the ways in which governing takes place in and through a differentiated array of networks across boundaries of state and civil society. Intentionalists begin from the premise that people can engage in a practice only because they hold certain beliefs or concepts, which imbue their actions with meanings. Thus, human scientists can account for people's actions by invoking their beliefs about their interests, the norms that affect them and their theories about the world. In the same way, researchers can analyze the rise and content of governance by elucidating the relevant meanings and contexts in which they arose. Analysts can explain practices of governance by exploring the relevant beliefs and concepts of the people involved, be they politicians, officials, or citizens. Interpretive theory suggests that we understand networks, for example, as enacted by individuals through narratives that are constantly interpreted and made afresh through the interactions of individuals. This contrasts with positivist approaches that view networks as objectified structures or as adhering to a fixed form. Interpretive theory advances the understanding of network dimensions and characteristics, and the ways in which networks change in the beliefs, concepts, and theories of those involved. Interpretive theory encourages us to examine the ways in which our social life, institutions, and policies are created, sustained, and modified by people.

Interpreting Intersubjectivity

Interpretive ideas are long-standing in the human sciences and cut across a number of disciplines. Interpretive ideas have inspired approaches to social life as diverse as ethnography, symbolic interactionism, and cultural anthropology. These interpretive approaches typically diverge markedly from other social scientific approaches that evince positivist presuppositions or methods—such as behavioralism, structuralism, and rational choice theory. Interpretive theories argue against these directions toward crafting a science of man, according to which human actions would have to be fixed in their meanings under lawlike operations. According to interpretivists, because human behavior results neither from objective facts about people nor from causal necessities operating between atomized units, the methods and categories recognized in the natural sciences cannot constitute the proper mode of inquiry in the human sciences. Rather, interpretive approaches call for a narrative form of explanation to supplant scientist explanations in the human sciences. Narrative explanations elucidate the multiple, diverse, and often complex ways in which people understand the world and act in it.

Interpretive approaches have drawn inspiration from idealist philosophical traditions—notably hermeneutics and phenomenology—and also from postmodern and poststructuralist philosophies. Hermeneutics developed initially as a method of interpreting texts in connection with biblical criticism and expanded as a theory of understanding applicable to the whole social, historical, and psychological world. In his major writings, Hans-Georg Gadamer accounted for the depth and ineluctable subjectivity entailed by the interpretation process. He argued that interpretation necessarily engages the presuppositions of the interpreter because an object of interpretation can only be understood in terms of the meanings of its parts, which depend, in turn, on the meaning of the whole. This view of interpretation implies at least three basic premises for interpretive theory: First, to be understood, human action and social practices cannot be divorced from the meanings people attach to them. Second, all observers are affected by their social context, and thus, no one can give purely objective descriptions of facts. Third, knowledge is an inescapably practical and historically situated enterprise, rather than a technical project in abstraction.

In his classic 1971 statement "Interpretation and the Sciences of Man," Charles Taylor argued that scientific explanations of human and social affairs disregard the intersubjective texture of what it is to be human and thus fail to give adequate account of the nature of their objects of inquiry. Human beings are

self-interpreting agents who think and act for reasons of their own, but these meanings are formed and intelligible only against the shared background of concrete contexts of social practices also available to others. Therefore, the proper mode of social scientific inquiry neither assumes an objective nature to social reality nor reduces the world to subjective personal experience, but takes seriously the intersubjective dimension of socially constitutive meanings. Interpretivists posit a deep internal connection between language and practice. Political practices, for instance, are expressed in and are constituted by the language embedded in them, and that language gets its sense and significance from the political practices within which it develops. Interpretive approaches oppose the idea that a separate reality exists and that can in principle be discovered that is independent of the language of that polity. For interpretivists, both the objects of the investigation and the tools by which investigation is carried out inescapably share the same pervasive context that is the human world.

Interpretivists view human practices as so constituted by webs of intersubjective meanings that giving account of these meanings, which may be tacit or inchoate, requires a depth hermeneutics. Although interpretivists do not, in principle, reject the use of statistics and quantitative measurements, they see their interpretive analysis as necessarily and appropriately extending beyond the data supplied by empirical inquiry. Interpretive sociologists and anthropologists, influenced also by phenomenology, proceed with textual approaches and ethnography. Ethnography focuses on the different forms of everyday common sense knowledge and practical reasoning that provide the ontological bases of experience. Cultural anthropologists such as Clifford Geertz call for thick descriptions in the study of other social contexts. The ethnographer conducts research by recording the meanings that particular actions have for social actors and interprets the social discourse and its symbols to understand the webs of meaning and significance that operate within those practices. The ethnographer generalizes by guessing at meanings and draws explanatory conclusions from best guesses. The hermeneutic aim, thus, is not just to measure, correlate, systematize,

and settle, but to formulate, clarify, and appraise cultural meanings and social practices, acknowledging that because they result from interpretation, the results are always incomplete and open to challenge.

The emphasis on the construction of knowledge in the human sciences led some interpretive scholars to refute social scientific claims to objectivity. Relativists like Peter Winch argued that different cultures and ways of life generate each its own standards of rationality, which is sufficient for evaluating its internal practices. Interpretivists influenced by poststructuralism and postmodernism go further and denounce reason altogether. Often they argue that all modernist projects of redefining concepts for uniformity of measurement and elimination of their evaluative dimensions is hubris and, in all likelihood, sinister. In this view, claims to knowledge typically mask and seek to control the essential contestability and value-laden nature of political life as well as all our concepts. Moreover, because human subjects are viewed as only the scripted products of contingent discourses, human scientists should not take their subjects as occupying a realm of intentionality. According to this view, human scientists should focus, instead, on the ways that subjects are constructed by various discourses. Interpretive methods inspired by antifoundational ontologies hold that the relevant meanings within cultural discourses and complex systems of signification are co-extensive with practices. These interpretivists seek to depict and uncover these meanings by delving into the discordant practices of social and political life, which are fundamentally irreducible to the products of mind or to self-consciousness.

Explaining Governance

Interpretive theory inspires narratives of governance that recount the diverse practices of resource allocation or mechanisms for exercising control and coordination. From an interpretive view, governance takes place through the informal authority of networks, networks that operate and change through the contingent ways in which political, administrative, and lay people respond to and construct them. An interpretive approach to governance, therefore, relies primarily on

ethnographic analysis to recover the meanings to actors, that is, their beliefs and preferences. It also requires an historical mode of inquiry to explain the rise of such beliefs against the background of certain traditions and dilemmas that spur innovative understandings. Concepts like traditions are a way of exploring the context of understandings within which individuals act. Traditions are also the products of individual agency because individuals can change the beliefs and practices they inherit through novel circumstances that require new applications and interpretations. As people identify and understand the norms imposed on them, whether by government policy or the broader social context, their beliefs change to accommodate, alter, or reject those norms. Human scientists cannot have external evidence of the beliefs of actors, so they must explain the connection between beliefs and actions in terms of the conditional and volitional links between them. Narratives of governance give explanation by deploying the concepts of tradition and dilemma, through which agents create, sustain, and alter the practices they constitute.

Interpretivists explain governance as networks by relating the individual meanings of relevant politicians, officials, or citizens to aggregated beliefs in the form of traditions, which are diverse in nature because of the competing interpretations that compose them. An interpretive approach to governance, therefore, reveals the diversity of state authority in relation to civil society. Mark Bevir and R. A. W. Rhodes have developed an interpretive approach to governance as networks understood through agents and their beliefs. The content the authors attach to governance reflects their interpretive approach. The transfer of state powers and functions to organizations within civil society and the management of problems posed by increasing regional and international complexities have all arisen out of contingent and contested narratives. Governance, for example, as the changing role of the state and public-sector reform, is created and recreated as a meaningful practice by elite actors whose beliefs are informed by governmental traditions they perceive themselves to have inherited and that they have modified in response to dilemmas, such as their perceptions of state overload or the effects of inflation.

The study of governance as an interpretive discipline means that there can be no necessary logical or structural process determining the form that governance takes. There is no essentialist notion of governance but, rather, multiple conceptions, each rooted in a distinctive tradition or constructions of several traditions. Thus, any patterns of governance arise only as the contingent products of diverse actions and political struggles informed by the beliefs of the agents as they occur against a background of traditions and dilemmas. Interpretivists study governance practices for the interplay and contest of the multiple beliefs and complex meanings of the agents classified within them. This contrasts sharply with positivist explanations that attempt to ground social scientific research in apparently given facts about the nature of reasoning, the path dependence of institutions, or the inexorability of social developments. Interpretivists take seriously the claim that no institution, practice, or norm can fix how its participants will act. To understand governance, therefore, interpretive theory requires us to ask who is telling the story from within which tradition.

Richard Stillman's interpretive account of governance in the United States offers an historical narrative of elite constructions of statecraft, which have evolved and have been developed through changing dilemmas over time. Stillman argued that the United States was founded by men and women who escaped the Old World's oppression to find liberty in the New World. This belief in liberty reappears in the exercise of personal freedom from state authority and is, he claims, the central theme of the American experience. Despite the enduring governmental tradition of anti-statism as the core belief among Americans, in the twenty-first century, however, America governs itself and operates abroad as the last global superpower. Stillman unpacks the competing ideas that have informed the changing actions and practice of administrative state traditions, starting with the nation's first century of governing by night watchmen concerned primarily with preserving constitutional democracy. New dilemmas for U.S. governance from 1883 to 1940 gave way to a new governing narrative that led to the creation of a vast administrative state.

Administrative state building came about, albeit incrementally, through specific empirical responses to multiple crises and socioeconomic-political upheavals. The institutions for governance that were so set in place were versatile enough to be reshaped as necessary in the shift from the Great Depression in the 1930s to World War II, and again, during the Cold War with the needs of increasing U.S. global leadership. The numerous challenges that the United States has confronted have led to competing models for refashioning the administrative state. In turn, the competing visions and ideals of public service reform traditions inform how the United States crafts and re-crafts specific administrative reforms, as it tries to solve each challenging situation it confronts.

—Naomi Choi

See also Decentered Theory; Interpretive Policy Analysis; Narrative Theory; Political Communication; Postmodernism; Pragmatism; Situated Agency; Social Constructivism; Tradition

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INTERREGIONAL RELATIONS

Interregional relations refers to region-to-region dialogues, cooperation, and interactions of a more structured variety. It tends to focus on relations between organizational and institutional expressions of regions, though it is not uncommon for the term to refer to relations between more loosely organized groups of states in cases where "regions" are more firmly established. Consequently, discussions on interregional relations tend to focus on relations between geographic or continental regions. For the most part, those who study interregional relations are also more interested in regions of states (rather than nonstate actors and processes).

The concept of interregional relations, however, raises a number of questions. One difficulty lies in distinguishing between interregional relations and interregionalism. Though it is not unusual to find these terms used interchangeably, interregional relations, compared with interregionalism, may involve interactions that are less formal, less institutionalized, and more ad hoc.

The larger question raised by the concept of interregional relations, however, is, What are regions? Regions take a variety of forms—cultural, ethnic, religious, political, ideological (to name a few) as well as the more conventional geographic or continental definitions of region that have been the focus of most international relations discussions and discussions of intraregional relations and regionalism. However, if, as many argue, regions are fluid and dynamic entities, then what may be characterized as intraregional in one context or era may be characterized as interregional in another.

A New Level of Governance?

If regions include more than geographic conceptions of regions, interregional relations may not be such an

empirically new phenomenon (though it has been characterized as such). What is new, however, is interest in interregional relations and interregionalism (as opposed to regionalism, for example) as an area of study, even level of analysis, in the study of global politics and as a new layer in a multilevel, multifaceted system of global governance.

As in discussions on regionalism, the significance of interregional relations for governance can be viewed in at least two ways. On the one hand, it can be seen as complementary or supplementary to global multilateralism—another level of governance to manage a complex and interdependent world. In this view, intensified globalization processes are also associated with the heightened theoretical and practical interest in interregional relations. Specifically, it is argued that intensified transnational flows, growing interdependence, and new security threats reveal the limitations of the state and heighten a functionalist demand for new cooperation. By this argument, the growth in interregional relations is neither different nor unique as a phenomenon compared with other forms of cooperation.

New interregional linkages between a U.S.–led North America and East Asia (Asia Pacific Economic Cooperation, or APEC) and the New Transatlantic Agenda forged between Washington and the European Union (EU) might be seen as building blocks in a larger, unitary (and mostly neoliberal) world order. Subsidiarity arguments for the devolution of authority down from the global level (but in support of unified global objectives) may also apply.

On the other hand, developments in interregional relations may suggest a search for alternative arrangements and thus dissatisfaction with existing relationships and arrangements. In this view, interregional relations point to important tensions between different regionalisms and vis-à-vis a larger global economic order. Rather than globalization and interdependence, this view associates interregional developments with heightened economic competition, as well as the emergence of a U.S.–centric, if not unipolar, world order. By this view, interregional developments suggest a shift away from Cold War regionalisms that were mostly understood to be U.S. led or U.S. facilitated. Instead, the relationship between the United States and the growth in interregional relations may be more oppositional.

The best example of this may be U.S.–Europe relations, where the United States has long been portrayed as a leader and facilitator in the emergence of the EU and the North Atlantic community. During the 1990s, however, this relationship became framed differently. What was once characterized as a single community and regional relationship (e.g., "the Atlantic community" or "North Atlantic community") was increasingly characterized as a "trans-Atlantic" interregional relationship.

Europe is important to recent interregional developments in another respect also. The EU has been at the forefront in the creation of interregional (group-to-group) pacts and relations. It appears that the EU is driven primarily by a desire to effect better world symmetry and in support of a more multipolar global governance structure, especially in the area of trade, finance, and the global economy in general. Two illustrative examples can be found in the EU's relations with Latin America and Asia. With Latin America, the EU expanded interregional relations with Mercosur with an eye toward countering the U.S.–led Free Trade Area of the Americas (FTAA). With Asia, the EU formed the Asia-Europe Meetings (ASEM) in 1996 to offset interregional relations forged between the United States and Asia in APEC. The EU feared APEC would lead to diminished European influence and economic presence in Asia and thus exclusion from what many believed would be the upcoming Asian century.

As for Asian members, the experience with APEC intensified differences with the United States and increased interest in interregional relations with Europe as a way to mitigate their highly asymmetrical relations with the United States. As in the case of Atlantic or transatlantic cooperation, APEC was also originally framed in terms of regionalism (the Asia-Pacific as a singular region) but during the 1990s came to be understood in terms of interregional relations or interregionalism because of intensified differences.

Perhaps because of its geoeconomic potential and significance, ASEM has been a particular focus of discussions on interregional relations, though the

momentum pushing ASEM was weakened by the 1997–1998 Asian financial crisis. Specifically, both European and Asian states conceived the global economy as a triad of economic regions—North America (mostly the United States), Europe (the EU), and East Asia (today, expressed in "ASEAN [Association of Southeast Asian Nations] Plus Three"). Both European and East Asian states perceived imbalances in the triadic relations among the three legs or pillars of the global economy. Where the United States had extensive relations and institutional linkages with the other two legs of the triad, Europe-Asia's relations were less extensive and more ad hoc. Thus, for both Europe and East Asia, ASEM grew out of a shared desire to strengthen the Europe-Asia link of the triad.

Significance for the Study of Governance

It remains unclear whether the new focus on interregional relations will have a long-term impact on the study of world politics. It is especially unclear whether interregionalism will indeed become another level of analysis, as some have argued. Nevertheless, a few observations can be made. To a large extent, interregional relations' analytic and practical purchase will depend on the firmness of regions. It will also depend on the extent to which interregional contributions (economic or political) can be distinguished from those at other governance levels (e.g., national, global, regional).

—Alice D. Ba

See also Asia-Pacific Economic Cooperation; Global Governance; Mercosur; Regional Governance; Regionalism; Subsidiarity; Substate Regionalism

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INVESTMENT

Investment has been defined by the Organisation for Economic Co-operation and Development (OECD) as all assets owned or controlled by an investor, either directly or indirectly. Investment in a national economy, business, or household tends to be portrayed as a progressive and prudent activity for the future, to be contrasted with consumption, which is often seen as the use or squandering of scarce resources for imprudent and short-term gratification.

Investment can be subdivided between public investment by governments and state-owned corporations and private investment by companies, individuals, and households; between domestic investment, accounting for more than ninety percent of total investment in most economies, and foreign investment; between physical or tangible investment in the fixed infrastructure, such as roads, railways, and telecommunications, and human or intangible investment in education, skills, and knowledge; and between direct investment in physical assets and portfolio investment in a range of assets, including stocks, shares, and other financial products.

Investment tends to be measured in quantitative terms. The total amount of public and private investment, as a percentage of national income, is often used as a proxy measurement of international competitiveness and comparative national economic performance. In 2003, whole economy investment among the Group of 7 industrialized economies stood at an average of 17.8 percent of gross domestic product

(at current prices). Investment is also measured by its rate of return, profitability, or income yield.

The World Bank has noted the importance of government policies for creating a good investment climate. The bank has also identified a huge range of factors, shaped by governments and public policies, that may affect the pattern of investment in a given territory, including macroeconomic stability, regulation and taxation, the security of property rights, the functioning of capital and labor markets, and broader governance features, including the predictability and credibility of policy and the level of corruption.

The framework of international agreements governing investment is extremely extensive. The UN Conference on Trade and Development has calculated that by the end of 2003, more than 2,200 bilateral investment treaties and nearly 2,300 double taxation agreements had been signed by 176 countries in an attempt to promote investment. In addition to such national and bilateral arrangements, investment is also governed by regional and supranational frameworks, such as Chapter 11 of the North American Free Trade Agreement and the rules governing the European Union (EU)'s Single Market, and international agreements, such as the World Trade Organization (WTO)'s General Agreement on Trade in Services (GATS). Under the GATS, WTO members are required to treat services and their providers on an equally favorable basis, in accordance with the principle of most-favored nation (MFN). However, attempts to extend this principle into the global governance of investment have previously proven to be highly controversial. In May 1995, the OECD commenced negotiations to create the Multilateral Agreement on Investment (MAI). The MAI proposed granting national treatment and MFN status to all investors, requiring investors to be treated exactly the same irrespective of their country of origin. The MAI also included provisions for direct investor to state dispute resolution, which would have given foreign investors and transnational corporations the opportunity to directly sue governments for compensation, where they could prove the principle of equal treatment of investors had been violated. Because the MAI appeared to raise the rights of investors to a par with,

or beyond, those of citizens and their democratically elected governments, the MAI was vigorously opposed. The OECD abandoned negotiations on the MAI in April 1998.

The liberalization of international finance, following the trend toward the abolition of capital controls from the mid-1970s, has seen an increasing role played by private investment, particularly foreign direct investment (FDI), in growth, trade, and development. Global FDI inflows peaked at US$1.4 trillion in 2000, before falling by forty-one percent to $818 billion in 2001, by a further seventeen percent to $679 billion in 2002, and by another eighteen percent to $560 billion in 2003. Despite this huge volatility, FDI remains a vital source of investment for development. In 2004, developing countries attracted an estimated $255 billion of FDI inflows, raising their total FDI stock to $2.5 trillion. The scale of private investment flows to developing economies now vastly exceeds those provided by public institutions. For example, since its establishment in 1945, cumulative lending by the World Bank has totaled $394 billion, providing $20.1 billion of new investment in 245 projects during fiscal 2004.

The reliance on private investment may have major consequences for both individual investors and even the most powerful national economies given the increasing proclivity for volatility and contagion in liberalized markets. For example, when new Japanese loans of $295 billion to investors in the property sector between 1985 and 1990 helped fuel a speculative rise in asset prices, the Japanese stock market witnessed a rise in the Nikkei 225 Index from 10000 in 1985 to a peak of 38916 on December 19, 1989. When the "bubble economy" collapsed thereafter, and the Nikkei Index imploded to 20222 by October 1, 1990, the trauma to investor confidence in the world's second-largest economy was sufficient to reduce average annual Japanese growth from the four percent of 1981 through 1990 to only 1.4 percent from 1991 to 2000.

—Simon Lee

See also Keynesianism; Public Investment; Social
  Democracy; World Bank

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INVESTMENT INCENTIVE

Investment incentives are policies implemented by governments on local, regional, national, and supranational levels to induce new investors to establish a presence, or to make existing business expand or not relocate elsewhere. The general aim of investment incentives is to influence the locational decision of the investor and thus to reap the positive effects of foreign direct investment (FDI). Investment incentives may also be provided to shape the benefits from foreign direct investment by stimulating foreign affiliates to operate in desired ways or to direct them into regions or industries considered in need of investment. For example, investment incentives may refer to grants to locally based companies for investing into advanced technologies or to subsidies to foreign firms investing in the locality.

There are three main categories of investment incentives: financial incentives such as various grants and loans, fiscal incentives such as tax holidays and reduced tax rates, and other incentives such as subsidized infrastructure, market preferences, and regulatory concessions. The incentives may be selective and discriminate on the basis of size of the investment or its origin. Generally, developed countries and economies in transition frequently employ financial incentives, whereas developing countries prefer fiscal measures. Many developing countries have established free-trade zones where normal domestic regulatory requirements do not apply.

Investment incentives, however, seem to play a rather limited role in determining the locational pattern of FDI. Nevertheless, they may play an important role in an investor's decision on the margin, for instance, if a corporation has to decide between more or less similar location alternatives for investment.

With an increasing integration of production on the global and triadic scales, FDI has enormously expanded since the second half of the 1980s. This has been accompanied by a change of attitude toward FDI. Most countries have liberalized their policies to attract all kinds of investment from multinational corporations. The increase in different investment incentives is well documented, which reflects more intense competition, especially between similar and geographically proximate locations. In this context, a transformation toward the competition state, which aims to secure competitive advantages for capital based in its borders, is often discussed.

The increasingly competitive orientation of states has blurred the distinction between investment incentives and other policies as the concern of attracting or retaining capital becomes a primary concern framing different policies and regulations. As the neoliberal environment of low regulation and taxation is often perceived as crucial for attracting capital, the competition may lead to a regulatory "race toward the bottom." Thus, a need to regulate investment-incentive policies on the global level is often discussed. In practice, there is some regulation only on the regional or triadic levels (for instance, on the level of the European Union).

—*Jan Drahokoupil*

See also Competition Policy; Competition State; Competitiveness; Foreign Direct Investment; Hollow State

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IRON LAW OF OLIGARCHY

The iron law of oligarchy contends that organizational democracy is an oxymoron. According to this "law" of classical political sociology, even organizations committed to democratic ideals and practices will inevitably succumb to rule by an elite few. Although elite control makes internal democracy unsustainable, it is also said to shape the long-term development of all organizations—including the rhetorically most radical—in a conservative direction.

Robert Michels spelled out the iron law of oligarchy in the first decade of the twentieth century in *Political Parties,* a brilliant comparative study of European socialist parties that drew extensively on his own experiences in the German Socialist Party (SPD). Influenced by Max Weber's analysis of bureaucracy as well as by Vilfredo Pareto's and Gaetano Mosca's theories of elite rule, Michels argued that organizational oligarchy resulted, most fundamentally, from the imperatives of modern organization: competent leadership, centralized authority, and the division of tasks within a professional bureaucracy. These organizational imperatives necessarily gave rise to a caste of leaders whose superior knowledge, skills, and status, when combined with their hierarchical control of key organizational resources such as internal communication and training, would allow them to dominate the broader membership and to domesticate dissenting groups. Michels supplemented this institutional analysis of internal power consolidation with psychological arguments drawn from Gustave Le Bon's crowd theory. From this perspective, Michels particularly emphasized the idea that elite domination also flowed from the way rank-and-file members craved guidance by and worshipped their leaders. Michels insisted that the chasm separating elite leaders from rank-and-file members would also steer organizations toward strategic moderation, as key organizational decisions would ultimately be taken more in accordance with leaders' self-serving priorities of organizational survival and stability than with members' preferences and demands.

The iron law became a central theme in the study of organized labor, political parties, and pluralist democracy in the postwar era. Although much of this scholarship basically confirmed Michels's arguments, a number of prominent works began to identify important anomalies and limitations to the iron law framework. Seymour Lipset, Martin Trow, and James Coleman's analysis of the International Typographical Union (ITU), for example, showed that sustained union democracy was possible given printers' relative equality of income and status, mastery of communication skills, and generalized political competence, which underpinned the ITU's unusual history of enduring two-party competition. In the party literature, Samuel Eldersveld argued that the power of organizational elites in Detroit was not nearly as concentrated as the iron law would suggest. He found party power relatively dispersed among different sectors and levels, in a "stratarchy" of shifting coalitions among component groups representing different social strata.

Subsequent studies of parties and unions, but also of other organizations such as voluntary associations and social movements, further qualified the iron law. These studies examined a broad range of factors—such as factional competition, purposive activism, interorganizational ties, and external opportunities and constraints—that highlighted both the contingent nature of organizational power and Michels's relative neglect of environmental context. Although the most recent work on the changing role of social institutions frequently revisits organizational dynamics and dilemmas examined by Michels, it generally does so from a more global perspective. Along these lines, scholars have begun to explore the strategic and internal-democratic implications of transnational resource flows, of state-sanctioned, decentralized policy networks, of cross-border political identities, and of the Internet as internal communication tool. The iron law of oligarchy will therefore remain a salient axis in the analysis of the internal politics of differentiated polities' societal associations, transnational advocacy networks, and multinational corporations, as well as of the broader nature of democratic politics in our globalizing Information Age.

—*Jeff Sluyter-Beltrão*

See also Bureaucracy; Political Party; Sociology of Governance

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IRRATIONAL EXUBERANCE

The phrase *irrational exuberance* refers to the systematically excessive valuation of financial assets by investors, which is a function of wishful thinking and reflected in unjustifiably high market price levels. Alan Greenspan, then Federal Reserve Board Chairman, coined the phrase in a speech to the American Enterprise Institute in December 1996 in the context of the "new economy" boom of the late 1990s. Strangely, it was buried within the speech as a rhetorical question about how we can know when asset prices are distorted above justifiable values. Ironically, the immediate and negative reaction within the markets ensured the phrase was remembered.

The most systematic treatment of the phenomenon has been by Robert Shiller, professor of economics at Yale. His book *Irrational Exuberance* was rushed into press as the NASDAQ stock market peaked in March 2000. The aim of Shiller's book was not to predict the bursting of the bubble, but instead to identify the longer-term costs of the bubble bursting when it did. Shiller argued that there were a number of precipitating factors (such as, *inter alia,* the Internet and day-trading and sports-style media coverage) that helped drive up stock prices and were then amplified by positive feedback mechanisms, chief among which was the media. The irrationality of aggregate price levels notwithstanding, Shiller acknowledged the individual rationality of free-riding rising prices. Shiller's book, though taking the dot-com bubble as its point of departure, is a more general thesis on market bubbles in the tradition of Charles Kindleberger's classic work, *Manias, Panics and Crashes: A History of Financial Crises.*

Appropriate governance measures hinge on, one, whether the market is appropriately valued and, two, whether the exuberance affects the "real economy." If irrational exuberance is present, then monetary policy is an important tool in dampening speculative bubbles; an increase in interest rates can be useful in restraining continuing exuberance. Transactions taxes have also been proposed to discourage short-term speculation and encourage long-term investment based on the rational assessment of economic fundamentals. In contrast to these reregulative measures, others have argued that only increasing the amount of trading carried out in the markets will prove successful because this will truly free market forces to enforce a rational equilibrium.

Greenspan, in his initial speech, suggested that if the exuberance did not affect production, jobs, and price stability, that is, the real economy, then it should not concern policymakers. Unfortunately, when the bubble bursts, those who have used the stock market as an investment vehicle are badly hurt. With more than two-thirds of savings in 401(k) pension plans invested in the stock market, Shiller's argument is that damage is accentuated by the excessive dependence on stock investment. Governance initiatives should therefore guide employees toward diversifying into relatively riskless investments, say, inflation-linked bonds; Shiller stresses the importance of public opinion leaders in this process. Similarly, initiatives to invest public social security funds into the stock market should be resisted because they provide an important national risk-sharing function.

The problems of irrational exuberance are not just limited to the aftermath. Although it may appear that everyone gains during the expansion phase of a bubble—firms, management, employees, and the share-holding public—there are serious and negative consequences for the efficient allocation of resources. If capital is increasingly channeled into the booming stock market in search of quicker and higher returns, then other potentially productive sectors are left undercapitalized, and investment decisions are neither socially desirable nor best for all investment sectors.

—David Hudson

See also Bear Market; Bull Market; Financial Market

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ISLAMIC GOVERNANCE

Islamic governance is a complex concept that has multiple meanings. Islamic governance may refer to the theological fundamentals of Islam as appeared in the holy Qur'an, and taught and practiced by Prophet Muhammad between 610 A.D. and 632 A.D. It may also refer to the form of governance employed during the days of Muhammad's four immediate successors, Abou-Bakr, Omar, Uthman, and Ali—known as al-Khulafaa Al-Rashedeen. Islamic governance may also refer to the several models of governance practiced since then by various Islamic dynasties. In the twenty-first century, Islamic nation-states are governed by different models and varying adherence to the original scripts of the Qur'an. Therefore, it is important to distinguish among theological teachings of Islam, seventh- to twentieth-century Islam, and twenty-first-century Islamic governance.

Foundations: Governance in the Qur'an, the Hadith, and the Sunna

There are three theological foundations for Islamic governance: the Qur'an, the Hadith, and the Sunna. The holy Qur'an was revealed to Prophet Muhammad in the seventh century. It is prescribed as the supreme law of the land. However, when the Qur'an is not specific on a certain issue, Muslims may get guidance from Hadith and Sunna. Hadith refers to the teachings of the prophet. Sunna refers to the actions of Prophet Muhammad during his life. All three sources combine to form Islamic law, referred to as Shari'a.

Islamic governance has two theological principles: Baiyaa and Shura. Baiyaa is the approval of leaders by the Umma (populus), and Shura is consultation with citizens that is mandatory in Islam. Of consultation, the Qur'an (verse 42:36 39) calls for faith, avoid sin, forgive, prayer, and sensible leadership. Shura cannot result in an amendment to the Qur'an, Hadith, or Sunna. Rather, it is a deliberation of worldly matters and religious matters not directly addressed in the three theological sources. Although democracy is absolute in its deliberation even of the constitution, Shura rests on Shari'a, which is the supreme law of the land and which is nonnegotiable.

On Baiyaa, the Qur'an was specific on the formation of a social contract between the people and those who are most fit to lead them—"ulu al amr." This principle (verse 4:59) states that all matters of disagreement among men should be referred to God and the Apostle. Baiyaa is the Islamic principle guiding the approval of new and existing leaders, but Shura ensures that actions of leaders continue to be based on consultation. In this vein, Islamic democracy is participatory and not only representative.

Islamic Governance in History

The first and third successors of Prophet Muhammad were selected by the vote of the majority of the companions. The second caliph was selected by the will and testament of the first caliph. The fourth caliph was selected by allegiance of people. Baiyaa (public endorsement) of the leaders and Shura (consultation) were characteristics of the rule of Prophet Muhammad's four immediate successors.

In later decades, the process of Baiyaa became institutionalized as a second step in a two-step process. In the first step, a leader is selected by a group of scholars (ahl al-hal wa'l aqd). In the second stage, that leader is endorsed through Baiyaa. Scholars emerged easily when Islamic communities were small. However, with the growth of Islamic society, it became increasingly harder for a group of scholars to emerge. Later rulers copied the precedent of selecting the second successor of the prophet, and decided to choose their own successors through what

became known as Istikhlaf. Although Baiyaa was a condition of Istikhlaf, later Islamic dynasties and empires—the Ummawis, the Abbasyds, and the Ottomans—paid less attention to Baiyaa. Istikhlaf without Baiyaa easily transformed rulers to sovereign monarchs who paid attention to the needs of their citizens, but made little effort to ensure that Baiyaa and Shura were being implemented.

Islamic Governance Today

In the twenty-first century, most Muslim states claim to be either secular or not Islamic. Although these states mostly respect Shari'a, that respect rarely translates into strict implementation. Islamic nations of Southeast Asia and the Near East have adopted different forms of secular governments. Iran and Saudi Arabia are the two nation-states that claim to practice Islamic governance.

In Iran, Muslim rule was implemented when Ayatollah Khomeini inspired a massive and popular Islamic revolution in 1979. Today, Iran has two parallel systems of governance. A representative government supplemented by an elected legislature, and a religious system governed by a number of ayatollahs or scholars. The ayatollahs are the supreme authority in that they approve laws and even candidates for public office. The Iranian system bears the closest resemblance to a Shura system where the goal is to deliberate worldly matters only. The religious foundations are preserved by the group of ayatollahs who act as a supreme court with final say on legislation and policy. The tension between the two systems has been the major source of sociopolitical turmoil in Iran in recent years.
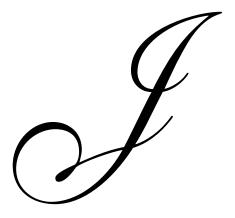
Saudi Arabia, on the other hand, is named after its rulers—the Saud family. The Saud family came to power with Western assistance and has remained in power during the years of the oil boom. Although Saudi Arabia is an Islamic state, neither Shura nor Baiyaa are exercised, and Saudi Arabia is the only Arab country with no legislature or quasi-legislature experience. Islamic scholars play no political roles in the country although they play a significant role in the education system in the country.

—*Mohamad G. Alkadry*

See also Arab Integration; Religion

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J

JOINT VENTURE

In broad terms, a joint venture involves a partnership or alliance among two or more businesses or organizations based on shared expertise or resources to achieve a particular goal. The term is often used for commercial activities undertaken by multiple firms, which abide by contractually defined rules for sharing their assets and the consequent risks and gains of their joint action. The public sector often plays the role of a partner in a joint venture, developing agreements with outside firms or organizations to achieve particular goals.

A joint venture is distinct from other forms of partnerships among organizations, such as mergers or simple contractual arrangements. Partners in a joint venture maintain a separate legal identity, but are bound by agreements about how to share equity, liability, and profits of their partnership. When the public sector is involved in a joint venture, it is often called a public-private partnership and involves public-sector investment and expertise in conjunction with a private-sector partner. Public-private partnerships may involve a range of activities from the construction of infrastructure, scientific research, to more ongoing collaboration in running an organization. Although these types of partnerships have long existed, they have become increasingly prevalent in recent years, and a number of advanced industrial countries have embarked on significant joint ventures with the private sector to construct hospitals and mass transit systems and to invest in new technologies. Joint ventures are also widespread in developing nations, and indeed, are often explicitly promoted by foreign governments and nongovernmental organizations in granting aid and earmarked funds to developing nations. Joint ventures are often attractive to the public sector because they allow an infusion of private money and expertise in pursuit of public aims.

However, joint ventures involving the public sector raise issues about the nature of accountability and the scope of public governance. In entering a partnership with a private firm, the public sector's role is defined as both an investor and a partner. Rather than directly producing the good or service or acting through an arm's length contract, the public sector is engaged in a more extensive contractual arrangement with a firm. As a result, the "publicness" of the venture is often opaque—the good or service may be co-owned and managed by both the public and private sectors. This situation can raise questions about the nature of political accountability and the scope for public action in unforeseen circumstances. Joint ventures substitute direct forms of accountability for the good for a more market-based form of accountability operating through contracts; however, the longer-term or more extensive nature of the contracts means that the public sector is not simply playing the role of a buyer of a good or service but that of a market player. Critics maintain, though, that this dual role is difficult to sustain because the government bears political responsibility for its actions that extend beyond the contractual

structure, which means it may continue to bear risk with reduced mechanisms for political control.

—Jane Gingrich

See also Contracting Out; Network; New Public Management; Privatization; Third Way

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JUDICIARY

In modern democracies, judiciaries increasingly intervene directly in governance by regulating social relations (sanctioning deviant behavior and arbitrating conflicts) and through guaranteeing the respect of fundamental norms (established in law and interpreted through legal doctrine). Many social and political scientists, as well as public officials and members of the legal profession, conclude that this "judiciarization of politics" is a positive accomplishment of the rule of law and of judicial democracy. However, this trend has also been criticized for excessively reinforcing the power of judges in relation to that of representatives of states, legislatures, and executives.

The Worldwide Expansion of Judicial Power

Judiciarization first takes the form of an enlargement of the competences of bodies responsible for controlling the constitutional nature of laws. This trend began in the nineteenth century in the United States (through the Supreme Court) and later spread to European parliamentary regimes (which in the second half of the twentieth century created institutions with similar powers). In the name of general principles of law, and because they were expected to interpret their respective constitutions, representatives of these bodies found themselves in a position to influence legislative output and to orient it across an ever-widening range of issue areas (civil rights, social and economic legislation).

Over the last few decades in particular, judiciarization has also led to an increased capacity among the magistrates to make judgments on litigation in sectors that have become increasingly complex, such as the organization of work, the protection of consumers and the environment, the activity of private companies or political parties, and so forth. The creation of new adjudicatory bodies (such as independent agencies, organizations for investigating alleged criminal activity of politicians like the U.S. Office of Special Prosecutor, international penal courts) all provided additional evidence of the reinforced power of judicial systems over national and international politics.

This process was also caused by two converging phenomena. On the one hand, judicial actors became more autonomous from political authorities and developed a professional culture and independence, which led them to involve themselves in issues that previously they had ignored. On the other hand, increased usage of judicial systems can be explained by an intensified demand for law by actors from civil society, often initiated and brought about by "cause entrepreneurs" (specialist lawyers, judicial activists). Since the 1970s, individuals and organized groups have increasingly taken actions through the courts to claim their rights, have them recognized, and demand retribution for damages they argue they have incurred. These actors have also used penal law as a means of getting the media interested in their causes and thereby publicizing those causes.

Law as an Instrument of Social and Political Regulation

Juridical arbitration has thus become an everyday instrument of social and political regulation. In this way, judges have participated in the affirmation and the

legitimation of certain collective interests (minorities, associations, interest groups) by giving them and their claims credit within a political arena. The action of judges thereby influences the definition, hierarchization, and the treatment of political issues and social problems (for example, in the fight against different types of discrimination, the struggle against delinquency, the resolution of environmental conflicts, problems of succession). An increasing number of judicial actors have taken part in processes of political decision making either by acting as experts (in agencies responsible for setting the normative framework of modern economic or political governance, or in the committees that evaluate public policies) or through more direct interventions (within institutional arrangements for concentration and the formulation of policies set up by a range of administrations).

Indeed, in most contemporary societies, there has been a progressive move away from an administrative model of public action and toward a more polycentric and negotiation-based model (founded on cooperation between a diversified set of political and social actors as well as greater participation of the citizenship). One of the effects of this change has been to reinforce procedural ways of making public policy. This has spread widely, way beyond the traditional issue areas where magistrates have been involved, in particular through fostering techniques such as contractualization and the adjustment of interests similar to those that have always featured in the world of the judiciary.

From another angle, judiciaries have been able to make themselves into bodies that control economic and political actors. This has occurred through repressing business malpractice or political corruption (as French and in particular Italian magistrates did in the 1990s), but also by indicting politicians who have come to be held responsible for an ever-widening number of issues (accidents, natural disasters, health problems caused by lack of vigilance by public authorities, etc.). For these reasons, certain magistrates now judge the "good behavior" of politicians, or have even become the guarantors of a public probity that politicians are now considered incapable of upholding.

Toward "Governance by Judges"?

Some commentators have welcomed the judiciarization of politics as a step forward for democracy that has been even more necessary in a context of discredited politicians. From this perspective, the increased involvement of judges has been seen as a means of compensating for the incapacity of official actors efficiently to satisfy the multiple demands now made by civil society. However, other commentators have seen judiciarization as a threat for legitimate political representation because it has given power to "technicians" who are not electorally accountable for their acts. Indeed, the expansion of judicial power can be seen as exacerbating tension between two types of political legitimacy: popular sovereignty (the realm of elected politicians) and the rule of law (judges).

Nonetheless, it would be a mistake to examine this tension solely from the angle of opposition between judicial and political power with the former taking on a function of representation and political orientation traditionally held by the latter. First, judicial activity participates in the balancing of powers that is one of the foundations of democracy. Second, "judicial governance" is not as strong as it seems. Political actors are still capable of bypassing it or challenging it, an example being the Italian case where anticorruption prosecutors have been shorn of resources with which to pursue corrupt politicians. Third, politicians themselves have participated in the process of judiciarization that they so frequently denounce. They have sought to delegate to judges a number of social issues that they no longer want to deal with (for example problems caused by a weakening of the welfare state that are now addressed through penal repression). Politicians have also sought to enroll the judiciary as a weapon for their own political struggles. This has been done either by instrumentalizing it to discredit political opponents or by supporting the judicial system as a means of increasing their own popularity and thereby consolidating their respective power bases.

—Jean-Louis Briquet

See also Adversarial Legalism; Equity; International
    Courts; International Law and Treaties; Rule of Law

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II

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KEYNESIANISM

Keynesianism is an economic theory based on the works of the Cambridge economist John Maynard Keynes (1883–1946) that argues state intervention in a market economy is both desirable and necessary to avoid destabilizing levels of social unrest and high unemployment. Constructed in response to the economic and political difficulties of the 1920s and 1930s, Keynesianism reached the height of its influence during the post–World War II period, accompanying the emergence of social democracy in many Western capitalist nations. During the 1970s, however, Keynesian economic theory was largely discredited following its apparent inability to account for rising levels of unemployment, inflation, and economic stagnation. Since the 1980s, Keynesianism has been superseded by neoliberalism as the dominant economic policy framework for the capitalist West.

The "Keynesian Revolution"

The main body of Keynes's economic thought was developed during the interwar period in response to the perceived shortcomings of the classical economic theory that had held sway in Britain throughout the nineteenth century. This advocated a *laissez faire* style of economic management on the grounds that an unregulated free market would automatically tend toward an equilibrium state providing an optimal allocation of resources. As such, classical economics maintained that any rise in unemployment or decline in economic activity would ultimately prove to be self-rectifying through a corresponding reduction in wages.

Although Keynes accepted many of the tenets of classical economics, his central departure was to argue that economic theory needed to move beyond abstract propositions, and needed to account for the social forces and conditions in which a market economy operated. On this basis, Keynes argued that the mechanism of the free market would not of itself produce a state of full employment because the social factors determining the level of wages (primarily believed to be the increased organization of the trade union movement) would ensure that the price of labor did not adjust in a smooth, rapid, and automatic fashion. Instead, wage rigidity in a period of recession would exacerbate unemployment, compound the decline in consumption, and create industrial strife. As a result, an unregulated free market economy would tend toward an equilibrium state with an unnecessarily high level of unemployment and would therefore produce conditions that were incompatible with the goals of social harmony and political stability.

For Keynes, the central task was to discover a form of economic management that would preserve the centrality of the market while saving it from its own unpalatable consequences. In 1936, Keynes published his *General Theory on Employment, Interest and Money,* set within the context of a deep depression and the persistence of mass unemployment. Keynes

believed the key cause of this was an insufficient level of "aggregate demand" for goods and services. Because the only means by which an unregulated free market economy could recover from a recession was through a process of falling wages, and because this offered no prior means of raising the level of aggregate demand, Keynes argued that active government intervention was now required to secure this objective.

The primary means by which Keynes envisaged that this would be achieved was through the use of a countercyclical fiscal policy. In the event of a recession, governments would be expected to use cuts in taxation and higher levels of public expenditure (including public works programs if necessary) to boost the level of aggregate demand and to thereby stimulate economic activity. In a contrary fashion, these policies were to be reversed should the economy start to expand too rapidly, with the use of higher taxation and cuts in public spending to constrain any inflationary tendencies.

Keynesianism in Practice

Keynesianism thus advocated a system of active macroeconomic management to regulate the market economy. The underlying aim was to manipulate the level of aggregate demand to raise or lower the rate of economic activity with a view to maintaining social and political stability. In practice, Keynesian ideas gained initial credence during the 1930s as many governments turned to increasing levels of state intervention in an attempt to surmount the difficulties of the depression. The full impact of Keynesianism, however, was only felt after World War II. By 1945, classical economics had fallen into disrepute as a result of the prewar slump, and huge social changes had raised public expectations of greater state intervention. Although the precise interpretation of Keynesian theory varied from country to country, these conditions nonetheless conferred a theoretical legitimacy on a range of social democratic practices, including a mixed economy, fiscal deficits, and economic planning.

The postwar dominance of Keynesian economics was further enhanced during the 1950s by the emergence of the greatest economic boom in the history of global capitalism. As the boom collapsed during the 1970s, however, the mantle of Keynesianism began to disintegrate. Most notably, critics argued that Keynesian demand management was now responsible for simultaneously high levels of unemployment and inflation accompanied with economic stagnation, a phenomenon known as stagflation.

These difficulties were effectively presented by emerging New Right theorists in the United States and Britain as being the inevitable consequence of excessive state intervention. This was believed to have unjustifiably raised public expectations about what the state could reasonably be thought to achieve, to have undermined the ability of the government to rule effectively, and to have impeded the efficient operation of the free market. By the 1980s, Keynesian ideas had been superseded as the dominant economic discourse in Western capitalist societies by the revival of neoclassical principles for economic management. Accompanying this, Western governments now turned to monetarism and to an increasingly *laissez faire* style of economic management in an attempt to address their growing economic difficulties. Although the effects of monetarism have been mixed in practice, and although the most recent variant of neoliberal economic management based on inflation targeting by an independent central bank allows for more active policy measures to help regulate the economy, Keynesian ideas have yet to rediscover the resonance they once enjoyed.

—*Steven Kettell*

See also Business Cycle; Functionalism; Monetarism; Political Business Cycle; Regulatory State; Social Democracy; Unemployment

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KNOWLEDGE MANAGEMENT

Knowledge management is concerned with how organizations manage what they know and "need to know." It focuses on the mobilization, dissemination, use, and storage of knowledge for the realization of organizational ambitions. Much of the literature about knowledge management is oriented to private organizations, but there is increasing attention to it within the public sector. Two main areas of use for knowledge management can be identified in the public realm. The first deals with knowledge for (interactive or governance) policy processes, to realize rational and supported policy decisions. The second deals with the management of knowledge within public organizations, to build competent and learning public organizations. In both domains, different types of knowledge and management strategies are important. Both aspects are strongly interrelated, but for analytical reasons we deal with them separately.

Knowledge for Policy Processes

Policy decisions consist of a constellation of normative, empirical, and practical judgments. Knowledge management facilitates the decision-making process by generating the normative and empirical bases from which policy decisions can be made. There are two reasons for doing so: reducing uncertainty (a shortage of information) and reducing ambiguity (disagreement about the interpretation of information). For example, to convince political principals and the public, stakeholders and officials involved in a policy process usually want to know the possible effects of a proposal through studies such as cost-benefit analyses and impact assessments. Important aspects of knowledge management are

- formulating the research questions and selecting the knowledge producer;
- guaranteeing the quality and the timeliness of the research process, the independence of the researchers and the applicability of the results;
- managing the utilization of knowledge in the policy process.

In today's risk society, the rational underpinning of policy has never been so important and so difficult. Adequate knowledge is often not available, arrives too late, or is not authoritative enough to convince involved actors. C. P. Snow noted in 1964 that the different cultures and logics of the world of science and the world of politics cause major problems. There is the danger of what Liora Salter termed mandated science and science-driven policy or technocracy. Sheila Jasanoff noted that boundary work to define and guard the mutual rights of the domains of science and politics is necessary to safeguard a healthy distinction between these domains.

Ambiguity is the result of the different frames of reference that actors employ when participating in the policy process. Especially in controversial policy processes, actors do have widely different perceptions about the problem and the desired solutions. More information can politicize discussions because of the different interpretations actors give to it and because actors mobilize contra-expertise. Through the organization of processes of interaction and deliberation between actors with diverging frames, knowledge managers try to reach a process of joint fact-finding or social learning in which stakeholders are stimulated to develop shared images about the problem situation and desirable solutions.

This task of knowledge management focuses on a softer, more subjective, and constructivist interpretation of knowledge. Knowledge is seen as a constantly changing flow of interpretations that is constructed through social interaction and reflection. The main problem for reaching a process of frame reflection is the realization of a safe arena in which actors with highly diverging interests and perceptions are willing to discuss their own frames. Another problem has to do with the result of such a process. This is because the search for support and consensus can result in gray compromises, or what can be termed negotiated nonsense.

Knowledge for Public Organizations

Public organizations try to realize their organizational ambitions as well as possible and with minimum resources. Therefore, they need an effective and

efficient way of dealing with their knowledge needs. There are two aspects of particular importance:

1. The organization of information and communication processes
2. The mobilization and development of competencies and expertise

The organization of information processes refers to the way in which an organization keeps an eye on its environment, develops knowledge about it, and organizes its knowledge store so that it can be used when necessary. Through regular monitors, surveys, trend studies, policy evaluations, and so forth, public organizations scan their environment. Scientific programs, think tanks, and advice councils deliver huge amounts of knowledge to government. Through information and knowledge management, especially through developing Information and Communications Technologies (ICTs) and other systems of knowledge storage, public organizations try to keep their knowledge up-to-date, available, and accessible.

The mobilization and development of competencies and expertise has to do with *human knowledge,* the tacit or implicit component of knowledge, strongly embedded in people. Competences are the abilities that are necessary to fulfill a job effectively. They are developed by learning, training, and experience. Public organizations have to invest in their human capital to realize their ambitions in an effective and efficient way. Problems for realizing ambitions include the high mobility of employees, the frequent use of external advisers who leave the organization after finalizing their projects, and the highly dynamic political and societal context of public organizations. Peter Senge wrote in 1990 that all these factors impel a frequent update of competences and thus the development of a learning organization.

—*Arwin van Buuren*

See also Capacity Building; Cost-Benefit Analysis; Evaluation Research; Evidence-Based Policy; Human Capital; Human Capital Mobility; Local Knowledge; Organizational Learning; Policy Learning; Social Learning; Technical-Rational Expertise

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Kyoto Protocol

The Kyoto Information and Communications Technologies Protocol was adopted in 1997 by the member countries of the United Nations Framework Convention on Climate Change. The Protocol commits the signatory countries to mandatory targets for emissions of greenhouse gases. Although there are six main greenhouse gases—carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride—one is by far the most significant: carbon dioxide. Before the Protocol could be valid, it had to be ratified by at least fifty-five nations, and these nations had to be responsible for at least fifty-five percent of all greenhouse gas emissions. These conditions were met when Russia ratified the treaty. The Protocol thus came into force on February 16, 2005.

The Protocol includes an overall target for developed nations to reduce their 1990 emission levels by at least five percent by 2012. Actual emission targets vary from nation to nation. The fifteen European Union countries, Switzerland, and most central and eastern European states must make an eight percent reduction. Canada, Hungary, Japan, and Poland must make a six percent reduction. New Zealand, Russia, and the

Ukraine are to maintain their current levels. Other countries can actually increase their emissions—Norway by one percent and Iceland by ten percent. And some developed countries have refused to sign the Kyoto Protocol, notably Australia and the United States.

The Marrakech Accords, adopted in 2001, are the rules for implementing the Kyoto Protocol. These rules allow the signatory nations some flexibility in how they meet their targets. A country can offset its target with "sinks," areas of forest that absorb carbon dioxide. Countries that have spare emission units can sell them to other countries that have exceeded their emissions thus creating a "carbon market." The Clean Development Mechanism allows countries to pay for projects that reduce emissions in developing countries; developed countries thereby can earn credits toward their own emission targets. Similarly, under Joint Implementation, a member country can implement a project in another member country and thereby earn credit. It is expected that these projects will be paid for by Western nations and built in transition economies, such as Eastern Europe and the former Soviet Union.

—Mark Bevir

See also Climate Change; Environmental Governance; Functionalism; Sustainable Development

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LEADERSHIP

Leadership is a multidisciplinary concept. The foremost academic journal on the topic, *The Leadership Quarterly,* asserts that it is an international journal of the political, social, and behavioral sciences, indicating the breadth of the disciplinary subjects where the concept is discussed. Within this range of subjects, much of the cutting-edge leadership research is focused on leadership in the business world and, more specifically, leadership in organizations. As with any topic, this literature has its own competing perspectives and initially bewildering terminology—LMX theory, MLQ tests, and so on. However, during the last couple of decades, the dominant paradigm in this area has been the charismatic or transformational approach. More recently, there has been a shift toward a "postheroic" model of leadership that emphasizes relational, dynamic leadership more than individualism.

Although the study of leadership in certain areas is marked by a coherent body of literature with its own history and terminology, the study of leadership from a governance perspective, meaning leadership from the perspective of political science, public administration, international relations, political psychology, and related disciplines and subdisciplines, remains underdeveloped. Barbara Kellerman and Scott Webster argued in 2001 that scholarly work in public-sector leadership is sorely lacking. This is perhaps surprising in the sense that the transformational approach

to leadership was initially formulated by James MacGregor Burns, a former president of the American Political Science Association, in a 1979 book that focused solely on political leaders. The task for students of leadership from a governance perspective is to try to formulate the concept more systematically and operationalize it more rigorously.

There was a considerable interest in the concept of leadership from a governance perspective in the 1970s and 1980s. However, this literature failed to establish a subdiscipline of leadership studies and no paradigmatic approach to political leadership emerged. Since then, the systematic study of political leadership has gone into abeyance. As a result, leadership from a governance perspective remains profoundly undertheorized. For example, there is no agreed-upon definition of political leadership. Kellerman and Webster state that a leader either creates changes or strives to do so. By contrast, Jean-Pascal Daloz wrote that the leadership relation involves two-way interaction, from top to bottom and vice versa. Burns provided a general definition when he wrote that leadership is a mixture of motives and purposes, mobilization, competition, and conflict; it involves institutions, politics, and psychology and seeks to arouse, engage, and satisfy followers. More often than not, though, writers fail to provide a definition of leadership and simply take the concept for granted. In any case, in the literature on political leadership there is no equivalent of the literature on power. It is not so much the case that, like the concept of power, the concept of political leadership

remains essentially contested. It is more that in recent times the concept of political leadership has scarcely been contested at all. In short, the concept of leadership has remained almost completely untouched by political theorists for a couple of decades.

The undertheorization of political leadership means that only a few elements of the concept are generally recognized. There is a common recognition that leadership is not an individual process. Leadership must occur within a group context and constitutes a relationship between one or more people—the leader(s)—and the remainder of the group—the followers. Leadership must involve some form of activity by the leader, or aspiring leader. This activity may take many different forms, be it the articulation of an abstract vision or a set of specific proposals for policy change, but a leader is someone who is trying to change the status quo or who is knowingly trying to prevent the status quo from being changed where change would otherwise occur. Leaders must win support for their activities within the group context and they must do so by using essentially noncoercive means. Finally, political leadership may occur in both a constituted and nonconstituted context. That is to say, it may be exercised by people who hold formal positions of power as well as by people who hold no such position.

These elements may provide some basis for understanding the concept of leadership from a governance perspective, but in so doing they merely raise further questions. For example, it is not necessarily realistic to expect a leader to mobilize everyone within the group behind a particular vision, but what degree of support—or followership—is required for leadership to occur? Is there a minimum threshold of followership over which it can be said that leadership has occurred? Equally, what is meant by "essentially noncoercive means"? Does a three-line whip (an order for all party members to follow the leadership on a vote even if it is against their own beliefs) count as an essentially noncoercive act? Similarly, should there be a normative element to a definition of leadership? For instance, was Hitler a leader? Burns, for one, called him a power-wielder and not a leader. However, it might be argued that Hitler was both a leader and a power-wielder. After all, arguably he gained the followership of a particular group of people, perhaps even a large group of

people, by articulating a vision and by using essentially noncoercive means, even if his vision was unequivocally wrong and even given that he used state-sponsored coercion and murderous force to ensure the compliance of other groups. In one sense, there is no answer to these questions and others like them. This is true for many concepts in the social sciences. The difference between the concept of leadership and equivalent concepts is that the latter are usually the subject of intense theoretical and philosophical debate. This point does not apply to the concept of leadership.

Although the concept of political leadership remains undertheorized, the empirical study of leadership has a rich heritage. Perhaps more accurately, a large and distinguished body of work is concerned with the study of individual political leaders and the formal aspects of the leadership process. In other words, most of the empirical studies of leadership are only indirectly concerned with the concept of political leadership discussed previously. Thus, there is a disconnect between the empirical work and what theoretical work there is on the topic.

The empirical work on leadership includes biographies and autobiographies of political leaders. Most are narrative accounts of leaders and the events that they lived through. There are few examples of such work that explicitly try to link the narrative in question to the formal study of leadership, although Alistair Cole's 1997 biography of François Mitterrand is one instance. There is also a vast literature on particular leadership offices. There are empirical studies of presidents, prime ministers, cabinets, and so on, both comparatively and in specific countries. Again, though, few address the leadership literature directly. There is a wider debate about the merits of different types of leadership structures, specifically whether a parliamentary form of government is better than presidentialism. There is a growing literature on women in positions of political leadership. There is increasing attention paid to the selection of political leaders, particularly party leaders, and there is also a literature that focuses on the discourse of political leaders. Overall, although all this literature is relevant to the study of political leadership, only a small fraction of it is directly related to the concept of leadership itself.

One area where there has been a systematic approach to the study of leadership is in the area of personality and politics. There have been a number of influential studies in this area. For example, Alexander George and Juliette George's 1964 classic study of Woodrow Wilson argues that the president's behavior in office was shaped by events during his childhood, particularly the relationship with his severe and demanding father. Another example is James David Barber's 1977 study of U.S. presidents. He argued that presidents have different leadership styles that were a function of each president's character. Using psychological theory, Barber argued that presidential character was determined in childhood. Therefore, by examining the early life of presidential candidates, it would be possible to predict how they will behave in the White House. Barber came to fame when he predicted that Richard Nixon would not be a good choice as president. To the extent that his prediction seemed to be accurate, his work was the subject of some attention. However, the study of personality and politics has not lived up to its early promise. There is now a thriving subdiscipline of political psychology that, arguably, these studies and others like them helped to create. However, little of this work has fed back into the more general study of leadership from a governance perspective, although Juliet Kaarbo and Margaret Hermann showed in 1998 the potential for work in this area with their study of how the leadership style of British and German prime ministers affected foreign policy making.

The uncomfortable conclusion is that the study of leadership from a governance perspective is not in a good place, at least as a discrete and focused area of inquiry. Two developments are required. First, the concept of leadership needs to be more coherently conceptualized. What do we mean by the concept of leadership? How do we distinguish it from related concepts, such as power and authority? Work in this area would not lead to definitive answers to these questions, but the study of leadership would greatly benefit from contending approaches to the topic and from the development of opposing schools of thought that could debate systematically with each other and drive the study of the concept forward. Second, and arguably more importantly, the concept of leadership

needs to be operationalized more rigorously. How can we observe leadership? Few people would argue that leadership does not matter. Even people who prefer to explain political outcomes by reference to institutional theory or cultural theory usually acknowledge that agency, and hence leadership, can still play a role. If so, then how do we operationalize the concept of leadership empirically? Whether leadership is operationalized as an explanatory variable or a dependent variable, what proxies can be used to measure it? In more qualitative, narrative accounts, how is it possible to separate the leadership variable from other variables as determining factors in political outcomes? In a 2004 study, Michelle Bligh, Jeffrey Kohles, and James Meindl point the way with a rigorous study of charismatic leadership by George W. Bush after the September 11, 2001, terrorist attacks. To sum up, the study of leadership from a governance perspective requires two seemingly paradoxical developments: the development of political leadership as an academic subfield with its own paradigms or, better still, competing paradigms, and the mainstreaming of political leadership as a variable in academic inquiry. Both of these developments are still a long way off.

—Robert Elgie

See also Crisis Management; Governance; Hegemony; Organizational Culture; Patrimonialism

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Legislature

Legislatures are elected assemblies in charge of the approval of draft legislation. From the powerful U.S. Congress to the less influential national parliaments in Europe, legislatures occupy a central position in every political system. Thus, even if the notion of governance refers more directly to changes in public administration, legislatures have been affected by this dynamic.

Governance Versus Parliamentary Representation

As an attempt to modify the classic way of producing public policies, the concept of governance can first be perceived as a challenge for legislatures. Political assemblies and parliaments symbolize the vertical and partisan dimension of politics, whereas governance refers to the promotion of horizontal forms of coordination and an opening-up to representatives from civil society. The concept of governance supposes that the community of actors involved in the making of a given public policy is seriously interested in the outputs: The community of actors aims to improve the quality of public policy. More or less explicitly, doubts have been expressed that members of legislatures could efficiently play such a role because some of them are mainly motivated by electoral considerations and because others act under the control of party leaders.

For instance, the distributive approach of parliamentary committees considers that such committees are composed of high-demand representatives who bargain to distribute potential benefits from public policies ("pork-barrel politics").

The institutionalization of conflict, the pressure of electoral competition, and the significance of formalism and procedural rules constitute three features of legislatures that can be regarded as antagonistic to the principles of governance. Moreover, the promotion of governance partly results from a failure of legislatures to achieve some of those principles. The insistence on deliberation by the "good governance" agenda can be understood as a severe judgment on parliamentary debates routinely organized on the floor of the assemblies. The priority to make public decision making more open and accountable implies that the traditional legislative assemblies do not fill that role efficiently. The approval of the law by elected representatives does not guarantee that a transparent decision-making process actually includes a large variety of stakeholders. Thus, governance as an agenda eventually challenges the legislature's historical pretension to exercise a monopoly over legitimate popular representation. Instead, opening government to civil society partly results from the crisis of legitimacy of traditional parliamentary elites.

Concrete consequences for legislatures of effective prerogatives derive from this conceptual shift, particularly in Europe. For instance, the development of contracting procedures between central and local governments also contributes to limiting the ability of legislatures to influence the decision-making process. These contracts involve so many partners that once an agreement is achieved, local assemblies and the national legislatures can only rubber-stamp the document because reopening the bargaining process would be too costly.

Legislators as Actors of Governance Among Others

As political organizations, legislatures are logically in conflict with the conception of power behind the dynamics of governance. However, it is still necessary

to investigate the actual contribution of legislators to the transformation of both public administration and state-society relations that governance encompasses. Indeed, there are four reasons why legislators can and must be regarded as actors of governance.

First, legislatures contribute to intersectoral coordination within public administration. Even if they are specialized in specific topics, legislators maintain a global rather than expert relationship to public affairs. In their constituencies, they can be questioned on any subject and they can also question the administration on any and everything. In so doing, legislators may contribute to putting some intersectoral issues on the agenda that the executive had not wanted or been able to do.

Second, legislators contribute to interterritorial coordination between organizations implicated in multilevel systems of governance. Legislatures can be regarded as organizations providing an institutionalization of territorial coordination because they force representatives of various parts of the territory to make collective decisions. Legislators thus occupy an intermediary position in multilevel systems.

Third, legislatures may paradoxically help nonpolitical actors become involved in the making of public policies. The parliamentary etymology of the word lobbying signals that houses of parliament have traditionally constituted privileged forums of coordination between political authorities and nonpublic actors. In addition, for some deputies and senators, their professional background is so pronounced that they can associate sectoral and private interests with the policy-making process.

Finally, if governance is defined as a normative agenda rather than a narrative, one can investigate whether legislatures are contributing to the reform of deliberation and management over public policies. It is arguable whether parliaments in their modern form serve as collective bodies where the authority of political power is questioned, controlled, and eventually limited. Assemblies can foster the transparency of consultations operated by the government when formulating public policies. The British term of scrutiny, used in the houses of Westminster, actually consists of controlling the activities of the cabinet pressing ministers to explain, justify, and take responsibility for

their decisions. Given that improved informational processes lie at the heart of the governance agenda, some authors have argued that legislatures could strengthen the transparency, openness, and imputability of public decisions through parliamentary reports, committee hearings, question time, written questions, enquiry committees, to name a few.

To conclude, legislatures refer both to the vertical traditional dimension of politics and to a place devoted to public and contradictory discussion more open to nonpolitical actors than to the administration. Legislatures can therefore be regarded simultaneously as conceptually divergent from the governance dynamic and as possible tools for changing the way public authorities interact with society. The problematic issue that remains is what roles legislators themselves are willing to play. From this perspective, and based on the informational theory of the Congress developed by Kenneth Krehbiel, certain commentators argue that (some) legislators do care about the substantive outputs of public policies. Even if there are some doubts that this theory is always relevant, notably in Europe, it does emphasize that legislators care about more than electoral short-term benefits, party loyalty, and day-to-day politics. Above all, informational approaches indicate that the capacity of a given legislature to take public policies seriously depends on the internal rules governing this legislature. This issue is crucial throughout the world because legislatures are still central institutions within political systems and because these assemblies constitute pedagogic arenas where future top decisionmakers learn their roles.

—*Olivier Rozenberg*

See also Accountability; Consent; Democratic Theory; Public Administration; Representative Democracy

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LEGITIMACY

Legitimacy is the popular acceptance of a governing regime or system of governance. The word legitimacy can be interpreted in either a normative or a positive way. The first meaning refers to political philosophy and deals with questions such as, What are the right sources of legitimacy? Is a specific political order or regime worthy of recognition? Empirical approaches try to measure the degree of popular acceptance of existing regimes or try to test causal explanations for low or high degrees of legitimacy.

Legitimacy is a classic topic of political philosophy. In the current context of transformations from government to governance, the issue of democratic legitimacy has once again come to the forefront of political discussions because classic modes of gaining legitimacy that have been established during the last few hundred years are eroding. Vigorous debate is taking place about how to restore democratic legitimacy for sociopolitical systems that are characterized by processes of horizontal and vertical differentiation.

Classic Definitions and Discussions

Gaining legitimacy is a need not restricted to liberal democratic regimes, but considered a basic condition of rule because without at least a minimal amount of legitimacy, governing regimes would face deadlock or collapse. Therefore, every regime seeks to justify its reign, and this justification can be based on various concepts. In history, we have seen competition and changes between different concepts of legitimacy. Traditionally, the reign of monarchs was justified on the grounds of their divine origin. The Enlightenment and democratic revolutions challenged this religious source of legitimate rule and declared the will of the people to be the basic source of legitimacy. In this context of modernization, Max Weber developed a typology of forms of legitimacy that is still one of the most important points of reference. He differentiated a traditional, a charismatic, and a legal-rational type

of legitimacy. He basically diagnosed a historical transformation from traditional to legal-rational types of legitimacy, in which legitimacy based on the charisma of a (revolutionary) leader formed a transitory phenomenon.

Weber's description of the modern type of legitimacy as legal-rational points to an orientation among modern conceptions of legitimacy that is strongest in the German-speaking world. A constitutionalist conception of legitimacy puts most emphasis on regular procedures employed to formulate the will of the people and also on normative limitations and judiciary controls of governing majorities to secure equal treatment and individual liberty. In contrast, conceptions of democratic legitimacy in the Anglo-Saxon world focus more on the aspects of popular participation and regime accountability secured by free and fair elections combined with a system of political checks and balances (in contrast to the legalistic approach of inter-institutional control in the constitutionalist perspective). Another line of thinking about democratic legitimacy, which has mainly French origins, has a different, more collectivist understanding of "the will of the people." Not so much the rules and the opportunities to participate but the affective commitment to the community and to its administrative representations lays the basis for democratic legitimacy. In consequence, patriotism and civic nationalism secure loyalty to the system of governance.

Collectivist approaches to democratic legitimacy based on a materialist worldview see the legitimacy of the governing regime primarily based on securing economic prosperity and equality. In communist states, this line of thinking led to the subordination of all social subsystems under the political system because only full control especially over the economic system enables the political system to implement the will of the people. After World War II, thinking about democratic legitimacy concentrated in the Western countries more on the output or performance of democratic regimes. The relationship between legitimacy and effectiveness of a political system was cast mainly in such a form that legitimacy was seen as a substitute for effectiveness. In such a perspective, legitimacy creates

a reservoir of goodwill (diffuse support) and increases the willingness of the people to tolerate shortcomings of effectiveness (which reduces specific support).

Whereas in the Anglo-Saxon world the relationship between legitimacy and effectiveness has been at the center of debates, the discourse on legitimacy in Germany traditionally has had another focal point—the relationship between form (legality) and substance (morality) of legitimate rule. The differentiation of form/procedures and norm/substance of legitimate rule has been the basis for the establishment of a secular and liberal state and the distinction of "positive" law from theology and philosophy. Nevertheless, the German experiences with an inhumane Nazi regime, which based its rule officially on popular consent and on bureaucratic mechanisms for policy implementation, reinvigorated the constitutionalist tradition of complementing and restricting formally legitimate rule by substantive values.

Empirical Approaches to Measuring Democratic Legitimacy

Empirical approaches emphasize the subjective aspect of democratic legitimacy. If people believe that existing political orders or laws are appropriate and worthy of obedience, then those orders and laws are legitimate. By using polls and other empirical methods, researchers try to reveal these subjectively held beliefs on democratic legitimacy. Nevertheless, it is not easy to measure this phenomenon accurately because legitimacy is an abstract concept. Therefore, it is mostly measured indirectly by asking about political trust or confidence. Empirical studies in Western countries reveal that there is a loss of confidence in almost all advanced democracies. But there are significant differences with respect to what this gap of confidence refers to. Ruling parties and leaders face a high degree of mistrust, and many institutions that have central functions for classic liberal democracies such as parliament, parties, and public bureaucracies have to deal with low confidence. Nevertheless, only small minorities are dissatisfied or not at all satisfied with the way

democracy functions in their country, and even fewer people declare themselves in favor of radical change. Vast majorities still adhere to their democratic systems.

Current Challenges for Democratic Legitimacy

Current socioeconomic and political transformations pose serious challenges to the legitimacy of Western democracies. Supranational integration and decentralization characterize fundamental processes of rescaling governance. Both tendencies create vertically differentiated polities that are reintegrated mainly through intergovernmental negotiations. The proliferation of autonomous regulatory agencies, contracting out, public-private partnerships, and policy networks has led to a horizontally differentiated polity and blurred the line between the public and the private sector. All these processes create a situation where there is no clear and single locus of decision making and responsibility. Furthermore, the classic and clear line of representation and accountability, which connected the people first to the parliament, then to the government, and finally to the public administration, does not capture the real processes of interest aggregation, delegation, decision making, and control. In consequence, the democratic legitimacy of rule making in such a system seems to be in question.

Innovative thinking about democratic legitimacy started from criticism against the dominant form of democracy in Western countries: representative democracy. Since the 1960s, there has been a growing demand for complementing regular voting and party politics in parliaments by other means of public participation. Various strands and mechanisms of participatory democracy have been proposed and in many places implemented. There is a spread of elements of direct democracy such as referendums and recalls, and we find even more elements of associational and deliberative democracy. Concepts of associational democracy stress the contributions by organized groups to effective and adequate policy making. These concepts go beyond the pluralist conception of associations as pressure groups in state-centered processes of interest

aggregation. Associations contribute to the democratic legitimacy of a political system because they open up new venues of civic participation but also possibilities for autonomy and self-governance. Furthermore, they provide meaningful voices in the public discourse and mechanisms for a smooth and effective implementation of those decisions in which they participated. The overlapping concept of deliberative democracy entails a recognition of an expanded social pluralism and cultural diversity, and even more, an awareness of that information and communication is fundamentally shaping the current world. The deliberative model of democracy is—in accordance with earlier republican lines of democratic theory—based on the conviction that "aggregate" conceptions of democracy with their central reliance on the mechanism of voting are inadequate because they neglect the fundamental processes that shape individual preferences and the will of the people. In consequence, this model stresses discussions on an equal and inclusive basis, which deepen participants' knowledge of issues and the awareness of the interests and identities of others. Discourse forms the core of legitimate political decision making and provides the basis for tolerating group autonomy and self-government. A quite different alternative to classic representative democracy is proposed by scholars of the public choice school. For them, fragmentation of the political system and privatization of public services open more opportunities for institutional competition and individual choice. Such a market approach to democracy envisions citizens as sovereign consumers who can choose between jurisdictions that offer divergent tax-service bundles. Freedom of exit and entry ensures the efficiency of such political orders and their legitimacy.

Critics of these new forms of democracy point out that not all social interests are equally represented in civic associations and highlight the dangers of populism that go along with direct forms of democracy. Furthermore, political communication takes place in a public sphere that is shaped by mass media and is less characterized by the exchange of arguments and mutual learning than by dramaturgical actions that feature rhetoric, strategic framing, infotainment, and the imperatives of gaining awareness. Finally, founding a

governance system primarily on the mechanisms of exit and entry leads to massive forms of segregation and undermines a sense of interdependency that is still necessary even for pluralist and diversified societies.

Because all forms of democracy have their specific advantages and risks, it seems reasonable to combine their diverse mechanisms in a "complex democracy" with checks and balances to enhance the overall legitimacy of the political order. Nevertheless, two problems remain: First, it is not yet clear whether such a combination is a positive-sum-game and which combination of these democratic mechanisms is productive. Second, a combination clearly leads to more complexity and maybe the biggest challenge will be how to satisfy the popular wish (maybe even the anthropological need) for transparency and orientation within a political system that cannot go back to simplicity.

The currently most vigorous debate about new ways for gaining democratic legitimacy has emerged where territorial boundaries between societies and polities have been blurred by processes of continental and global integration. The rapid growth of institutions of governance on supranational levels makes it evident that Weber's classic demarcation between the domestic (where legitimate authority resides) and the international (which lacks it) does not hold anymore.

Especially regarding the European Union (EU), which has acquired many rule-making competencies from its member states, it has been claimed that a "democratic deficit" or a lack of democratic legitimacy exists because the role of the European Parliament is much more limited in comparison with national parliaments. In this context, Fritz Scharpf has reintroduced the differentiation between input-oriented and output-oriented strategies for gaining legitimacy, hereby referring to Abraham Lincoln's famous definition of democracy as governing "of, by, and for the people." Input-oriented legitimization equals "government by the people." Political decisions are legitimate if and because they reflect the will of the people. Because there exists no European demos with a "thick" collective identity, decision making beyond intergovernmental negations will not enhance the legitimacy of the European Union. In consequence, Scharpf argues for output-focused strategies

for gaining legitimacy (Lincoln's "government for the people"). In this perspective, political decisions are legitimate if and because they effectively promote the common welfare of the constituency in question. Such a strategy only requires a "thin" identity because all that is required is the perception of a range of common interests. According to Scharpf, the European Union must foster its output-legitimacy by complementing market-making policies with strengthening market-regulating policies, especially by accepting and fostering national social welfare policies, by agreeing on minimal standards for national welfare spending, and by permitting differentiated assimilation. Critics have pointed to his "social democratic" definition of a "common interest," but in general, the direction he scrutinizes for institutional reform has been accepted. There is widespread agreement that the efficiency and legitimacy of supranational governance can only be secured if it is complemented by elements of decentralization that take governance back closer to the people. In consequence, legitimate governance beyond the nation-state must be designed as a multi-level system based on the principle of subsidiarity. Another element of output-oriented legitimization, the positive valuation of independent expertise, has also found wider acceptance. The most important example for this is the trend toward central banks that are independent from central government.

Much more controversial is the "no demos thesis," and there has been a wave of research on identity formation that reveals both hurdles and existent and potential mechanisms for forming a European demos without neglecting the persistence of national demoi. One specific mechanism for identity-formation has again recently come to the forefront. This is the dialectic between external threat and internal cohesion. But it seems that Islamic terror does not serve as a catalyst for a European identity because Europe does not perceive itself as the main target. Furthermore, as long as some EU members perceive American imperialism and others Russian imperialism as the more pressing threat, no common political identity can emerge.

Given the much narrower scope and the lesser authority of international rule making in other regions of the world and on the global level, the discourse on legitimate governance there has had other focal points. The debate circles not so much around legitimate decision-making mechanisms as around legitimate actors. Traditionally, sovereign states have been the only legitimate actors in the modern international system. Therefore, other actors such as international organizations (IOs) and nongovernmental organizations (NGOs) are in a constant struggle to gain and maintain acceptance. Whereas IOs formally receive their legitimacy by state delegation, NGOs rely purely on their public reputation. The focus on actors shifted the debate toward the problem of accountability of these actors. Two forms of accountability can be distinguished: Internal accountability refers to authorization and control of agents by principals who are institutionally linked to one another as democratic governments are linked to their citizens by regular elections. External accountability refers to actors outside the acting entity who are nevertheless affected by it. It has become especially obvious that U.S. foreign policy affects people across the globe who have no institutionalized means to control the U.S. government. Not only the most powerful actor but almost all actors in international governance lack external accountability. Maybe neither input nor output but the boundary problem of "in" and "out" (inclusion or exclusion) that refers to the third element of Lincoln's definition of democracy—government of the people—will become the central issue of democratic legitimacy in a world where boundaries have lost their naturalness and therefore need justification.

—Joachim K. Blatter

See also Authoritarianism; Authority; Consensus Democracy; Crisis Management; Deliberative Democracy; Democratic Deficit; Democratic Theory; Embeddedness; Equity; Legitimacy Crisis; Participation; Political Exchange; Public Opinion; Satisfaction

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Legitimacy Crisis

In a political system with widespread features of governance, a legitimacy crisis occurs if there is a loss of faith in the way governance processes operate. Some actions of the state may not be perceived as justified, and if such lack of faith becomes widespread, the whole system of government may lose its credibility in the population.

Under traditional liberal democracy, a crisis of legitimacy typically occurs because the holders of public office are seen as not following their election program, or breaking rules of democratic procedure, or showing indications of corruption. They are then perceived as serving themselves for purposes of power or personal material benefits rather than serving the public purpose. Under governance, the same may occur, but furthermore, loss of legitimacy might happen as a consequence of establishing nodes or points of decision that are not squarely located within the formal, democratic decision-making system. When powers are decentralized, contracted out, or deliberated in detail with third parties, some citizens may perceive the ways the political system makes its decisions as illegitimate because the rightfully elected politicians and their appointed bureaucracies are no longer appreciated as ruling in a sovereign capacity.

One example could be public-private partnerships that through steering groups and similar forums create influence channels for people associated with private firms, often in collaboration with local politicians and even more with staff from local public administration. Another example could be influence channels created after a process of decentralizing powers from a local government council to service institutions, furnished with a board of directors elected among the users. A third example might be decisions made by a firm to which certain public services have been contracted out, particularly if citizens perceive it as cutting back on the quality of those services. In these cases, the citizen who is neither involved in governing a partnership nor a user of schools, nor in a position to complain about the quality of outsourced services, may perceive a loss of possibilities for influence in matters that earlier were vested with some branch of public administration and the politicians who reside over that administration. As a voter, the citizen may exert some influence at elections, and he or she may express opinions in the media or become a member of a political party. These are the traditional and legitimate channels. Channels established by governance may be perceived by many voters as a weakening of their powers.

Across the world, there is a call for more citizen involvement in democratic governance. Paradoxically, this may also lead to a crisis of legitimacy insofar as the traditional democrats see governance as illegitimate. A tension will then arise between those who are active in governance and those who mainly act as traditional voters. Some call such a process a dispute between citizens on the one hand and stakeholders and users on the other hand.

—*Peter Bogason*

See also Contract Enforcement; Crisis Management; Failed State; Legitimacy

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Liberal Internationalism

Liberal internationalism is the name given to a cluster of ideas about how best to organize and reform the international system. The core of liberal internationalism lies in the belief that international progress is possible, where progress is defined as movement toward increasing levels of harmonious cooperation between political communities. In general, liberal internationalists regard violence as the policy of last resort, advocate diplomacy and multilateralism as the most appropriate strategies for states to pursue, and tend to champion supranational political structures (such as the European Union) and international organizations (especially the United Nations).

Liberal internationalism is typically contrasted with realism, and the recent history of the academic field of international relations is often characterized as a clash between variants of these two traditions. Realists accuse internationalists of being naïve, and even dangerously utopian; internationalists accuse realists of being overly fatalistic. Liberal internationalists have stressed a variety of agents of and strategies for reform. For some, transformation will come about mainly through a shift in international morality; for others, it requires the construction of international institutions. Most current internationalists focus principally on the role of institutions.

Origins and Evolution

Although it can trace its history to eighteenth-century precursors, liberal internationalism emerged as a powerful ideology during the nineteenth century, primarily (though not exclusively) in Britain. Among its main proponents were politicians including John Bright and Richard Cobden, and philosophers including John Stuart Mill and Herbert Spencer. Critical of the violence and hypocrisy of the international system, these proponents proposed a variety of ways to transform the system. They started by challenging what they identified as the root of the problem: the interests and actions of the ruling aristocracies. The transition from mercantilism to free trade and the domestic move toward democracy presented an opportunity to overthrow this feudal legacy. Liberal internationalism has always been conjoined with a domestic reform agenda.

The relationship between liberal internationalism and imperialism is complex. Some internationalists (including Mill) supported the idea that enlightenment could be exported to "backward" countries. However, many of the most prominent liberal internationalists (including Spencer) were ardent critics of imperialism. Today, a common criticism of liberal internationalism is that it is a veiled form of Western imperialism.

Internationalists were split between those who believed that reform would come about mainly or solely through a shift in norms (international morality) and those who thought that the only feasible route

was through significant institutional construction at the international level. The former (including Cobden) focused on transforming the values of society, and in particular they promoted democracy. The latter proposed the creation of a variety of institutional structures, including regional and global federations, and transnational organizations, including international arbitration bodies. World War I dashed the hopes of many internationalists. In the interwar period, internationalists focused on defending and then reforming the League of Nations and developing international law. World War II dealt a further blow to their ambitions, although the postwar fortunes of internationalism are mixed. For much of the Cold War, internationalism was surpassed by realism, but many new internationalist institutions, such as the United Nations, played a major role in global politics.

Engines of Progress: Commerce and Law

Liberal internationalists have proposed two key engines of transformation: international commerce and international law. These are usually combined in liberal internationalist ideology, though the emphasis placed on each differs between thinkers. The economic argument claims that free trade leads to increasing levels of interdependence between states, thus decreasing the chances of war. Because free trade is not a zero-sum game, one of the key traditional sources of conflict is removed. Political cooperation follows from economic engagement. However, these arguments have been challenged. For example, free trade has been accused of increasing inequality and conflict. Moreover, the claim that economic interdependence automatically ameliorates the chances of conflict is disputable.

For realists, and many positivist lawyers, international law is either a misnomer because there is no sovereign to enforce it, or it is irrelevant because powerful states can ignore it. Liberal internationalists disagree, arguing that although far from perfect it is essential in regulating international behavior and in strengthening liberal norms. As states habitually comply with these rules, so cooperation across the system

will increase. Furthermore, liberal internationalists argue, international law should be embedded in institutional structures, such as the UN, and in supranational judicial bodies, such as the International Criminal Court (ICC).

Modern Manifestations

Historically, liberal internationalism has been a prescriptive ideology. Its empirical claims were fairly minimal, consisting of extrapolations based on selective readings of systemic trends. Since the 1970s, a prominent social scientific strand of liberal internationalism has emerged. This used to be labeled complex interdependence; today it is frequently termed *globalization.* Numerous scholars have argued that the intensity of transactions (social, cultural, and economic) across national borders has increased enormously and that consequently the world is becoming interdependent. This has led (or will soon) to a qualitative shift in the nature of the international system. This is a conception of liberal internationalism as a historical process rather than as an ideal.

Following the fall of the Berlin Wall, liberal internationalism underwent a renaissance. The norm of inviolable state sovereignty was challenged widely, leading to numerous humanitarian interventions conducted in the name of universal human rights. The United Nations was (briefly) re-invigorated. Bodies such as the European Union presented a model for future supranational political structures. In the wake of 9/11, much of this optimism evaporated. Nevertheless, liberal internationalism is today a thriving area of academic study and political advocacy, both in academia (especially in international law and normative political theory) and in think tanks and international organizations throughout the world. Its impact on state behavior is, however, more contestable.

—*Duncan Bell*

See also Cosmopolitanism; Humanitarian Intervention; International Law and Treaties; International Organization; Mercantilism; Multilateralism; Post-9/11; Realism and Neorealism

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LIBERALISM

Liberalism is the name for a diverse family of views about government and society that emerged in Europe following the Protestant Reformation and that now dominates political discourse throughout much of the world. The branches of this family are loosely united by shared commitments to toleration of a range of views about the meaning and ends of life, to the ideas of limited government and the rule of law, to the institution of private property as a means of limiting the reach of governmental authority, and perhaps above all, to the protection of personal liberty by whatever means are most likely to be efficacious. These branches have often been divided by feuds over just how far toleration should extend and whether governments should seek to bring about a more robust form of equality than that entailed by equality under law as well as by tensions over the idea of free markets and over the implications for the rule of law of the twentieth-century regulatory state. Some of these differences grow out of a major divide between two main trunks of the liberal tradition, one of which holds that liberty can best be protected by the adoption of limited aims focused on avoidance of tyranny whereas the other sets its sights on more ambitious social objectives.

The term *liberal* acquired its modern, political meaning gradually throughout Europe during the first few decades of the nineteenth century, beginning with Napoleon Bonaparte's use of the phrase *idées libérales* in his Proclamation of the 18th Brumaire in

1799. In 1810, a faction in the Spanish Cortes that opposed royal absolutism adopted the label as its own, and within a decade, liberalism had entered the English lexicon to signify the holding of liberal opinions in politics or theology. In the early years of the century, English writers often adopted the Spanish form *liberales* to give the label a pejorative connotation—ironically because the Spanish advocates of liberalism had from the beginning invoked John Locke and other British authorities in support of their cause. Only in the 1860s did the radical wing of the Whigs in British politics begin to call themselves the Liberal Party, about the same time as the Liberal Republicans began to use the label in the United States and a half-century before it was deployed consistently in American political discourse. Thus, the liberal tradition of political thought was originally constructed retrospectively by writers who discovered affinities between their own values and those of earlier thinkers who sought to limit the reach of political authority.

Liberalism emerged as a product of changes in values in early modern Europe and of the development of the modern state. To retrospective observers, the most conspicuous early signs of a transformation of values can be found in the writings of the Protestant reformers, especially Martin Luther. In contrast to the prevailing teachings of the Catholic Church, Luther insisted that Christianity is primarily a matter of faith, which involves a direct relationship between the individual and God. Luther's thinking led to the notion that nothing could be more important to a person than freedom of conscience and, by extension, the freedom to shape his or her life in accordance with his or her beliefs.

Luther appears to have believed that the meaning of the Scriptures on which Christianity rests is transparent, so that Christians freed of the encumbrances and distortions of church traditions would soon find themselves interpreting Christian doctrine in a uniform way. Actually, the Reformation led to a rapid proliferation of doctrinal differences, to the formation of a large variety of rival churches and sects, and ultimately to protracted violent conflict among protagonists with deep religious and other differences. To avoid the resulting destruction and expense, rulers began to practice toleration, often grudgingly. Their willingness to refrain from violent conflict with religious rivals reflected a shift in values no less important than that embodied in the Reformation, from a value system that at least ostensibly placed highest priority on salvation and the world to come to one that, as a practical matter, treated the lives, liberty, and well-being of individuals as the most eminent priority. This stance together with the notion that the freedom to shape one's life in accordance with one's most deeply held beliefs is of utmost importance to all people constitute the fundamental values on which liberalism rests.

Along with this transformation of values, the emergence of liberalism is intertwined with the development of the modern state, which began to emerge in the sixteenth and seventeenth centuries. In contrast to other political formations, including the manorial and feudal systems that prevailed in much of medieval Europe as well as earlier and contemporaneous empires, the state is characterized by authority that is centralized, extensive, and intensive to an unprecedented degree. Although the feudal system, which was based on a network of reciprocal relations in which superiors provided protection in return for obedience and service from those below them in a hierarchy, was arguably rather intensive by virtue of the obligations it imposed on vassals and villeins, it was highly decentralized. And although imperial authority was extensive, it was not at all intensive because regions or provinces normally retained considerable autonomy. The state, then, was a highly distinctive formation that deployed concentrated power and adopted standardized techniques to maintain order and extract revenues.

The development of the state contributed to the formation of liberalism in two major ways. First, the standardized techniques characteristic of modern states included the adoption of uniform codes and rules. For the state's newly extensive and elaborate structure of authority to operate efficiently, a clearly defined and universally applied system of rights and obligations of individuals was required. The development of these systems—which began to come to fruition fully only with the French Revolution and the

collapse of the *ancient régime* toward the end of the eighteenth century—gave inspiration and support to claims about the rights of individuals, often regarded as natural rights and including rights against the state.

Second, the unprecedented concentration of power that is characteristic of modern states, which underpinned claims of absolute royal authority in the seventeenth century, gave rise to abuses against which subjects sought to defend themselves. Thomas Hobbes, the preeminent theorist of the early modern state, argued in 1651 that no state can be viable over the long term unless it includes some person or body of persons who possess total, random sovereign power, adding the deliberately provocative claim that there is no real difference between tyranny and sovereignty. Liberals from Hobbes's time onward have found this claim both preposterous and dangerous, and they have sought to refute it with claims about the inherent rights and liberties of individuals against the state.

The theory of liberal constitutionalism was developed in response to the threat of absolutism, with John Locke, who is sometimes regarded as the founder of the liberal tradition, one of its principal authors, along with Montesquieu and others in the following (eighteenth) century. Four points, including accretions to the theory after Locke's time, constitute the framework of this theory. First, the power of rulers should be limited by clear definitions of the scope of their authority as well as by a division of governing authority into discrete functions performed by separate persons or bodies of persons (separation of powers). Second, rulers should be constrained by the rule of law. In other words, they should rule by promulgating laws that are knowable to all as well as general in form and universal in application, so that they apply to the rulers as well as to all other citizens. Third, the state must respect certain rights of individuals, including a right to religious freedom and a right to own and to transfer private property. Fourth and finally, the authority of rulers rests ultimately on the consent of the ruled—a claim that underpinned liberals' move to embrace democratic political procedures in the nineteenth century.

The theory of liberal constitutionalism was the first and is the most basic model of a liberal regime. This theory is the product of a strategy for the reform of institutions that seeks to realize fundamental liberal values by arranging institutions so that they disperse power as far as possible while preserving sufficient concentration of power to maintain the security of individuals, to enforce the rule of law, and, for some liberals, to pursue additional objectives.

The Enlightenment produced a new trunk of liberal thinking that soon came to compete with and sometimes overshadow its original growth. Although Locke and other early liberals often made bold claims, their objectives were limited, partly because they remained wedded to the assumption that the capacity of human beings to reshape their social world is quite modest. A century after Locke, many thinkers, inspired by the apparently complete success of Newtonian mechanics to comprehend the phenomena of matter in motion, had cast this assumption aside. These thinkers believed that human beings are capable in principle of comprehending the social world, discerning the laws of nature that determine the ways in which it works, and, with this knowledge, designing institutions that would lead to the elimination of a host of miseries and imperfections.

This epistemically and politically ambitious outlook led to the growth of two extraordinarily influential ideas, one of which was nurtured by liberal thinkers from its inception while the other, initially developed by illiberal thinkers, came to play an important role in the later liberal tradition. The first idea is what Adam Smith called the system of natural liberty and later thinkers often call the market system. Smith argued that the primary engine for the generation of wealth, the division of labor, works most efficiently when it is based on a decentralized system of decision making by private individuals and businesses. He also argued that in this kind of economic system, human relations are based on equality and reciprocity instead of entrenched difference of status and privilege. In this vision, human relationships are thoroughly voluntaristic. The connection between this set of ideas and liberal values is transparent. The idea of a system of natural liberty seemed to represent the perfection of the early liberals' commitment to the freedom of individuals to shape their lives in accordance with their own values as well as promising to

maximize the generation of wealth to bring human well-being to the highest possible level. This idea is the principal branch supporting a version of liberal theory that is often thought to have been dominant in the nineteenth century and is commonly called "classical" liberalism.

Two centuries after its formulation, many people still seem to regard the idea of a pure market system as a kind of utopia. However, the idea of such a system has two deeply disabling flaws. First, a pure market system would place no limits on the accumulation of private power by economic actors (firms), which can wield great power over employees. This potential for accumulation of power is at odds with the liberal strategy to develop institutions that disperse power as far as possible consistently with maintaining security and the rule of law. Second, in a pure market system, how well individuals do is entirely a function of how well they are able to compete in a market. Those who do well are those who can bring to the market something others want and are willing to pay for. People who have little to offer, for example for reasons of disability, would receive little in return. In a genuinely pure market system, some of those people would die, a consequence that is clearly incompatible with the liberal commitment to the lives, liberty, and well-being of individuals.

By the late nineteenth century, the manifest shortcomings of actual (if highly impure) market systems began to lead liberals to embrace the second influential social idea growing out of the Enlightenment, that of a bureaucratically regulated state. Originally developed by nonliberal thinkers such as Henri de Saint-Simon, the idea of a regulatory state came to seem attractive to liberals in proportion to the degree of their disaffection from the utopia of the market system. On the one hand, a regulatory state provided a means to control the accumulation of private power. On the other hand, it supplied a mechanism through which a political association could guarantee to all its members at least a minimal level of welfare. These features have appealed to many people who identify themselves as liberals from T. H. Green in the late nineteenth century to L. T. Hobhouse a few years later and John Rawls in recent years.

The primary drawback of the regulatory state is that it concentrates power in the hands of politicians and administrators. The tendency toward concentration is mitigated by democratic institutions and procedures, which force politicians to act with some degree of responsiveness to an electorate. Drawing upon the view of Locke and others that the authority of rulers ultimately rests on the consent of the ruled, many liberals in the nineteenth century, led by James Mill toward the beginning and John Stuart Mill at mid-century, began to support some degree of democratic control of political leaders, and in the twentieth century, most liberals have consistently endorsed democratic political institutions in some form. But democratic institutions cut both ways, in some respects supporting but in others undermining liberal values. For even though democratic institutions return some power to the people that would otherwise be wielded by political leaders responsible to no one except themselves, they return that power to the people as a collectivity, not as individuals. Liberals who believe that individuals should be as free as possible to shape their lives in accordance with their own values have reason to be troubled by the kind of concentrated power that is characteristic of modern regulatory states, even when their leaders are subject to democratic controls.

Liberalism is riven, then, by internal tensions between those who would like market systems to flourish as fully and freely as possible and those who favor a robust regulatory state. It is also divided by a tension between these schools of thought, both of which grew out of the optimistic rationalism of the Enlightenment, and the liberalism of limited aims focused on avoiding or combating tyranny. And liberals at the outset of the twenty-first century face challenges that go well beyond these longstanding internal tensions. For it is not clear how extensive the liberal tradition's resources are for facing some of the major problems on the horizon, including the problems posed by an international system that remains relatively anarchical and comprises states spanning a broad spectrum from the strong to those that have failed altogether; the difficulties created by a rapidly evolving world economic system in which crucial decisions are made by leaders whose lines of responsibility to those whose

interests they serve are tenuous at best; and the dilemmas posed by powerful forces of nationalism and knotty questions about how and where to draw boundaries between political communities.

—David C. Johnston

See also Civic Republicanism; Civic Virtue; Cosmopolitanism; Development Theory; Liberal Market Economy; Participation; Pluralism; Property Rights; Religion; Rule of Law; Social Democracy

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LIBERALIZATION

Liberalization, which literally is the act of making less strict, refers to the loosening of government controls. Although sometimes associated with the relaxation of laws relating to social matters such as abortion and divorce, it is most often used as an economic term. In particular, liberalization refers to reductions in restrictions on international trade and capital. Liberalization is often treated as synonymous with deregulation: that is, the removal of state restrictions on business. Although the two are, in principle, distinct (in that liberalized markets can still be subject to government regulations, for example to protect consumers), in practice both terms are generally used to refer to the freeing of markets from state intervention.

Recent decades have seen a significant shift toward both liberalization and deregulation. The liberalization of trade has progressed through the signing of a succession of free trade agreements such as the General Agreement on Tariffs and Trade (GATT) in 1947, the Single European Market (SEM) in 1986, and the North American Free Trade Agreement (NAFTA) in 1994. By the 1970s, free trade had extended to most Organisation for Economic Co-operation and Development (OECD) countries, with many developing countries following suit from the 1980s on (including the post-communist regimes of Central and Eastern Europe and, more recently, the People's Republic of China). Recent years have also seen a shift toward the removal of foreign investment regulations: According to United Nations Conference on Trade and Development (UNCTAD) figures, between 1991 and 1996, ninety-five percent of the 599 national foreign direct investment (FDI) regulations across the world were in the direction of further liberalization. Financial markets, too, have been freed from state interference, with the foreign exchange market the first financial market to liberalize in the mid-1970s, followed by the deregulation of domestic stock markets in the 1980s (for the advanced industrial nations) and the 1990s (for the newly industrializing countries).

Liberalization and deregulation have played a central role in stimulating the massive rise in international trade (which grew at an average rate of six percent per annum between 1948 and 1997), foreign direct investment (for which stocks and inflows have exceeded the rise in world trade), and foreign exchange and portfolio capital (with the average daily turnover of foreign exchange markets now in the trillions of dollars). Liberalization and deregulation are thus both seen to have contributed to the globalization of the world economy in recent decades.

There is significant controversy about the benefits of liberalization and deregulation. Both are central tenets of the "Washington consensus"—a set of market-oriented policy prescriptions advocated by neoliberal economists for developing countries to achieve

economic growth. Yet critics of the Washington consensus have argued that, in practice, such policies are being used by corporations from wealthier nations such as the United States to exploit workers from the poorer countries. This is not least because—as activists and scholars alike have noted—markets are, in reality, neither free nor fair. Rather, as one political commentator has noted, the West's attitude to the rest is "you liberalize, we subsidize." For example, generous subsidies paid to cotton producers in the United States and the European Union artificially drive down prices, threatening the livelihoods of African cotton farmers. For many critics, the problem is therefore not so much the freeing of markets per se but, rather, that the wealthier countries are effectively cheating at the game they are exporting to the rest of the world.

—Nicola Smith

See also Liberal Internationalism; Liberal Market Economy; Market; Neoliberalism; Regulation; World Trade Organization

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LIBERAL MARKET ECONOMY

According to the approach laid out by Peter Hall and David Soskice in their research on the "varieties of capitalism," liberal market economies (LMEs) are national economies that display a high share of competitive market arrangements in the governance of company relations. LMEs feature institutional arrangements that allow actors to pursue individual unconstrained strategies, often by matching demand and supply through relative prices. These mechanisms of company governance tend to differ from those in countries that the authors describe as coordinated

market economies (CMEs), that is, systems in which nonmarket institutions are much more prevalent.

In each type of economy, strong complementarities exist between institutions from such realms as industrial relations, vocational training and education, corporate governance, interfirm links, and internal company relations. Conceived as tightly coupled institutional systems within which the presence of one institution increases the returns from another, both LMEs and CMEs endow their constitutive firms with a comparative institutional advantage for particular production strategies. Although CME institutions provide an edge to companies in mature industrial sectors, CME institutions have proven particularly adept at supporting service-sector companies and the establishment of new industries. LME structures are most prevalent in the Anglo-Saxon countries, that is, the United States, United Kingdom, Australia, Canada, New Zealand, and Ireland. In contrast to the successes of CMEs in "incremental" innovation, LMEs tend to be better in "radical" innovation sustained by the wide availability of venture capital financing, human capital investment in transferable skills, and financial reward for risk-taking behavior.

The distinction between liberal and coordinated market economies is the most recent embodiment of a long-standing research tradition that has attempted to account for the distinctiveness of national models of capitalism among the advanced industrialized countries. Hall and Soskice's focus on the firm as a strategic actor contrasts with earlier literatures that sought to explain national differences in economic structures and performance through national cultures, relative state strength, and the degree of corporatism in state-society relations. Hall and Soskice succeed at providing microfoundations for macro-divergences across economies by embracing the assumptions of the new institutional economics. Most importantly, they conceive of the national institutional matrices they describe as constituting equilibrium. The institutional equilibrium of the LME optimizes principle-agent relationships.

The United States is often invoked as the ideal-typical case of liberal market economies. The institutional structures of the U.S. economy do not allow the type of nonmarket coordination associated with

Europe's corporatist networks, or with the close state-society links, the *keiretsus* and enterprise unionism in Japan. Although the CME institutions in continental European countries or Japan promote labor productivity, LME institutions optimize the productivity of capital. As evidenced by a high number of mergers and acquisitions, an active market for corporate control exists. Individual investment decisions are motivated by the potential direct payoffs, less by systemic considerations. Rather than relying on established relationships, transactions between and within companies tend to be open, transparent, and have a focus on the short term.

—Tobias Schulze-Cleven

See also Embeddedness; Liberalism; Monetarism; Neoliberalism; Political Economy

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LINE-STAFF ORGANIZATION

Classical theories of organization associated with Henri Fayol, Frederick W. Taylor, and others define formal organizations as collective enterprises identified by a clear division of labor and authority. These theories view decision-making power as flowing from a unified command structure. Relationships between individuals, groups, and divisions are based on lines of authority that are predetermined. Typically, work is carried out in accordance with specialized functions, and authority is exercised in a hierarchical manner. In a highly centralized structure, decisions are made by a few and flow downward through the enterprise. However, as organizations grow in scope and complexity, they need to be flexible in the extent to which coordination and control are centrally applied. The principle of line-staff organization introduces flexibility into hierarchical lines of authority, while trying to preserve a unified command structure.

Line groups are engaged in tasks that constitute the technical core of the firm or the subunit of a larger enterprise. They are directly involved in accomplishing the primary objective of the enterprise. In manufacturing, line groups engage in work related to production. In the service sector, the line group is responsible for its customers. Line groups have final decision-making authority regarding technical organizational purposes.

Staff groups are engaged in tasks that provide support for line groups. They consist of advisory (legal), service (human resources), or control (accounting) groups. Staff groups support those engaged in the central productive activity of the enterprise. Thus, staff groups create the infrastructure of the organization. Human resources, information technologies, and finance are infrastructural functions. Staff groups provide analysis, research, counsel, monitoring, evaluation, and other activities that would otherwise reduce organizational efficiency if carried out by personnel in line groups. Staff groups are therefore responsible to their appropriate line units. Although line and staff may operate at different levels of an organization, all positions are defined relative to their line or staff function. Differentiating line and staff functions is straightforward in that it involves identifying the beneficiaries of the activity, product, or service. If the beneficiaries are employees, then it is a staff function. Otherwise, the activity is related to the line organization.

By modifying organizational hierarchies to include staff functions, organizational capacity for processing information is increased without sacrificing lines of authority. However, studies indicate that although line-staff innovations may preserve the appearance of formal line authority, staff groups, particularly specialized staff, often assume de facto decision-making responsibilities because their lines of communication to upper management are shorter. This is the case for staff specialists who monitor and report on line performance. The authority of staff specialists may consist of pure advice-giving or specialists may have the right to pass along directives from upper management

to those they do not formally supervise. This naturally leads to power struggles between line and staff. Communication failures, poorly defined responsibilities, and divergent interests create unclear lines of authority that lead to intra-organizational conflict and reduce organizational performance. Clarifying supervisory relationships reduces organizational dysfunction and increases effectiveness.

—*Matthew E. Archibald*

See also Formal Organization; Hierarchy; Organization Theory; Science; Technical-Rational Expertise

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LOCAL GOVERNANCE

Local governance mirrors the general development in Western democratic societies of decentering governments as policy-making and service-delivering institutions. Governments increasingly depend on other organizations in society for reaching their goals. Governments and their agencies no longer are the sole decisionmakers on the distribution of public goods. Governance, and local governance in particular, is characterized by cooperation between governmental and private organizations, joint policy making, shared service delivery, and so on. Local governance is to be juxtaposed to local government.

Local governance can be defined as Peter John did: a flexible pattern of public decision making based on loose networks of individuals. The concept conveys the idea that public decisions rest less within hierarchically organized bureaucracies, but take place more in long-term relationships between key individuals located in a diverse set of organizations located at various territorial levels. The concept of local governance can easily be linked to that of regime, often used in U.S. literature. The difference, however, seems to be that a "regime"

is a nongovernmental coordination mechanism that compensates for the weakness of political authority, whereas governance includes political actors or is even led by them. One can, nevertheless, state that regimes are at the pinnacle of the process of governance; they are an extension of the processes of networking, trust building, and problem solving.

Governance advocates a specific approach to policy making. A rationalist approach does not apply to governance. According to Peter Bogason, policy making is not a rational process, but is characterized by cooperation, deliberation, and reasoning from parochial points of view. Even in the implementation of national policies, local governments have to adapt those policies to the wishes and potentialities of the local communities. They have to face fragmentation and new demands and are bound to organize contradictory demands. Paradoxically, the role of individual leaders increases. They may become more powerful, especially when they possess abilities to stimulate and persuade people and when they show a strong personality and charisma.

Causes for the Shift Toward Local Governance

A shift has taken place from government toward governance. John has formulated many causes. First, economies have become increasingly international. Local governments, when seeking to improve the local economy, therefore, have to attract private companies from all around the world and build alliances with private businesses. Second, in various policy fields, involvement of the private sector is demanded. Without cooperation of businesses, problems of pollution, traffic, economy, and labor market, to name only a few examples, can hardly be solved. Third, especially in Europe, public policies have an increasingly European character. Local governments develop channels of influence apart from those of national governments, and they become aware of the necessity of cross-border cooperation. Fourth, new policy challenges have been put on the agenda. Issues such as environmental protection and AIDS are by their nature too complex to be solved by governmental policies alone. Cooperation of individual citizens and

private companies is much needed. Fifth, political participation has changed quite fundamentally. Many citizens no longer are satisfied with a rather passive role as voters and clients of government, but want to become involved in policy making and decision making themselves. All these developments point in one direction: the necessity of cooperation.

Local Government and Governance

Local governance is to be distinguished from local government. Both can be considered theoretical approaches to the study of how policies and decisions are being made at the local level.

The traditional government model, then, considers public administration as a unity, as if it were a bureaucracy, to be governed as such. Government is perceived as one system, basically founded on Max Weber's bureaucracy model. Between the various levels of government, clear distinctions are to be made, in a hierarchical and consolidated structure and combined with direct central government control. Those distinctions are, at least, of a legal nature, at best constitutional. A clear division of tasks between governmental levels is supposed to be essential. It will increase the transparency of government and will enable politicians as well as administrators to work within a set structure and clear responsibilities. Legal powers should be as exclusive as possible, the division is fixed, networks are closed ones, and policy making is routinized. This traditional government model is clearly linked to the representative democracy model (though some tensions between this one-to-one coupling can be formulated). Leadership has a collegial or clientelist character.

When applied to the study of local public administration, problems in how a system of subnational government functions are mainly the result of overlapping authorities, unclear distinctions of responsibilities, too much centralization, and a lack of autonomy for local governments. The solutions are greater clarity of responsibilities, decentralization, and, last but certainly not least, increasing problem-solving capacity of local government by facilitating amalgamation of local authorities. Intermunicipal cooperation is a

rejected solution because it is supposed to obscure the separate responsibilities of each autonomous municipality. If the geographic scale of local authorities is too small compared with the scale of the societal problems at stake, then amalgamation or even the creation of a new layer of government is preferred.

The governance model, on the other hand, focuses on cooperation between government actors and between government and nongovernmental actors. This approach is derived from insights coming from policy network studies. If this approach is being used, the focus no longer is on providing legal clarity or establishing a new layer of government, but on making things work. First, this approach emphasizes the relevance of checks and balances. The governance model starts from pluralism; the pluralistic society is the starting point. In that society, checks and balances are essential features for preserving freedom and preventing power monopolies. In addition to this normative consideration, actual decisions in the real world of local authorities are supposed to be made in a context of interdependencies in extensive networks. Many actors are involved, governmental as well as nongovernmental ones. Government responsibilities may be specific ones, but government agencies do not escape interdependencies, they often do need cooperation of nongovernmental actors. To put it differently, governments are supposed to lack control. Legal powers cannot displace actual interdependencies. In addition, policy processes are characterized by trial and error; it is quite common to experiment. Structures are decentered and fragmented, they are to ensure flexibility and innovation of government performance, and control is decentralized. The democracy model linked to the governance model of public administration is a mixed one. Representation is essential, as is participation. Democracy also is supposed to be experimental. Leadership, finally, is increasingly important and often mayoral or charismatic in nature.

The governance model recognizes that problems are centered around the difficulty of municipalities cooperating with each other, the possible inflexibility of the present division of tasks, the existence of veto power of some actors, and the existence of somewhat closed frames of reference. The solutions are facilitation of

cooperation by creating overlapping authorities and making it more efficient. In this approach, it becomes clear that an efficient structure (at face value) often becomes penny-wise and pound-foolish. Intermunicipal cooperation is supposedly essential for all governmental entities because it can prevent power concentration. Autonomy of local government is impossible but also unwise.

To conclude, in the study of local authorities, one has the choice between the government model and the governance model. In the first, the focus will be on structures and procedures of government; in the latter, the focus will be on policy making in networks of governmental and nongovernmental actors. Or, as W. L. Miller and colleagues put it: local governance can be understood as the commissioning, organization, and control of services such as health, education, policing, infrastructure, and economic development within communities.

Features of Local Governance

Government and governance cannot only be considered analytical models for the study of (local) public administration. They can also be concrete pictures of what is actually going on at the local level, that is, models of reality.

John has formulated elements of the shift from government to governance. First, he points at trends of institutional reform, consisting of both institutional multiplication and institutional restructuring. New layers of government have been created, whether all-purpose ones or special-purpose ones. New public management ideas have been adopted. Second, there is a trend of governing in new networks. Local government institutions and the private sector create horizontal networks (or regimes). Especially in those parts of the world where nations are increasingly working together and boundaries seem to fade away, as is the case in the European Union,

municipalities tend to enter or create international networks. Third, new policy initiatives can be observed. Local governments and local networks seem somehow to compensate for the retreat of the state, in an innovative way. Thus, they are building capacity and trust to deal with issues in their communities. At the same time, a revival of central initiatives can be distinguished—new policies, new bureaucracies. Fourth and finally, there are responses to dilemmas of coordination and accountability. Policies being made in public-private networks necessarily lead to a search for new mechanisms of control and accountability, as well as to more prominent forms of executive leadership.

As a result, government and governance are different realities indeed (see Table 1).

It has to be kept in mind that government and governance are formulated as ideal types. In reality, elements of both models will be found. Despite trends toward local governance, the institutional framework of local government will still be important.

Dealing With Local Governance

Important parts of day-to-day political and administrative life consist of the delivery of local services, their production, and provision. One of the results of governance ideas (as contrasted to government) is the insight that the decisions about the provision of services and

Table 1 Local Government and Governance Contrasted

Element	Government	Governance
Number of institutions	Few	Many
Bureaucratic structure	Hierarchical Consolidated	Decentered Fragmented
Horizontal networks	Closed	Extensive
International networks	Minimal	Extensive
Democratic linkage	Representative	Representative + new initiatives
Policies	Routinized	Innovative Learning
Central government	Direct control	Decentralized + micro intervention
Leadership	Collegial/clientelist	Mayoral/charismatic

Source: John, P. (2001). *Local Governance*, p. 17. London: Sage Ltd.

the quality level can be distinguished from the actual production. As Bogason put it: the body responsible—the municipality, the county, and so on—for the service must make the decisions about provision, but it does not necessarily have to produce the service. Service production can be provided by private and public organization (governance borrowed this insight from the new public management literature).

Further models of local governance can be distinguished. In further models, several elements play a key role. Differences can be observed regarding key goals of governance, attitude to local autonomy, attitude to public participation, key service delivery mechanisms, and key political mechanisms.

One of the main problems to be solved is the kind of democratic legitimacy each of the local governance models will have. Traditionally, democratic legitimacy is supposed to be guaranteed insofar as elected officials (local councils, in particular) are the main policymakers. In most governance models, elected politicians tend to lose that position, and the primacy of representative democracy erodes. Different ways of achieving legitimacy have to be found because the centrality of the representative democratic institutions has faded away. This means that other channels have to be created for effective citizens' input in collective decision making and legitimate outputs.

The local governance models discussed earlier each have their own way of safeguarding democratic legitimacy. The localist model tries to keep as close as possible to the representative democracy; it addresses citizens first as voters. As a result, it almost overlaps the local government model. Democratic legitimacy is guaranteed by elections and responsiveness of local politics. The second, or individualist, model perceives citizens as consumers and customers of local services. Consumer consultation and the formulation of consumers' rights (getting "value for money") are supposed to stimulate democratic legitimacy. Citizens can formulate their needs for services by ways of consultation. Dissatisfaction on the actual service delivery can be expressed as consumers' rights.

The third, or mobilization, model of local governance seems to get its legitimacy by dealing with the needs of disadvantaged and excluded citizens and

from their participation. It is unclear whether the opinions of other citizens are considered as well. Finally, the centralist model of local governance maintains national representative decision making as the main source for its legitimacy.

—Linze Schaap

See also Collaborative Governance; Government; Interorganizational Coordination; Participatory Democracy; Regime Theory; Urban and Regional Planning

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LOCALIZATION

The term *localization* appears frequently in policy analysis within two contexts. The first we might call the organizational context, where localization fits with what have come to be termed new public management prescriptions for achieving greater responsiveness and customer-centeredness in the public sector by attempting to tailor services to local settings as much as possible. Localization is often used in tandem with decentralization as a governance strategy to attempt to achieve this greater responsiveness, but may have a different meaning than decentralization, which may or may not result in localization, depending on where the center is located in terms of geography or power at the beginning of the reform process,

Localization, in the managerialist sense of the term, is perhaps best thought of in the context of center-local relations, with decentralization as a strategy for achieving greater localization of governance. Localization can also be used to attempt to achieve greater participation in political decision making from communities or even individuals through their greater participation in public services, and so is often associated with notions such as citizenship and choice.

The second context of localization occurs on a larger scale—if the opposite of decentralization is centralization, the opposite of localization is globalization. Localization is often held in a dialectic relationship with globalization—as the latter occurs across time and space, often as a force for homogenization, the former appears as a form of resistance to it. Here localization is perhaps even more politicized than in the case of center-local relations, often being used as a term favored by antiglobalization writers as denoting a resistance to the branding of consumer goods and public services. In the context of governance, we might therefore expect attempts at pursuing uniform "global" programs to be encountered by resistance at a local level where "difference" is demanded instead. This clearly has strong links with the first context in which localization is used, but here it appears to be used in a different sense, being a source of activism, holding more dynamic meanings than is often the case in the rather top-down assumptions held in the organizational notion of localism.

—*Ian Greener*

See also Center-Local Relations; Citizenship; Decentralization; Globalization; Glocalization; New Public Management

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LOCAL KNOWLEDGE

Local knowledge refers to people's knowledge of their own circumstances and lived experiences, whether those be community residents for whom public policies are being legislated or the legislators' staff members or the implementors of public policies (or any other setting). Local knowledge is the mundane, yet expert understanding of and practical reasoning about local conditions derived from lived experience. In this sense, it is often juxtaposed with "expert" knowledge—the phrase commonly used in reference to technical or professional expertise that derives from academic training. This latter form of knowledge is what is commonly understood to be possessed by policy and other experts—whether legislative staff, advisors to legislators and their staffs, or expert witnesses giving testimony in legislative hearings (in the U.S. context).

Local Knowledge and Phenomenological Situatedness

Local knowledge is primarily a phenomenological concept, or one that enacts phenomenological ideas, although it has been developed and used in various disciplinary settings, with especially strong roots in cultural or symbolic anthropology and ethnographic methods. Local knowledge manifests its phenomenological underpinnings in its insistence on the context-specific character of knowledge—the knowledge that people develop among themselves in interaction with the programs, operations, or objects (physical artifacts) that are specific to their local context, such as a work practice in an organizational setting or a lived experience with electromagnetic frequency (EMF) emissions.

Local knowledge develops from experience with the situation in question. Much of it is tacitly known in the sense that Michael Polanyi used the term in referring to the sort of knowledge one develops over time, typically from repeated actions in the course of everyday living or the practice of a craft, trade, profession, art, or hobby, as distinct from book learning. Such knowing is highly context-specific, and it is the

kind of knowledge that is rarely made explicit. In some cases, as Polanyi noted, it is not possible to make such knowledge explicit or to do so without great difficulty.

Applied to a public policy or public administration setting, "local" workers (such as in a governmental agency implementing public policies) or residents affected by such policies and programs are seen as far more knowledgeable about the situation at hand than those without such experience or point of view. This means that there is a conceptual shift in the meaning of "expertise"—those possessing local knowledge are understood to have a form of expertise, although that expertise is not based on, for example, university training. Local knowledge has its own characteristics. The expertise embedded in local knowledge resides in intimate familiarity with and understanding of the particulars of the local situation. This is "everyday knowledge," as distinct from the more "scholarly" knowledge based in scientific training. This everyday knowledge derives from practical reasoning about context-specific events. For example, although scholarly knowledge is theory-based, abstract or general, scientific in construction, academy-based, and technical-professional, local knowledge is practice-based, context-specific, interactively derived, lived experience–based, and tacit and involves practical reasoning.

Although local knowledge is situational, that does not necessarily mean that it is lacking in specialized expertise. The character of the expertise is different: Local knowledge legitimates the experiential and the contextual as types of specialization equal in value (under certain circumstances) to the scholarly academic. Each has its place. Depending on the situation, local knowledge may well include technical or professional training because that is the source of knowing in that context. Perception and valuation of knowledge as local, rather than expert, seems to hinge, in some cases, less on its non-academic source than on its sociocultural character, the status of the perceiver(s) and of the person(s) "doing" the knowing, and structural features of the relationship between the two.

Local knowledge is sometimes associated with practical reasoning or political judgment, terms associated with the Aristotelian notion of *phronesis.*

Local knowledge is also widely associated with the work of anthropologist Clifford Geertz, after an essay included in an edited collection by the same name. He does not define there what he means by local knowledge, but it is possible to infer his meaning from how he uses the term. In the final chapter of his book, which is the title essay, Geertz compares four legal systems, addressing the question of whether law is a universal set of ideas or whether it is more closely tied to local practices. He sees a legal system as comprising knowledge that is place-specific, rather than placeless and general or universal, which means that its laws are part of what constructs and shapes social life. This relationship between what is particular and what is universal is closely related to Geertz's earlier arguments concerning the methodological requirement that interpretive methods provide a layering of detail in building a representation of their subject matter. Linking the two ideas together, we can see that writing thickly descriptive research reports requires intimate familiarity by researchers with the local knowledge of those they are describing. Indeed, researchers are building their own local knowledge as they observe, interview, and study policy- or agency-relevant documents. Interpretive research, then, is grounded in local knowledge, both substantively and methodologically.

Local Knowledge in Policy Analysis

The term *local knowledge* has often come into play in policy analyses in reference to circumstances in which policies designed at some distance from their point of implementation contain programmatic features that impede their enactment on-site. The newly (re)designed policy or program does not work because it does not fit the lived realities (or *Lebenswelt,* in the phenomenological term) of those for whom it was intended (the policy "targets," in the language of noninterpretive policy analytic writings). Not uncommonly, these features would not have been included by those with first-hand knowledge of the setting or actors in question and their entailments. "Locals," in other words, with their particular local knowledge, would have

anticipated policy or program failure with the inclusion of these features. Locals need not be residents only, and their expertise can also be other than nontechnical everyday knowledge. In the field of technology policy and the assessment of risk, for example, analysis might focus on the technical expertise held by local workers that is not considered in designing policy. Mary Schmidt, for example, wrote about grouters pouring cement for the construction of a dam designed by policymakers at some remove from the site. The dam collapsed after site-based grouters' "intimate knowledge" of local rock conditions for cement preparation was ignored by project engineers on site and design engineers in the state capital, with a consequent tragic loss of life.

Interpretive policy analysts (and others), in arguing for more participatory policy design and implementation processes, often base their arguments on the need for local knowledge in anticipating developments such as these, in the understanding that according legitimacy to local knowledge might have yielded more effective policies and programs. Some of the arenas in which this has been an issue include development policy. One of the stories told about such problems describes efforts to remedy drought in a specific region, which had nomadic tribespeople dig more wells. Had planners accessed the local knowledge held by herders, they might have understood that adding wells was likely to encourage a tribesman to increase his herd size because of what owning livestock meant for his reputation. Such increases exacerbated the problem situation the policy was intended to resolve. In the context of science and technology policies, Brian Wynne relates the story of shepherds in northern England whose local, implicit knowledge of wind directions and sheep grazing patterns was ignored by scientist-experts advising policymakers concerned with fallout from the nuclear explosion at Chernobyl, far to the east, with detrimental economic results. In education policy, had policymakers in Boston and elsewhere understood what busing meant to White parents, they might have pursued differently the policy that led to "White flight," which undermined the policy's purpose. Contemporary arguments for evidence-based policies in various fields concern, in some respects, the debate about whether local knowledge may be considered a sufficient basis for evidentiary claims.

Local knowledge has also had a long-standing place in the context of planning—urban, regional, and international (development-related)—dating back to the late 1960s and 1970s. Many scholars argued against the model of planner-as-technical-expert making decisions for neighborhood residents, as if the latter had no knowledge of or agency regarding their own situations. The debates were joined in the work of Paolo Freire in development education, who sought to teach Mexican farmers and peasants to read by starting with words grounded in their own work and life situations. In many respects, the argument echoed a much earlier concern of John Dewey, Clarence Perry, and others for the neighborhood unit as the central element of both planning and education.

Accessing local knowledge has strong methodological associations with interpretive methods, such as ethnographic and participant observer research, as is done in interpretive policy analysis.

—Dvora Yanow

See also Evidence-Based Policy; Interpretive Policy Analysis; Interpretive Theory; Knowledge Management; Local Reasoning

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Local Reasoning

Local reasoning refers to the creative capacity of individuals to change their beliefs. The concept of local reasoning maintains that individuals, by making decisions or reacting to experiences, may adopt, reject, or modify their beliefs in novel ways. This reasoning process is localized because it always takes place within the context of an individual's set of held beliefs. These inherited or already held beliefs situate an individual within a particular tradition.

Local reasoning denies that an individual's beliefs are merely functions of social structures, norms, or rules. Although traditions and prior theories influence the reasoning process, they do not necessarily determine the content of an individual's beliefs. Moreover, beliefs are not simple products of completely autonomous reasoning. Local reasoning claims that individuals adopt, reject, or modify beliefs as a reaction to a decision or experience and always as an agent situated within a particular tradition.

An interpretive, bottom-up study of governance will examine the local reasoning of individuals because explaining the changing beliefs of individuals affects the norms, practices, and systems of governance within a community. Analyzing the local reasoning of individuals highlights the interplay between inherited traditions, dilemmas, and the resultant beliefs and practices.

Local reasoning differs from other forms of reasoning. Local reasoning contends that beliefs arise out of a process where situated agents reason, make decisions, or react to experiences and then decide whether to adopt new beliefs or reject or modify already-held beliefs. Rational choice theory rejects situated agency and local reasoning by preferring to grant individuals complete rational autonomy. Individuals hold or change beliefs, according to this theory, by reasoning through a process of utility maximization. Thus, an individual can hold any belief whatsoever as long as it satisfies some variant of utility. Another school of thought, institutionalism, asserts that social norms or roles can best explain individual beliefs and practices. This denies the creative capacity of individuals to modify their beliefs. Changes in belief are constrained by objectified social norms or roles. Changes in practices and governance, then, are explained at the level of norms, rules, and external social forces rather than on the level of the individual.

Even within an interpretivist approach to governance, the concept of local reasoning distinguishes between a more strongly decentered approach and a quasi-structuralist perspective that sees beliefs as creatures of reified ideologies, discourses, or epistemes. Much like institutionalism, this approach appears to constrain the agency of individuals to change their beliefs by explaining beliefs and actions as an ideology or discourse. Local reasoning, then, distinguishes itself from these other views of rationality by rejecting the pure autonomy of the rational choice school while explaining changes in beliefs locally, within an individual's web of beliefs.

—Ben Krupicka

See also Decentered Theory; Local Knowledge; Situated Agency

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Logic of Appropriateness

The logic of appropriateness refers to a view of action that involves the matching of situations, roles, and rules. It defines a basis for decision making biased toward what social norms deem right, rather than what cost-benefit calculations consider best. Behavior in a specific situation is said to follow from the rules that govern the appropriate course of action for a given role or identity. The rules that determine appropriateness are institutionalized in social practices and sustained over time through learning. The logic of appropriateness furnishes governance with institutional order, stability, and predictability. At the same

time, it may run counter to democratic principles by implying the substitution of tacit understanding for collective deliberation. The term was coined by organization theorists James G. March and Johan P. Olsen, but the concept has long been an important theme in social theory.

The logic of appropriateness is commonly distinguished from the logic of consequences. The latter evokes self-interested, rational actors with fixed preferences and identities, whose behavior is determined by the calculation of expected returns from alternative choices. Although the two logics are usually presented in mutually exclusive terms, they can also be understood as opposite poles of a single continuum. In the face of uncertainty and complexity, the analysis of a specific situation on the basis of experience, expert knowledge, or intuition, and using criteria of similarity, difference, analogy, and metaphor, may yield a variety of appropriate alternatives. Yet the choice among these may involve an assessment of the likelihood of different consequences and the costs and benefits of expected outcomes. Even in such situations, however, prevailing norms, beliefs, routines, procedures, roles, organizational forms, or technologies are assumed to force cognitive shortcuts. The reason is that the capabilities of attention, interpretation, evidence validation, and memory management are seen as imperfect.

The two perspectives of action have different implications for governance. The logic of appropriateness presumes that members of a polity follow rules because they are perceived as natural, valid, and legitimate. Rules may be replaced or modified over time through processes of selection and adaptation. This outlook emphasizes the notion of political community, its definition of accepted social relations, as well as acknowledged roles such as citizen, bureaucrat, elected politician, or court official. In contrast, the consequentialist logic stresses individual self-interest and views political order as an aggregation of rational actor preferences through processes of bargaining, negotiation, and coalition formation.

Even though the logic of appropriateness is an important factor for the effective functioning of large organizations and political orders, it is associated with inefficiency, rigidity, and incrementalism. In contemporary democracies, rules provide procedural and substantive fairness and protect individuals from the power of authorities and resource-rich actors. In an increasingly complicated institutionalized environment, however, the scope of action based on tacit understanding increases, as do the political opportunities of individuals with economic or intellectual resources.

—Jörg Balsiger

See also Bureaucracy; Communicative Action; Communicative Rationality; Decision Making; Institutionalization; Rational Choice Theory

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M

Majority Cycle

A majority cycle is a majority voting system's bias leading to a circular result, namely, every alternative loses to at least one other alternative. From both rational and ethical perspectives, majority cycles are undesirable because they undermine the principle of transitivity and are unsuitable for reaching consistent decisions.

The discovery of this phenomenon lies in the works of M. J. Condorcet, illustrated by his famous voting paradox. Drawing on the works of J. C. Borda, who exposed in 1781 that the result of an election largely depended on the voting rules—majority voting or individual ranking of candidates by voters—Condorcet demonstrated in 1785 that the method of simple majority voting may yield a majority cycle. In the simplest case of a poll composed by three voters and three candidates:

1. A (two votes) defeats B (one vote)

2. B (two votes) defeats C (one vote)

3. C (two votes) defeats A (one vote)

This election outcome is not stable. In this case, there is no Condorcet winner—a candidate who is undefeated by any other feasible alternative—because a majority cycle occurs (A>B>C>A). This result is paradoxical because it violates rationality to maintain the moral principle of majority.

The heuristic potential of majority cycles was rediscovered in 1951 by K. J. Arrow through his investigations on collective decision-making systems. In 1963, Arrow acknowledged that, from a formal viewpoint, a decision-making system based on the aggregation of individual preferences must ensure their transitivity (if A>B and B>C, then A>C) and completeness (if A and B are candidates, the only alternatives are A>B and B>A). Such ideal systems also should comply with four moral axioms. First, whatever the individual preference orderings are, there should be defined a collective preference ordering. Second, if an individual prefers A to B and the other individuals' preferences remain the same, the social welfare function should ensure that society still prefers A to B. Third, collective preferences made from any set of available candidates should depend only on individual preferences with respect to those candidates. Fourth, collective preferences should not depend on one individual whose preferences overcome the preferences of the other individuals.

As Arrow pointed out, these rational and moral conditions are mutually incompatible. As a consequence, no voting system is able to avoid the formation of majority cycles and also be legitimate. This theorem has inspired an important literature on various solutions to this impossibility by reducing, multiplying, or reformulating Arrow's postulates.

—Jean-Baptiste Harguindéguy

See also Election; Impossibility Theorem; Positive Political Theory; Rational Choice Theory

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MARKET

In the standard conception, markets are spaces in which buyers and sellers (collectively, market agents) decide consumption and production based on price signals. Production, consumption, and price levels are often referred to as market outcomes.

Governance by markets and market governance connote two different conceptual and institutional devices. Governance by markets means that markets are employed to allocate resources instead of other mechanisms. Market governance is about the set of organizations and rules that governs how a market operates.

Theoretical Approaches to Markets and Governance

The relationship between markets and governance has been envisioned variously by neoclassical economists, new institutional economists, and political economists.

Neoclassical economists begin with the standard market perspective. Ideal markets are Pareto optimal mechanisms for allocating resources toward production and consumption. A number of assumptions define ideal markets. These assumptions can be violated in practice. Violations lead to inefficiency. Identifying violations and what to do to restore efficiency constitutes the neoclassical discourse.

In this discourse, liberal economists often emphasize that problems in markets stem from outside interference (or interventions) that distort the signals received by market agents. The appropriate policy response is to structure governance to allow market agents to receive the correct signals and to decide for themselves based on these signals. In cases where production and consumption decisions are not made in markets, the appropriate policy response is to introduce markets so that efficiency can be increased.

Opposed to the liberals, welfare economists emphasize that markets seldom do well on their own. The appropriate response is to make markets efficient with help from nonmarket agents such as government regulators. When they deem nonmarket agents incapable of correcting markets, welfare economists can argue for altogether abandoning markets in favor of alternative modes of production and consumption decision making such as government or other hierarchical mediation.

Outside the neoclassical discourse, new institutional economists emphasize that particular rules and regulatory organizations are critical to how markets operate. Property rights and their enforcement are particularly important. In addition, institutional economics emphasizes that costs associated with transacting in markets decide whether markets or alternatives are the efficient mechanisms for organizing how resources are used. Important alternatives include hierarchies and networks.

Political economists emphasize the political underpinnings and consequences of markets rather than free market assumptions. In this perspective, markets are primarily about distributing resources among groups or classes in society. The ways markets are governed enshrine particular bargains among dominant social actors and perpetuate the power of these actors. Political economists show that political bargains also lead to alternatives to market-based resource distribution such as the state or corporatist institutions.

Governance by Markets

Markets are one approach to allocating resources in society. This meaning is captured in the notion of a market economy. In a market economy, markets are the prevailing mode for distributing resources to production and consumption. An important historical alternative to market economies was the planned economies of the Soviet sphere of influence. In these

economies, states dominated decisions about production and consumption.

Market economies come in different varieties. Differentiating factors include how actively the state works and how much social organizations work together to shape market outcomes. Market economies in which states play active roles are variously referred to as statist, dirigiste, or developmental. Market economies in which social organizations work together closely are often referred to as corporatist or coordinated. Market economies in which the state is less active and social organizations work together less are often referred to as liberal.

In public administration, the market has gained currency as a mechanism for economic decisions within the public sector. This corresponds to the emergence of the reform movement generally referred to as new public management, or NPM. A significant component of NPM is to shift resource allocations out of hierarchical bureaucracies into market type mechanisms, or MTMs. These types of reforms began in the 1980s in countries like Britain, New Zealand, and the United States. Many other countries have since used MTMs to reform their systems of public administration.

MTMs do not have to implement markets in full. Some take market features and introduce them into the public sector. For instance, many health care systems, including those in Sweden and Britain, have split sellers from buyers and have mostly retained public responsibility and ownership on both sides. Several government organizations, including many in New Zealand and the Netherlands, have been handed managerial autonomy on the model of private firms in a market.

Some MTMs introduce markets more completely. For instance, many services that governments once produced themselves have been contracted out (outsourced) to private firms or nonprofit organizations. This includes many technical support functions, but it also includes creating charter schools in the United States or contracting with specialty surgery units for elective treatments in public systems of health care. More recently, governments have also begun to allow private financing of public infrastructure and buildings. These projects are commonly known as public-private partnerships, or PPPs.

Market Governance

Where they exist, markets are embedded in regulations. Contracts define the relationship between buyers and sellers. Legislation supports and defines the content of contracts. But contracts are usually incomplete, calling for dispute resolution mechanisms. Courts and arbitrators help to resolve disputes.

Often organizations of the government are tasked with the regulation and enforcement of markets. An example is antitrust regulatory agencies. These agencies exist to ensure that competition is maintained in markets throughout an economy. Another example is securities market regulators. These exist to ensure compliance with the regulations of securities markets. This structure of contracts, legislation, dispute resolution mechanisms, and regulatory authority defines how markets are governed.

—*Erik Baekkeskov*

See also Capitalism; Competitiveness; Consumption; Coordination; Corporatism; Efficiency; Global Market; Hierarchy; Internal Market; Market Failure; Marketization; Network; New Institutionalism; New Public Management; Political Economy; Professionalism; Property Rights; Regulation; Varieties of Capitalism

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Market Failure

Markets are said to fail when they deliver an outcome that falls short of the socially optimal or Pareto optimal result. In particular, the economic theory of market failure seeks to account for inefficient outcomes in

markets that otherwise conform to the assumptions about markets held by neoclassical economics (i.e., markets that feature perfect competition, symmetrical information, and completeness). When failure happens, less welfare is created than could be created given the available resources. The social task then becomes to correct the failure.

The theory of market failure is at the heart of several economic analyses that support government action (intervention) in markets for goods and services or that justify outright government production. Many social welfare programs find their theoretical justification in market failure or in other violations of the standard market assumptions.

Criticism of the market failure notion and of using government to remedy its effects has been articulated in the public choice school of economics. Public choice scholarship has had great impact on contemporary reforms of the public sector, replacing the Keynesian and welfare economics logics that drove much public service expansion. Recent reforms that replace governments with markets to challenge or remedy market failure have been the practical consequence of these critiques.

The Theory

The descriptions of market failure were developed in the middle of the twentieth century as part of a larger school of Keynesian welfare and macroeconomics. Important contributors include Arthur C. Pigou, Francis Bator, William Baumol, and Paul A. Samuelson.

The theorists were concerned with the correspondence between free market outcomes and social welfare optimization. In standard economics, the invisible hand or duality theorem holds that *laissez-faire* market performance and Pareto optimality go hand in hand. When consumers and producers respond to price signals, they make their own decisions about whether to buy or sell and how to produce the good. The aggregate of these choices is the same as the Pareto optimal or socially optimal distribution. Welfare economists were concerned with conditions under which this correspondence failed and sought to describe such conditions.

The interest in exceptions to the invisible hand theorem led to the study of violations of the standard market assumptions. These assumptions include perfect competition, perfect information, complete markets, and the absence of market failures. Markets fail under any of three conditions: production has increasing economies of scale; goods in the market are public; or production or consumption has externalities.

Increasing Economies of Scale

When producing one more of a good leads to a lower average cost of producing each good, production of the good has increasing economies of scale. Economists have found that when economies of scale increase regardless of how much is produced, few or no firms can survive as producers in the market. The standard concern with increasing economies of scale is that market forces will lead to monopoly production. Monopolies are sole providers of goods in a market, so they can charge any price they find suits their needs. Economists find that this leads to a suboptimal level of production and consumption. In addition, increasing scales may push all producers out of a market if none can charge enough to cover costs. In this case, production ceases even if it benefits society. Hence, markets fail under increasing economies of scale.

Historically, several services necessary to running a modern economy were considered to have increasing economies of scale. Such services were often thought of as natural monopolies because free markets would create monopolies from them. These included telephone and other telecommunications, postal services, and electrical and water utilities. Since the early 1980s, however, the increasing economies of scale proposition has been challenged for these types of services.

Public Goods

Public goods are socially beneficial but are almost never produced by free markets. Three attributes of a good render it public. One is that no person can be excluded from using the good (nonexcludability).

Another is that one person using it does not prevent another from using it (nonrivalry). The final one is that no person can reject using the good (non-rejectability). When a good has these attributes, no single individual will pay for the good unless the individual gains so much utility from it that he or she can pay for the entire cost of producing it. This is because individuals can enjoy the good without paying for it—they can "free ride" on those who pay for it and "shirk their duty" to pay without losing the good. So in all but exceptional cases, public goods will not be produced by the private market, even though substantial parts of society benefit from having them.

Classical examples of public goods are streets, parks, national defense, broadcasts, and lighthouses. To use national defense as an illustration, whether or not citizens pay for it, the national armed forces will provide defense for them. Foreign invasions are denied, providing a benefit to each individual. But because individuals benefit regardless of whether they pay, few are likely to pay if they have a choice. If defense were a good in the market, it would earn no revenue because no one has to pay to enjoy it. But providing defense is costly, so no producers would undertake the task because they cannot make money doing so. The market has then failed because there would be no national defense, even though such defense is arguably socially optimal because it deters armed invasion.

Externalities

When goods are produced, they may create consequences that no one pays for. Such unaccounted-for consequences are called externalities. Because externalities are not accounted for in the costs and prices of the free market, market agents will receive the wrong signals and allocate resources toward bad externalities and away from good externalities.

Good externalities are consequences that benefit society. However, because these benefits are not accounted for in the price of the good, the price is higher than it should be, and too little of the good is consumed and produced. Bad externalities harm

society. However, because the costs of these externalities are not accounted for in the price of the good, the price is lower than it should be, and too much of the good is consumed and produced. In both cases, the market has failed to reach efficiency because it has allocated resources and production without considering the externalities.

Classical examples of bad externalities include industrial pollution and traffic congestion. Industrial pollution has harmful effects on people and the environment. Yet, the cost of producing goods does not include the cost of dealing with the effects of pollution. This means that in the free market, producers are responding to costs that are too low, and consumers are facing prices that are too low. More goods are produced and sold in the free market than should be, given the negative social effects of pollution.

An example of good externalities is private home renovation. Renovation has a beneficial effect beyond the renovated home because it increases property values in the neighborhood. But these benefits are not included in the home owners' calculations in a free market because their neighbors do not pay them to renovate. As a result, fewer home owners renovate in the free market than the beneficial social effects would justify.

Historical Remedies for Market Failure

In practice, the discovery of market failure helped arguments for sustaining government production, expanding social welfare programs, and market regulatory action in the 1960s and 1970s. If the goal is to achieve social efficiency, and if markets cannot provide it alone, the next step is to find a supplement to help the market or even to replace it as the means of distributing resources. The common thread in many polities was to remedy market failure with government-based initiatives.

Government has significant capacities that have been applied to counter market failure. Public goods can be produced by the government for the benefit of all citizens. Government can impose and collect taxes to pay for the goods so that no free riders or duty

shirkers can sustain their behavior. The government can impose costs for negative externalities through taxes or fees on individual producers and consumers and encourage positive externalities through tax breaks or subsidies for the market agents. Monopolies can be regulated to limit price excesses or production encouraged through subsidies when a product has increasing economies of scale.

Welfare services, including education, child care, elderly care, and health care, are considered by many welfare theorists as sectors where markets fail. Suboptimal distribution of access to these services in free markets is most often at the heart of these arguments. Here, the suboptimal outcomes include that some citizens cannot access welfare services or that the welfare service levels available are not the same for all citizens. In place of markets, government can mandate or directly provide access for all citizens, and it can regulate or directly produce the desired level of service.

The post–World War II era saw dramatic expansions of government-based welfare service programs in most industrialized countries. The extent and character of programs vary considerably. But common to them is that they have constituted a major part of government activity, including spending and public employment, since the late 1960s in even the least expansionary countries such as the United States. This scale and scope has made welfare programs a prime target for government reformers, fiscal conservatives, and critics of welfare economic theory.

Contemporary Reforms and Market Failure

The practical critique of welfare economics challenges the reliance on governments to remedy market shortcomings. This critique is often associated with public choice theorists and the Austrian school of economics. If markets can fail to deliver socially optimal outcomes, so can governments. Bureaucrats are not altruistic but, rather, act from self-interest. Traditional civil service processes are opaque and make bureaucrats unaccountable for their actions. Incentives in the civil service promote decisions that are incompatible

with efficient production. These attributes of civil services lead to more inefficient production than open market conditions would yield. Markets may fail, but governments fail more. So if we are to solve market failures, government is not the answer.

Reforms of the public sector, in particular the variety developed in Britain and New Zealand in the 1980s, have relied on public choice scholarship for inspiration and guidance. Privatization, contracting out, and rationalization of public administration have changed how governments act to deal with market failure. The general trend in these reforms has been to introduce markets to alleviate the shortcomings of government controls while questioning or eliminating the conditions for market failure.

The most significant changes have probably been in how governments understand increasing economies of scale production. Whether or not telecommunications, utilities, and postal services are increasing returns to scale across all levels of output was challenged in the early 1980s. Before this, the consensus throughout the industrialized world was that they were. Hence, leaving production to the free market was inefficient because it would result in monopolies or no production at all. This logic could justify that governments either owned these producers or tightly regulated their pricing and structure. But beginning in the early 1980s, this consensus ended, and governments throughout the industrialized world have sold their stakes in these operations in whole or in part, or have broken up regulated, private monopolies. Evidence also indicates that governments have significantly increased their roles in market regulation in place of exercising ownership control. In general, governments now focus on setting the terms for property rights and competition. Pricing and production levels are left to individual firm and consumer decisions in the markets.

There are also initiatives that seek to introduce markets in place of government to deal with externalities. One is to make markets in air pollution rights in place of limits, taxes, and fines on individual producers. The 1990 amendment to the U.S. Clean Air Act introduced sulfur emissions rights, a market for trading them, and a total allowable level of sulfur emissions. The amendment set limits on the total allowable

levels of sulfur in the air. It distributed Tradable Discharge Permits (TDPs) for sulfur among existing polluters. The act also implemented the Allowance Trading System, which lets polluters sell or buy rights from one another. In the period up to the year 2000, the U.S. government gradually decreased the total allowable level of sulfur emissions, but left the negotiation and distribution of the impact to market decisions by polluters. This reform attempts to transform sulfur pollution from an externality to a part of the cost structure of individual sulfur emitters.

Finally, goods traditionally considered public have been reconsidered. A prominent example is inner-city road pricing in London, England. Here, technology has affected the nonexcludability of public streets. Access to city streets is physically unrestricted. But by registering the cars that use the streets electronically and charging their owners, London is now able to charge users for the privilege. This effectively excludes drivers who are unwilling to pay. London streets are no longer strictly a public good.

—*Erik Baekkeskov*

See also Competition Policy; Efficiency; Externalities; Functionalism; Market; Monopoly; New Public Management; Public Choice Theory; Public Goods; Regulation; Unemployment; Welfare Reform

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MARKETIZATION

Marketization involves introducing competition into the public sector in areas previously governed through direct public control. In its broadest usage, marketization refers to the process of transforming an entire economy away from a planned economic system and toward greater market-based organization. This process might include the liberalization of economic activity (e.g., removing price controls), reducing regulation, and opening the system for market-based allocation of resources. In more narrow terms, marketization refers to changes within the public sector, where market mechanisms and incentives are introduced within public or publicly regulated organizations. Marketization, in this sense, might include reforms that introduce contracting out or outsourcing components of public provision, client vouchers, stimulating competition among the providers of goods and services for public funding, or creating incentives for entrepreneurial responsibility in the delivery of goods and services. Marketization, then, can occur in varying degrees, from liberalizing an entire economy or economic sector to introducing more limited competition within a sector where the government continues to control entry and exit and pricing. What is common to these different approaches is that each, to some extent, shifts toward guiding the production and allocation of goods and services through market incentives rather than direct governance through command and control or network forms of organization.

Although marketization is often complementary to the move toward privatization, it is conceptually distinct. Privatization involves moving toward more private financing or private ownership of goods or services and can occur both with and without increased incentives for market competition. Equally, some forms of marketization can occur without a change in ownership. For instance, a number of governments have introduced market incentives within the public sector, creating an "internal market" where public organizations compete with each other.

The core motivating rationale for marketization is that increased competition within a sector will

stimulate efficiency gains. Work on reforms to public or regulated utilities suggests that the threat of competitor entry may be enough to stimulate significant efficiency gains in markets for goods and services, even without direct privatization of ownership. This logic is central to most economic theory that advocates the gains associated with market-based organizations. In more restricted form, these arguments have also been advanced in the literature on public administration reform. In particular, scholars in the new public management school argue the introduction of competition or market incentives in the public sector, in lieu of public monopoly provision, will stimulate greater efficiency, innovation, and overall performance.

The process of marketization raises two related issues for public governance. The first involves the changing nature of public accountability. John Donahue and Joseph Nye argued in 2002 that the move toward marketization in the public sector substitutes "extensive" for "intensive" accountability. Put differently, marketization takes one away from a broad-based accountability on multiple fronts to multiple actors and toward more narrowly defined accountability based on market transactions. What this means is the government and service providers move toward being accountable for particular results in the delivery of the service rather than all aspects of the good or service. This movement raises a second question about how more intensive accountability can be introduced and maintained. Marketization can require a considerable extension and use of government power. Moving toward greater market forces in the economy or in the provision of public services often involves considerable regulatory capacity to ensure the rules of the market are adhered to and may involve transaction costs in defining outcomes and monitoring the activity of providers of services. Marketization, then, often requires a restructuring of public governance rather than a reduction of it.

A number of countries have introduced significant marketizing reforms during the past two decades with particularly dramatic effects in countries transitioning out of socialist economies. The reform of these non-market economies was most pronounced during the so-called big-bang period during the early 1990s in the post-Soviet states. These reforms moved quickly away from economic planning to a market-based economy and often combined wholesale privatization of the state-owned economy with a movement toward marketization in price liberalization and reduced regulation. Some commentators have argued that the marketization of the previously socialist economies occurred too rapidly and was conducted in too piecemeal a fashion to support the accompanying mass privatizations, thus leading to low levels of actual competition.

Marketization has also been a common strategy in the reform of the public sector in market-based economies. A number of countries began to marketize utilities and other public services beginning in the early 1980s. For instance, in the area of utilities such as electricity and telecommunication, some countries like the United Kingdom moved toward both marketizing and privatizing these sectors, whereas in Norway and Sweden, marketization occurred primarily within the public sector. In both cases, the energy and communication markets were opened to greater competition, and incumbent providers were transformed into corporate entities and given responsibility to respond to market incentives. Although marketization has been used less extensively in public social services such as health, education, and social care, a number of countries have introduced market elements in these areas as well. These reforms include, for instance, the introduction of school vouchers in public education systems, purchaser-provider splits in health care systems, and contracting out for services in care for the elderly.

—*Jane Gingrich*

See also Agency; Consumption; Internal Market; Market; New Public Management; Purchaser-Provider Split

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MARXISM

Marxism was born amid nineteenth-century social and political struggles, based on the writings of Karl Marx, and the close relationship between Marxist scholarship and revolutionary politics persisted well into the twentieth century. After the revolutions in the Soviet Union and China, Marxism became the official state ideology. Elsewhere, however, Marxism followed a different trajectory. In post–World War II Western Europe, socialist and "Eurocommunist" parties enjoyed great prestige. Marxist scholarship made significant advances and gradually broke free from the prevailing "official" Marxism. In the United States, where the socialist tradition was weaker, however, Marxist scholarship was sharply constrained as a result of the Cold War and McCarthyism, named for U.S. Senator Joseph McCarthy. During the 1960s, Marxism enjoyed a worldwide renaissance. Energized by the New Left as well as the global movement against colonialism and imperialism, a vibrant academic Marxism flourished in the West and became influential throughout the humanities and social sciences. However, the collapse of the post–World War II social settlement, disillusionment with "real existing socialism," and neoliberal "triumphalism" have greatly diminished the impact of Marxism. Revolutionary socialist parties and movements have been eclipsed by more narrowly focused social and antiglobalization movements as well as the preoccupation with identity and ethnicity. In many regions of the world, Marxism has been displaced by religious fundamentalism, and in the former Soviet Bloc, it has become virtually extinct. Finally, profound changes in the nature of production and work have led to a more fragmented and heterogeneous working class, thereby challenging key Marxist assumptions about the nature of class consciousness and working-class solidarity. Hence, Marxist politics have fallen into disarray, although Marxism could revive and resume its historical mission in future generations. Nevertheless, Marxist scholarship remains influential in Europe and, to a lesser extent, in the United States.

Concepts and Theories

Marxism is both a philosophy of science (dialectical materialism) and a theory of history (historical materialism). Marxism seeks to explain human social evolution by identifying a causal process that is internal to history and is focused on the transformational changes occurring in the most advanced and dynamic societies within a given mode of production. The mode of production refers to the set of property relations (e.g., feudalism or capitalism) within a given historical period that ultimately shape the legal and political superstructure as well as individual and collective consciousness. Put schematically, history can be understood as a progression from slave societies to feudalism, capitalism, socialism, and finally to communism.

All pre-communist modes of production are characterized by distinctive forms of exploitation and resultant class struggle. Within each, internal contradictions arise and intensify as the forces of production—technology, social organization, and class consciousness—develop and eventually conflict with social relations of production. The maturation of these forces in tandem with sharpening class consciousness and political leadership establish the conditions for a social revolution that gives birth to a more advanced stage of history.

The concept of proletarian revolution distinguishes Marxism from alternative interpretations of socialism and social democracy. Capitalism generates vast wealth in the form of profits (surplus value), but the ability of capitalists to distribute these profits to the working class is circumscribed by the need to maximize capital accumulation to compete favorably with rival capitalists. Capitalist economies routinely produce mass poverty and suffering and generate progressively more serious and more generalized global crises that cannot be resolved as a result of government intervention. The conditions of collective or social labor under capitalism provide the basis for the working class to become conscious of itself as a class and to recognize the necessity of socialist revolution. The "dictatorship of the proletariat" is a transitional stage that paves the way for the eventual abolition of

classes and private property, culminating in a new phase of human history—communism. Because the concept of revolution is clearly at the center of Marxist thought, the resilience of global capitalism and the experiences of the Soviet Union and China present a serious challenge to Marxism. Nevertheless, Marxist scholarship with respect to history and contemporary capitalism retains considerable moral and analytical force.

Class and State

The Marxist conception of the state throws a spotlight on the fundamental basis of social power, an issue that is seldom addressed explicitly in the mainstream literature. With respect to scholarship on the state, Marxism provides a clear contrast to its mainstream competitors. Marxism provides a distinctive theory of the state in capitalist society and one that can be tested empirically and in rivalry with competing theories.

Mainstream approaches to political science and sociology view the capitalist state as either a neutral actor that is connected to society in theoretically unspecified ways (pluralism and social constructivism) or as an autonomous entity that has its own interests and preferences that are distinct from society and is capable of acting independently of social forces (state autonomy). Despite their many differences, these mainstream schools of thought share important similarities insofar as they adopt an essentially open-ended view of the possibilities for state action, which is assumed to result variously from public opinion, the preferences of various interest groups or factions, no one of which is assumed to be preponderant, shared norms and values, the beliefs and preferences of government officials, or the imperatives of geopolitics. Marxism, by contrast, proposes an organic connection between the state and the capitalist class that sharply circumscribes the limits of the possible in both domestic and foreign policy. The state is not neutral in its relation to society but, rather, serves as the agent of the ruling class in its struggle with the proletariat as well as with rival capitalist classes. The state must simultaneously undertake a set of potentially contradictory tasks: maintain the coherence of the ruling

class, contain the demands of the working class, and facilitate capital accumulation. Instrumentalist Marxist scholars have focused on the personal connections between leading state officials and members of the ruling class. Top government officials and politicians are generally drawn from elite social and cultural networks and develop a special sympathy for the problems of big business. These networks are especially well defined and exclusive in the area of foreign policy. Structuralist Marxists, by contrast, have emphasized the ways in which state actions are circumscribed by systemic factors. Regardless of their social and financial status, elected officials and civil servants are "structurally" linked to capital by virtue of the need to establish economic and political conditions favorable to capital accumulation as well as by their dependence on the approval of an essentially corporate media for electoral or policy success. Structuralists have expanded the definition of the state to the "ideology apparatus," including schools, churches, political parties, and the media. The need to promote acquiescence and stability in domestic politics and (to a much lesser extent) in the international sphere through granting concessions to subordinate classes and countries gives the state an outward appearance of neutrality, but the special bias toward capital and the need to promote capital accumulation is a distinctive and permanent feature. Social democratic critics of Marx have argued that political revolution is unnecessary because the link between the capitalist class and the state can be broken as a result of gradual reforms within the framework of the existing liberal democratic state. However, if the experience of "real existing socialism" casts grave doubt on Marx's revolutionary theory, the inability to sustain the social democratic project in the face of the neoliberal offensive has also challenged the logic of "parliamentary socialism."

The capitalist state is inevitably drawn into the international sphere—and consequently imperialist rivalry—as a result of the concentration and centralization of capital and the need to accumulate capital on a global scale. Marx recognized that colonialism played a key role in the early phase of capitalism or what he called "primitive accumulation." It was left to

his successors to interpret variously the specific causes and consequences of a new phase of imperialism around the turn of the twentieth century. Whereas reformists such as the German socialist Karl Kautsky contended on the eve of World War I that the interdependence of global capital had given rise to a new stage of imperialism that rendered war obsolete, the Russian Marxist V. I. Lenin argued that the development of large-scale firms only intensified great power rivalry over access to raw materials and markets.

As capitalism evolved through the twentieth century, and especially after World War II, the leading imperialist powers became more actively involved in securing the social and political conditions for the reproduction of the labor force and the maintenance of market discipline. The concept of hegemony refers to the systematic supervisory functions that leading states, such as the United States in the post–World War II era, have undertaken. Although there is no "higher authority," imperialist rivalry can be moderated through the actions of a hegemonic power willing and able to maintain global order.

Marxist Scholarship in the Social Sciences

Since the 1960s, Marxists have made important contributions to scholarship in the social sciences. Within the field of history, revisionists rejected the prevailing Western Cold War narrative of Soviet aggression by reinterpreting American foreign policy to highlight the relationship between twentieth-century expansion and the requirements of American capitalism. These accounts resonated especially in the context of the Vietnam War and anticolonial struggles. Historical sociologists sought to explain various paths to European absolutist and bourgeois state formation in terms of the balance of power among peasantry, gentry, and industrial bourgeoisie. Marxists criticized mainstream economics for its narrow focus on prices at the expense of power relations. Marxists sought to elucidate the political bases of the national and international marketplace and applied crisis theories to understand the limits of Keynesian and neoclassical economists in the context of stagflation and uneven

development. The critique of Soviet orthodoxy led to rediscovery of the work of the Italian Marxist, Antonio Gramsci, whose concept of hegemony pointed to the role of ideas and agency in the mediation of social and political struggles.

Marxism was especially influential in the development of the subdiscipline of international political economy. Whereas liberal theories proposed a "diffusionist" or "stages of growth" model in which third-world countries developed through integration with the world market, dependency theorists adapted Marxist theories of imperialism to highlight the power relationship between the center and the periphery. Integration within the metropolitan division of labor had produced not generalized development but, rather, "the development of underdevelopment." Multinational corporations were envisioned as agents of monopoly power and exploitation. During the late 1960s and early 1970s, debates centered on the various strategies by which third-world countries could break their ties of dependency.

If the late 1960s and early 1970s represented the heyday of post–World War II academic Marxism, the late 1970s saw efforts to reassert concepts and theories that explicitly or implicitly challenged Marxist scholarship. Whereas during Marxism's renaissance the fields of political science and historical sociology were greatly influenced by society-centric approaches in which class conflict played a crucial role, beginning in the mid-1970s, there was a concerted effort to introduce theories and concepts designed to "bring the state back in" and thereby to challenge the causal role of social forces, including classes, in historical and contemporary developments. In proposing the "potential autonomy" of political institutions, state-centric models recalled more traditional approaches in political science deriving from institutionalism and public administration.

During the 1980s, dependency theory also experienced a withering attack. Realist critics argued that dependency theorists underestimated the latitude enjoyed by many third-world countries in their negotiations with Western banks and multinational corporations over the terms of trade and investment, while liberals cited the absence of alternatives to market

integration. The critique of dependency theory clearly resonated in the context of 1970s commodity cartels, when third-world countries did gain political leverage. However, it was less clear by the 1980s that the debt crisis and the resulting International Monetary Fund (IMF)–imposed structural adjustment programs supported assumptions of mainstream development economists, even if dependency theorists could provide no convincing alternative to reliance on the world market.

A third counterattack emerged in the context of growing interest in democratic transitions as many Latin American countries emerged from authoritarian rule and the Soviet Bloc collapsed. Whereas pluralists traditionally argued that democracy resides in the clash of competing interest groups operating independently of the state, Marxists have asserted that the emphasis on interest groups overlooks the state's role in maintaining capitalism and the resulting limitations of liberal democracy. The widespread use of the concept of "civil society" reintroduced pluralist assumptions into the debate over democratic transitions. The concept reflected liberal suspicions of concentrated power but also de-emphasized the continuing role of national and international capitalism as factors that would limit the scope of democracy.

The turn to social constructivism constituted yet another challenge to Marxism. Against historical materialism, which seeks to understand the social and economic foundations of ideas, the constructivist emphasis on intersubjectivity and ideas represented a return to Talcott Parsons's structural-functionalism, which asserted the primacy of ideas as causal factors. Constructivism also accorded with the postmodern *zeitgeist,* which expressed skepticism about the veracity of historical narratives, the possibility of human progress, and indeed, the existence of objective knowledge.

Marxism and Global Governance

Although driven to the margins in many of the social sciences, Marxism has remained influential in the subfield of international political economy, and Marxist scholars have developed novel and influential interpretations concerning the causes and consequences of globalization and its implications for global governance.

Whereas mainstream political scientists and international relations scholars have tended to understand globalization through economic and technological change, Marxist scholars have sought to explain globalization as a new type of accumulation or regulatory regime. During the Bretton Woods period, a Fordist regime of regulation based on mass consumption and full employment emerged. This regulatory regime was grounded in the post–World War II social settlement between capital and labor and included a strong supervisory role for the state. However, the contradictions in this type of regulation intensified over time, eventually leading to the collapse of the regime and the emergence of a new neoliberal regulatory regime based on market discipline and a diminished welfare state. The causes of the collapse of Fordism have been variously attributed to the internal logic of capital accumulation leading to the falling rate of profit, or to a profit squeeze generated by militant labor empowered by a generation of full employment. Further debate has centered on the extent to which nation-states or regions such as the European Union (EU) can retain elements of the welfare state under conditions of capital mobility, and whether neoliberalism will eventually precipitate a generalized crisis of legitimacy.

Marxist scholars have also stressed the centrality of U.S. power in the transition to globalization and the tentative movement toward new forms of global governance. The United States has used its massive political and economic leverage to construct a transnational financial and monetary order that displaces economic and social contradictions from the United States to other parts of the world. Global governance and doctrines of humanitarian intervention with the implicit diminution of sovereignty have advanced American political and economic power, as evidenced by the trend toward unilateral intervention and the invasion and occupation of Iraq and the growing power of U.S.–led international economic institutions such as the IMF and World Trade Organization.

The unilateral deployment of American economic and military power under conditions of globalization raises a number of important questions concerning the future of global governance. A first question concerns the possibility that an alternative source of power such

as the EU can emerge. A second set of questions concerns the potential instabilities deriving from an increasingly unstable American imperium, which despite its military and financial power is experiencing massive trade and budget deficits as well as significant deindustrialization. There is also debate concerning the nature of inter-imperialist rivalry under conditions of globalization. Marxist theories of imperialism have traditionally assumed an organic and more or less permanent relationship between national ruling classes and states. In recent years, however, "transnational historical materialists" have hypothesized that national states, and by implication national capitalist classes, are giving way to global or regional transnational ruling classes. According to this interpretation, inter-imperialist rivalry is dissolving into imminent global or regional class formations. This debate, which revisits the aforementioned debate between Kautsky and Lenin, thus brings Marxist theories of globalization and governance full circle.

—*Alan Cafruny*

See also Antiglobalization; Business Cycle; Capitalism; Communism; Economic Sociology; Fordism and Post-Fordism; Gramscian Theory; Hegemony; Neo-Marxism; Pluralism; Pluralist Democracy; Polyarchy; Regulation Theory; State; State-Society Relations; Varieties of Capitalism

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MATRIX ORGANIZATION

Matrix organization describes a system characterized by a form of management with multiple chains of command. Unlike a traditional hierarchy in which each worker has one boss, a matrix system requires employees to report to two or more managers, each responsible for a different aspect of the organization's overall product or service (see Table 1).

For example, a video producer working at an advertising firm might report to the head of the media department (functional chain of command) as well as to the project manager for a given client product (project chain of command). The project manager is accountable for the overall performance of the product team, whereas the functional manager is responsible for the technical performance of the particular

Table 1   Matrix System

		Functional Areas			
		Function 1	Function 2	Function 3	Function 4
Project Areas	Project A				
	Project B				
	Project C				

employee task—in this case, video production. The benefits of a matrix organization approach can include improved communication flows, more efficient use of resources, increased flexibility, and better performance resulting from complementary expertise among managers. The drawbacks of a matrix system might include morale problems and conflicting priorities arising from multiple lines of authority, as well as higher overhead costs associated with increased system complexity and redundancy. Because of these challenges, the move from a traditional hierarchy to a matrix system typically requires the adoption of new information and communication technologies, as well as a concentrated effort to reform the organizational culture and expectations of members.

Although it is difficult to trace the exact origins of the matrix organization concept, the term first emerged from the aerospace industry in the 1960s. Aerospace firms that wanted to contract with the government were required to develop charts showing the structure of the project management team that would be executing the contract and how this team was related to the overall management structure of the organization. Rather than completely reconfigure their management systems to meet these requirements, companies chose to create horizontal project units to overlie their existing vertical hierarchies. This helped fulfill both the goal of the consumer—a transparent set of resources fronted by a clear group manager—and the producer's desire for continuity and accountability within the larger organization.

The development of the matrix approach reflects the need for organizations in a number of public and private spheres to adapt to increasing task and environmental complexity. Thus, matrix organizations are most likely to be found among firms and agencies that exhibit high levels of interdependence with environmental actors, high demands for information processing, and high levels of task diversity and complexity.

—Brent Durbin

See also Hierarchy; Hybrid Organization

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Measurement of Governance

Conceptualization must always precede measurement, so before we begin to think about measuring governance we will need to be sure of the meaning of the concept itself. This sequence of intellectual activity is especially important for a complex concept such as governance, which involves multiple actors and multiple activities and has been subject to considerable intellectual debate. In its most fundamental conceptual sense, governance means steering the economy and society toward some collective goals. This function traditionally has been allocated to the formal institutions of government, and although contemporary conceptions of governing tend to emphasize the importance of nongovernmental actors in governance, the public sector must remain a central focus for steering. This central role for the formal institutions of government is especially important when the measurement of success and failure in governance is a central concern. Unless there is a clear set of goals against which to compare outcomes and achievements, there can be no means of assessing governance. In this way, the governance literature in the social sciences is similar to the implementation literature; without a clear target for implementation, it is almost impossible to assess the success or failure of implementation.

Any conception of governance must, however, also have some sense of the dominance of the political and must recognize the role that governing plays in building and maintaining legitimacy for the political system as a whole. Thus, scholars (and practitioners) may want to measure the formal achievement of policy goals through the processes that have been developed for governing (involving private-sector actors to

varying degrees) and the political consequences of those policy outcomes. In transitional regimes, building governance capacity may be especially important for legitimating the political system and will need to be at the center of any measurement of governance. Even for more completely institutionalized systems of governing, the effectiveness of the political systems is important for maintaining the confidence of citizens, and hence, becomes a central concern for governance.

Although it is relatively easy to define governance at a conceptual level, moving from the level of ideas to the level of operationalization and measurement is substantially more difficult. Even if the goals being pursued in governance were unambiguous, it might still be difficult to determine whether governance was successful or not. How close to the stated goals must programs approach to say that governance has been successful? Likewise, if there are unintended consequences of policies used to reach goals, how are they to be weighed against the achievement of the stated goals? And given the political nature of governance, how open and democratic does the process need to be, or how much does corruption need to be reduced, to claim that "good governance" has actually occurred, or has been successful?

Even if we could develop the nominal classifications—governance, nongovernance—moving to ordinal or interval levels of measurement would be even more problematic. Thinking in those terms, however, is important for making the governance literature more compatible with most contemporary social sciences that emphasize quantitative methodologies and rigorous measurement of the key concepts. As long as discussions of governance remain almost entirely at the verbal level, they are not likely to become central to the social sciences, although certainly the capacity of a society to govern itself is a key concern for both the social sciences and for real societies.

Types of Governance and Measurement

Measuring governance also becomes at once easier and more complex when we apply adjectives to the term and seek to identify important aspects of the more general concept. For example, the World Bank and other international organizations have been concerned with developing "good governance" in developing and transitional governments. By this term, they have meant primarily the reduction of corruption, and to some extent the improvement of administrative efficiency. There are some reasonable measures of corruption available that provide a picture of differences among systems and changes across time. Likewise, other scholars have been concerned with democratic governance and have sought to measure democracy. Another example of this tendency to qualify the term *governance* is the research on "informal governance," implying that governance is conducted through actors and processes outside formal government.

The more important question, however, is whether those terms measure "good governance" or whether they better measure less grandiose concepts such as reducing corruption. Both conceptually and operationally, it is also important to distinguish governance from other related concepts. For example, much of the discussion around this concept has implied that governance has numerous similarities with the usual conceptualizations of the policy process. Governance certainly does use policy as the principal mechanism for steering, but governance is a substantially broader concept and involves a wider range of action and actors. Likewise, advocates of "good governance" sometimes employ conceptualizations and measures that focus on political and administrative corruption. Minimizing corruption is certainly an important value, but it should be considered as a conceptual and measurement exercise in its own right, rather than as governance.

Dimensions of Governance and Measurement

As we move from the conceptual level to more operational levels, several dimensions of governance can be used to understand this general concept better. These dimensions represent moving from relatively simple process questions to more complex questions of actually delivering governance and being capable of steering the society. Although examining the processes are

important and do tell us a great deal about how governance occurs, in the end the real question is, How well are those actors involved in governance—both public and private in most contemporary settings—capable of providing direction?

Processes

The easiest parts of governance to identify and perhaps to measure are the processes that are associated with governing. The measurement here involves the success and failure of the process as well as identifying who the participants are and what difference the involvement of different actors may make. It has been argued that one of the most important aspects of governing is establishing goals for the society. Further, there is a sense that governing requires goals that are reasonably compatible and coherent so that there is an integrated vision of governing and some common direction. In the 1970s, Richard Rose described government by consensus but without direction, but the problem often is government by nonconsensual directions and a failure to develop goals that cut across individual programs or organizations. Thus, one indicator of governance is how readily identifiable the goals of the political system are. It may be easy to find political statements of goals that are intended largely for public consumption, but it may be substantially more difficult to find clear statements of intentions and goals for a government. One of the more useful sources of information on this are the coalition agreements reached when governments are formed in the majority of the democratic countries of the world that have coalition governments. Thus, we can ask to what extent are processes in place that can produce clear statements of goals.

As well as identifying goals, governance requires bringing information and expertise to bear on the problems that are being considered. Although the public bureaucracy is often a major source of this expertise, nongovernmental actors may have a major role to play in providing alternative sources of evidence, and perhaps especially evidence that is less attainable for official actors, such as the reactions of the clients of programs.

Then, as a next stage of a process of governance, we must ask to what extent the multiple goals that exist in the political system are harmonized and integrated. Governments have any number of policy areas in which they must attempt to make policy, but it can be argued that to govern requires some attempt to create coherence across such areas.

Given all this, measuring governance processes means identifying the existence of the internal mechanisms within government, and between government and the private sector, that can translate demands on the system into effective outcomes. In this process, implementation or the translation of the programs of the public sector, along with their private-sector partners, into action becomes crucial. There is already a substantial literature on implementation that does not require repeating here. Implementation is important, however, not only for its obvious impact on the success or failure of public governance but also because this is the stage of the process in which the social partners tend to be involved most legitimately.

Outputs

At a second stage, we will want to ask the extent to which the processes mentioned previously produced the capacity to govern, or a set of intermediate outputs that could then be related to actual governance. One of these outputs may be the institutionalization of revenue collection and other intermediate capacities required for governance. Some political systems encounter significant difficulties in raising revenue from personal or corporate taxation, and therefore must rely on indirect taxes or fees for services.

In addition to the capacity to raise revenue, governance also requires building a substantial legal and regulatory capacity. If the actors responsible for governing have legal instruments at their disposal, they will be able to govern with greater ease than if they have to invest in other instruments that use money or organization to deliver. The importance of legal instruments, however, also points to the dynamic elements in governance. The capacity to govern with legal instruments largely reflects the legitimacy of the governing arrangements within the society, but that

legitimacy depends partly on how well and how efficiently governance has been conducted in the past.

Outcomes

At the final level, we will want to measure the outcomes of the governance process. What has happened in society because of the interventions of government and the social actors involved with the efforts to govern? Have the goals of the processes been achieved, or do social and economic forces dominate the attempts of the nominal political authorities to create a collective vision on the society? These and related questions about the consequences of the formal and informal arrangements that exist for governance are central to the measurement of governance. The basic measurement question for governance, therefore, is whether governance has been successful, and indeed, whether governance, in terms of steering, has actually occurred.

Intellectually, we might begin with entropy or anarchy as the antithesis of governance. The incapacity of a political system to govern would be associated with the type of chaos observed in some less-developed countries, or periods following war, such as described by some in Iraq in 2004. Even though such absolute levels of chaos may not be observed often in real life, that is a standard against which to compare the levels of guidance for the society observed. At the other end of this dimension, we might envisage some form of totalitarian society in which there is little or no autonomous choice, whether for individuals or for social groups, and a dominant state attempts to control all aspects of life.

Some elements of the contemporary governance literature argue that governance of this standard is less and less possible, given the increasing mobilization and influence of social actors. Further, it also argued that the top-down version of governance discussed here is also not desirable on normative grounds, given the (presumed) capacity of more open forms of governance to involve social actors and enhance the democratic nature of governance.

If we refer back to the process ideas about governance, we can begin to develop measures of outcomes

based on those indicators of the processes through which governance occurs. One can then, for example, assess at the end of the mandate of a coalition government the extent to which the goals that were articulated by the coalition were achieved. Likewise, if achieving policy coherence is an important component of an adequate policy process, then some attempts at measuring coherence are important.

The potential danger in relying on measures of governance that are based on the process stages, however, is that reaching any decision may be considered to be sufficient to say that governance has occurred. It is worth considering that governance has not occurred unless the decisions taken are clearly moving toward targets and have some real chance of reaching those targets. Alternatively, we might want to establish several levels of governance, with decision making that largely reflects and maintains existing relationships being ascribed a somewhat lower level in a hierarchy than governance decisions that do move the society toward articulated social goals.

As well as the achievement of substantive goals such as fulfilling a coalition mandate, there are also other, more transcendent outcomes in governance. Perhaps the most important is the creation and maintenance of legitimacy for the existing governance system. Legitimacy is usually discussed in reference to the government per se, but for governance, the legitimacy question must also refer to the total arrangements designed to steer. Thus, although academic analysts and many of the participants in these arrangements may consider them appropriate and desirable, if they are not legitimate among the public as a whole, then it is difficult to argue that governance has been successful.

Normative Criteria

Finally, in addition to the empirical questions about governance, we should advance some questions about normative criteria for assessing governance. In particular, although there is a normative element to governance, it is important to distinguish between the empirical and the normative in the analysis. It has already been mentioned that the notion of good

governance has been advanced by international organizations. This has an empirical element—countries that have minimal corruption should be able to achieve their ends more efficiently than can those that pay the social costs of corruption. There is, however, also a strong normative element in the use of corruption as a negative indicator of governance. The use of democracy as a crucial attribute for governance also has a pronounced normative basis. Democracy is a crucial value for the analysis of politics and government, but unfortunately may not be central to a concept of governance per se.

—B. Guy Peters

See also Governance; Governance Indicator

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MEDIA FREEDOM

Media freedom designates the freedom of various kinds of media and sources of communication to operate in political and civil society. This term extends the traditional idea of the freedom of the press to electronic media, such as radio, television broadcasting, and the Internet. The term *media freedom* acknowledges that the media in modern societies consist of more than print sources. Media freedom is generally held to be necessary for democratic societies. Individuals generally cannot get sufficient information on their own to make informed decisions on public matters, so they rely on media to provide information. In addition, the media are an outlet for public discussion and opinion. The media generally fulfill the functions of seeking truth, educating the public, and serving as a watchdog over government.

Free media help ensure that the democratic principle of publicity is satisfied. Publicity refers to making information about the operations of government public and provides the opportunity for public debate and scrutiny of matters of public concern. Many think that this function of the media prevents and corrects abuses of power. Conversely, the media provide information about citizen opinion and concerns to political leaders and others in power. Media freedom, and its protection of the principles of publicity, can be curtailed both by excessive government control and regulation and by market forces and practices. Other influences that can reduce the effectiveness of media are increases in elite or private modes of communication that evade public scrutiny, the reduced literacy of consumers of media, and lack of access to media for use by the public.

Media freedom implies media responsibility and accountability. If free media are going to fulfill their vital functions, then the public needs assurance that media are seeking the truth and acting to guard the public interest. Government regulations on media seek to ensure that media act within the parameters of public interest. However, many argue that all or many government regulations interfere with media freedom and violate the public's right to choose and own media sources. On the other hand, government regulations may be necessary to control corporate media outlets that dominate the public's access to information.

New forms of media, such as the Internet, blogs, and alternative magazines, create more issues in media freedom. Many think that these new, unregulated outlets for public discussion are democratizing public access to media and increasing participation in public debate. Others worry that unregulated channels of communication not subject to editorial review will increase false information, and potentially skew

tariffs and subsidies to nurture infant industries until they were able to compete with foreign produced goods.

The school of economic nationalism therefore espoused some of the same policies as contained in mercantilism, most notably the use of tariffs in commercial policy and the importance of pursuing policies that strengthened state military capability. Consequently, the two bodies of thought are frequently treated as being the same. Although this is reasonable in the sense that there is a degree of haziness in the concept of mercantilism, it is unfortunate in that it masks important differences between the two. The economic nationalists, although they were writing in reaction to Smith's work, drew extensively from liberal thought. They considered free trade to be generally the best policy and emphasized (although it is frequently overlooked today) that tariffs introduced to protect infant industries should be abandoned when those industries were able to compete on world markets. Economic nationalists accepted Smith's argument that imports should not be seen as inherently damaging but did not accept that free trade was necessarily the best policy for economically weak nations. There are therefore important differences between the two schools of thought and the justifications for trade protection that they put forward, which are masked by conflating the two into a single classification.

Neomercantilism

Many writers nonetheless adopt a wide definition of mercantilism to encompass any articulation of the importance of politics and the nation-state with respect to economics and free markets. This is prevalent in the neomercantilist literature. Seeing economic systems as necessarily requiring a regulatory political framework, neomercantilists advocate the segmentation of the world economy into largely self-sufficient regions. Globalization, they believe, has rendered the nation-state unable to regulate the world economy, and consequently, bringing politics back to the economic sphere must occur at the regional level (hence neomercantilism) because only regions have the

capacity to bring market forces under some kind of political control.

Neomercantilism has two variations—benign and malevolent. The benign version sees the move to a regional segmentation of the economy as motivated by a need for political stability and the provision of social welfare through the control of market forces, which a fully open global economy is unable to provide. Malevolent neomercantilism places a greater emphasis on the desire of powerful states to increase their power and sees the shift to regionalism as the consequence of strong states seeking to increase their sphere of influence over neighboring states. As such, neomercantilism shares many of the assumptions underlying realist international relations theory.

—*James Scott*

See also Liberal Internationalism; Realism and Neorealism; Reciprocity; Regionalism

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Mercosur

The Common Market of the Southern Cone (*Mercosur* in Spanish, *Mercosul* in Portuguese) was established in the 1991 Treaty of Asunción, signed by the governments of Argentina, Brazil, Paraguay, and Uruguay. Implemented on December 31, 1994, the Mercosur permits the free movement of goods, services, and factors of production between these economies; it establishes a common external tariff and a common trade policy; and commits the member

countries to the coordination of macroeconomic and sectoral policies in a variety of areas such as agriculture, industry, and foreign trade. Chile and Bolivia became associate members of the Mercosur in 1996 and 1997, respectively.

Earlier attempts at integration in the region had resulted in the short-lived Latin American Free Trade Association (LAFTA) initiative of the 1960s, as well as the Argentine-Brazilian Economic Integration Program (ABEIP), which was signed in 1986 but stalled in the context of economic difficulties in both countries. With the election of Carlos Menem in Argentina and Fernando Collor de Mello in Brazil at the end of the decade, more concerted efforts were made to pursue integration as part of a broader market-led reform agenda and the negotiations were extended to include the governments of Paraguay and Uruguay. The Treaty of Asunción was followed by a series of summits between the four contracting states, which hastened the integration process and led to the implementation of the Mercosur.

From the outset, the Mercosur was intended to increase the competitiveness of the Southern Cone economies and to facilitate increased inflows of foreign direct investment. Commentators have also noted the utility of the Mercosur as a means of "locking in" politically sensitive market reforms in the four member states. However, a key problem since its inception has concerned the relative gains of integration enjoyed by the member states and the question of whether Brazil, in particular, would reap the greater reward as the largest economy. Economic and political divergences between the member states have contributed to the slow pace of integration in the late 1990s, with little progress in areas such as trade in services, exchange rate coordination, and intellectual property rights. The further "deepening" of the Mercosur has also been hampered by the devaluation of the Brazilian *real* in 1999 and the 2001 economic crisis in Argentina. These developments have prompted speculation about the future of the Mercosur, as the member states have tried to protect their economies from the threat of contagion.

Furthermore, it has been suggested that should the proposed Free Trade Area of the Americas materialize,

then the rationale for subregional initiatives such as the Mercosur might disappear.

—*Greig Charnock*

See also Economic Integration; Free Trade Area of the Americas; Hemispheric Integration; Interregional Relations; Mesoregionalism; North American Free Trade Agreement

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MESOREGIONALISM

The prefix *meso* is used to describe the middle or intermediate part of a structure or phenomenon. Applied to regionalism, the idea and classification of mesoregionalism and mesoregions cannot be properly understood outside a broader discussion of the emergence of regional economies and regionalist projects as key components of contemporary world order. Perhaps the simplest definition is to treat mesoregions as "regions within regions." Mesoregionalism, therefore, suggests deliberate projects to inaugurate, consolidate, and develop mesoregions. As with the broader debate about regionalism in the global political economy, a key question must be the extent to which mesoregions emerge through the deliberate collective decisions of authoritative actors versus the degree to which they reflect the *de facto* growth of transnational economic spaces.

Mesoregionalism is often understood to be one way in which economic space is being reconstituted in the post–Cold War world. If this world order is thought to be "regionalized," then mesoregionalism might be thought of as an intermediate level between the growth of macro regions, such as the European Union (EU), and smaller cross-border micro regions. Some mesoregions are supranational, but do not

encompass entire regional spaces. Thus, formal projects such as Association of Southeast Asian Nations (ASEAN), Caribbean Community (CARICOM), and Mercosur have been identified as mesoregions because they constitute subparts of Asia or the Americas. These regions might be thought of as potential stepping-stones to wider Asian/Asia-Pacific or hemispheric integration in the same way that all regional blocs are considered by some to act as stimuli for globalization. But equally, mesoregions might form a node for resistance to wider macro-regional integration schemes. ASEAN, for example, could be read as an attempt to consolidate a tighter notion of Asia than is implicit within a body such as the Asia-Pacific Economic Cooperation (APEC).

This suggests that mesoregions tend to be formed by collections of states. Two qualifiers need to be added. The first is that some self-defined mesoregions include spaces that embrace only parts of states. For example, the Puebla Panamá Plan—which seeks to facilitate commercial exchange and develop common infrastructures—uses the concept of "Meso America" to describe a space defined by Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and the southeastern states of Mexico. The second qualifier is that the term *meso* has long been applied to an emergent level of authority below national government, but above local governance structures. It follows that mesoregions may exist within existing states and as collaborative ventures between subregions of geographically adjacent states.

The formation and growth of mesoregions may follow economic or political rationales. They are often held to be interest driven insofar as they can be traced to networking and negotiations among elites. At the same time, most discussions of mesoregions hold that certain preconditions need to hold before they come into existence. Communication links, a transport infrastructure, and a mutually comprehensible industrial and economic culture may be key background conditions, but shared historical experiences and common values are equally held to facilitate the successful imagination of the mesoregion. The Baltic Sea region comes close to this model, where a commercial-economic project is underwritten by rhetorical appeal to a shared organic-historical rationale. The extent to which a mesoregion

flourishes may depend on these variables, but such projects are usually functional and thinly institutionalized. Mesoregionalist projects tend to lack the inherently expansive logics of entities such as the EU.

Mesoregions may also be created and promoted "from above." The EU delineation of its multiple and often overlapping regional territories is a good example. For the most part, this has involved the creation of subnational territorial units of analysis to allow the evaluation of regional disparity and to provide a statistical basis for the distribution of its structural funds. However, through programs such as INTERREG (an EU-funded program that helps Europe's regions form partnerships to work on common projects), the EU has also been responsible for quite deliberately delineating cross-border mesoregions such as the Baltic Sea, the western Mediterranean, and the Alpine Space. These may be long-standing areas of growth and transnational exchange and in many cases include territories that remain formally outside of the EU. There may be a common developmental rationale, or their formation may be provoked by perceived security imperatives in the EU "near abroad."

—*Ben Rosamond*

See also Asia-Pacific Economic Cooperation; Association of Southeast Asian Nations; Baltic State Cooperation; Caribbean Community; Economic Integration; European Union; Mercosur; New Regionalism; Regional Governance; Regionalism; Substate Regionalism

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Metropolitan Governance

See Local Governance

Micropolitics

Micropolitics refers to small-scale interventions that are used for governing the behavior of large populations of people. Recent definitions of micropolitics, given by thinkers such as Michel Foucault and Gilles Deleuze and Félix Guattari, argue that micropolitics is a type of political regulation involved in shaping the preferences, attitudes, and perceptions of individual subjects. Micropolitics contributes to the formation of desire, belief, inclination, and judgment in political subjects. Its regulations take place at local and individual levels in locations such as prisons, hospitals, and schools, but also in movie theaters, churches, and family gatherings. When employed as a form of governance, micropolitical techniques include the discipline, surveillance, and examination of political subjects and are supported by specialized knowledge in the social sciences such as criminology, psychiatry, and sociology.

The study of micropolitical techniques began when early modern political thinkers turned their focus from legal sovereignty to the administration of complex economic and social systems. Early in the nineteenth century, Pierre-Joseph Proudhon observed that being governed was to be observed and controlled in all aspects of life. This observation points directly to the micropolitical techniques of governance in which behavior is coordinated through small, daily forms of regulation, measurement, and control rather than through legal statute.

Micropolitical power can be usefully distinguished from legal power. Law depends on the prohibition, interdiction, and restriction of behavior. In contrast, micropolitical techniques depend on instilling the attitudes, dispositions, skills, and capacities to shape behavior. Because they do not depend on legal power, micropolitical techniques allow the state to devolve functions of governance to other networks of administration.

The study of micropolitics requires social scientists to shift the focus of their inquiries away from the arena of high-level decisionmakers. Throughout much of the twentieth century, it had been assumed that political power lay primarily in the hands of the leaders of national institutions and that the appropriate method of study proceeded from the top down. The study of micropolitics, however, suggests that power is exercised at the minute level of individual subjects. Working from the bottom up, the study of micropolitics is concerned with everyday techniques that form the perceptions, desires, and judgments of individuals as they are embedded in their worlds.

—Matthew Scherer

See also Bottom-Up Approach; Decentered Theory; Governmentality; Interpretive Theory

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Middle Power

In international relations (IR) theory, the concept of middle powers is used to categorize a group of states based on their power capabilities and the relative position they hold in the international power spectrum. This conceptualization is important to identify a specific foreign policy behavior associated with that position, often described as "niche diplomacy." As an analytical tool, the concept of middle powers is not recent—its origins date back to the writings of Milan's archbishop, Giovanni Botero, in the sixteenth

century. Even though the concept of middle powers seems at a first glance a relatively straightforward theoretical construct, there is disagreement among IR theorists about how middle powers are defined and how they act in world politics. Middle powers are identified based on a combination of their military strength, capabilities, and geostrategic position, or as a result of their leadership ability. Their leadership capabilities are associated with the perceptions that they are liberal, are democratic oriented, and have legitimate concerns in international politics. The former conceptualization stems from the realist paradigm and the latter from the pluralist paradigm as the two main paradigms of international relations are divided over how to differentiate middle powers from the rest of the actors in the international system.

Recent work suggests that middle powers are categorically different because of their reliance on diplomacy and the specific conditions under which they pursue foreign policy. Middle powers favor multilateral foreign policy and forming coalitions rather than unilateral decision making in foreign policy, and the diplomacy style used by middle powers is labeled as niche diplomacy, mainly because middle powers have to follow limited foreign policy objectives because of their relatively lower capabilities than great powers or superpowers. However, middle powers do not challenge the status quo at the international system; they are not revisionist or transformatist states. During the Cold War years, the concept of middle powers became empirically stronger as an analytical tool in international relations as a result of a balance of power between two superpowers. States that did not have superpower capability but that still exerted some influence in world politics, such as Canada, Netherlands, and Sweden, were categorized as middle powers in international relations theory. This was to acknowledge the role they played in international relations while analytically differentiating between different types of power. There is also a recent differentiation between types of middle powers in the literature, mainly between traditional and emerging middle powers. An important trait for the emerging middle powers such as South Africa, Malaysia, and Turkey is that they are also regional great players;

however, middle powers that are able to influence and shape world politics are most often the democratically oriented liberal states.

The middle power conceptualization was based on the dominant paradigm in international relations, the realist paradigm; as a result, the basic tool to conceptualize states and their foreign policy behavior was the relative position states have on the power spectrum. Thus, middle powers have been defined traditionally through the lenses of their relative military strength and capabilities, or the geostrategic location they might have had, which in turn gave them power. There was a revision in this theoretical construction when it became apparent that middle powers' main impact on world politics was influence rather than power.

Middle powers shape and influence international outcomes under two conditions: first as a result of their position in the power spectrum, and second as a result of the recognition of their legitimate concerns. The role that middle powers play as legitimate brokers is emphasized in the pluralist paradigm of international relations theory. Middle powers are important players in the creation and maintenance of world order and favor the establishment of international institutions. In that sense, they act as stabilizers in the world system. Middle powers favor institutionalization at the international level because it benefits them; this, in turn, enables the perpetuation of the hegemonic order, which is partly legitimized by middle powers. According to conventional IR theory, hegemonic powers are responsible for the creation of international institutions, but their maintenance and survival depend on the convergence of interests between other players; this is where the role of middle powers is enhanced. Middle powers favor institutionalization and multilateral solutions to international issues partly because international institutions facilitate coalition building. Middle powers concern themselves with issues such as nuclear nonproliferation, international economic order, debt relief, banning of land mines—issues that do not directly involve vital interests of the great powers. In such international problems, middle powers are able to set and influence international agendas, build successful coalitions, and challenge great power hegemony in these issues. For example, middle powers were successful in

the Ottawa Treaty negotiations for the banning of land-mines. This role played by middle powers results partly from the perceptions of their legitimate concerns on issues of human security. The intellectual capabilities and their moral positions enable middle powers to take on activist lines specifically in the creation and maintenance of multilateral international regimes. The central question then is what exactly enables middle powers to exercise such an influence in world politics. The two main factors are the diplomatic capability of middle powers and their ability to project a credible, legitimate position, which enables them to act as moral and intellectual leaders. Middle powers possess highly institutionalized foreign services and are able to disseminate their ideas and foreign policy objectives through the relatively wide network of diplomatic missions they maintain. This sets them apart from weak states. In short, middle powers are conceptualized to theorize about foreign policy behavior of a group of states that influence international events because of their diplomatic abilities and leadership role more than their relative power capabilities.

—*Meltem Müftüler Baç*

See also Global Governance; International Regime; Liberal Internationalism; Power

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MIGRATION

Migration is the process by which individuals, families, or groups move from one country of residence to work or settle in another. Originally used to refer to the temporary movement of people to find seasonal or longer-term employment, migration is now more commonly used to refer to a wide range of processes and phenomena that involve movement from one country to another for a variety of reasons. It is also common for individuals to migrate within a country as well as between two states, for example, between rural and urban areas. The academic study of migration therefore involves a wide range of phenomena, such as labor migration and types of forced migration.

Labor migration refers to the movement of individuals seeking employment in another country. A number of trends have historically been associated with this term, among them the movement of rural populations to urban centers during the process of industrialization in Western Europe and the United States, the movement of indentured labor during the colonial period for the building of railways or mines, and contemporary migration of workers in high-tech industries that require specialized knowledge and technical skills. Labor migration has also been actively encouraged within some economic areas, such as the European Union (EU), where citizens of member states are granted freedom of movement to work in other European countries.

Another prominent area of migration is that of forced migration. This term refers to the migration of people who may be fleeing persecution, civil war, or humanitarian crises such as genocide; people who have been smuggled or trafficked; and those fleeing natural disasters such as flood or famine. Forced migration is commonly used to refer to all these cases and is concerned with individuals as refugees, asylum seekers, or internally displaced people (IDPs) rather than as migrants. The right to asylum and refuge from instances of persecution and crisis is guaranteed under the 1951 Geneva Convention and is overseen by the UN High Commissioner for Refugees (UNHCR). Individual states and regional organizations such as the EU draw on UN conventions in formulating their own immigration and asylum policies. Individuals may also be forced to migrate within their own states and are referred to as IDPs. UNHCR estimates that twenty-five million IDPs have been displaced by conflict, persecution, and humanitarian crises of various kinds.

Migration is sometimes used synonymously with immigration, but the two should not be confused. Many different types of migration refer to more complex phenomena than the process of leaving one country to settle in another.

—Sarah Parry

See also Border Theory; Citizenship; Guest Workers; Immigration

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Military Necessity

Military necessity is the claim that, because of extreme circumstances, security concerns override competing considerations. A proposed course of action ought therefore be pursued despite the considerable costs exacted by its execution. Though the term can be used to describe any instance in which political, social, or economic calculations are superseded by reasons of war, it is most commonly employed in situations in which security considerations are said to trump ethical restraints on the conduct of war. The claim of military necessity is usually invoked when an actor defies the principles of just war theory, such as a state claiming that extreme military circumstances have forced it to abandon the principles of discrimination or minimum force.

Any declaration of military necessity entails two separate and equally problematic claims. First, it assumes that the proposed military course of action is inevitable, such that a failure to take the action would lead to certain defeat. Second, it assumes that the goal pursued is indispensable, such that failure to achieve the goal would have disastrous implications. In other words, an actor claiming military necessity is suggesting both that success is necessary and that the proposed course of action is the only way to achieve that success. The resort to military necessity thus exaggerates the foresight available to decisionmakers and circumvents debates concerning the moral and political necessity of the goal pursued. Such use obscures the availability of alternatives and the calculations of costs, benefits, and risk that ought to characterize decision making in war.

The response of just war theorists is characterized by two extreme positions. Absolutists reject the concept of military necessity as a farce, concocted by elites or military organizations to justify whatever is necessary to win a war, reduce the risks of losing, or even reduce the costs of war. Absolutists argue that moral considerations always trump cost-benefit calculations, no matter how extreme the circumstances. Utilitarians, on the other hand, conceive of military necessity as entirely compatible with the laws of war. Though the concept does define the limits of those laws, it has also acted as a restraint in war by limiting transgressions to those acts that are truly indispensable for securing the ends of war.

Between these two extremes are those who want to strike a balance between the requirements of humanity and those of military necessity. They require that transgressions of the rules of war be preceded by calculations that take into account the reasonable risks that military actors can be expected to assume, the value of victory, the costs of defeat, and the extent to which moral precepts are placed in jeopardy. These moderate critics do leave room for justifications of military necessity in cases of extreme emergency, such as threats to the survival of a community, as opposed to mere defeat or even occupation.

—Ron E. Hassner

See also Post-9/11; Private Military Companies

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MILITARY OCCUPATION

An occupation is a contested occurrence. Even the word occupation creates controversy: One person's military intervention is another's peacekeeping effort; charges of illegality or resource-grabbing imperialism are bandied about. At times, the most common attribute is that the intervening group vociferously rejects the label's applicability, even when it is following the international legal conventions: No one wants to be labeled the occupier.

Definitional criteria differentiate between occupations in their origin, duration, resolution, and involved parties, among other qualities. Agreement, however, coalesces around just a few key descriptive features. An occupation implies that a foreign military has displaced the sovereignty of another state. At the most basic level, the occupied state no longer has an exclusive monopoly of force over its territory, is unable to protect its territory and people, and cannot unilaterally carry out its own policies.

Basic definitions of an occupation invariably entail a reference to international legal conventions, which have evolved over time and constitute a minimum standard. These legal concepts and codes are closely tied to the international rules of war that themselves have developed over time: from the brutal spoils of conquest in ancient times, to nineteenth century concerns about the restoration of the status quo, to early and mid-twentieth century concerns about sovereignty. Today, the legal concept of an occupation encompasses concepts of self-rule and self-determination as well as the protection of individual human rights. The need to respond to international terrorism, ethnic conflicts (including genocide), or regional destabilization is an omnipresent challenge.

Occupations can be analyzed through the following analytical lenses: (1) as international law, (2) as a place on the "just war" continuum, (3) as statecraft, (4) as public policy process, (5) as social transformation, and (6) as legacy. Although not definitive, these categories offer critical perspectives on occupations.

International Law

This lens focuses on the legal possibility of armed occupation relative to international law. Initially, the definitions focused on occupation as the result of victory in an armed conflict (including a declared war), which led to physical control over another sovereign's territory. Occupation is legitimate under international law (as set forth in the 1899 Hague Regulations). The international conventions provide that territory will be returned upon signing a negotiated peace settlement. The emphasis is on the temporary acquisition of territory, unlike earlier times when occupation meant permanent acquisition. Until the post–World War II period, the occupier was expected to interact minimally with the citizenry of the occupied country, reflecting the focus on state sovereignty. Today, there are more variations in outcomes. Within the international community, changes in legal expectations were both gradual and dramatic. A major change occurred when individual rights and self-determination became the modus operandi of the international community. This change can be traced in the 1907 Hague Regulations (especially Articles 42–56) and the 1949 Geneva Conventions IV (especially Articles 47–78). These codifications of the law of belligerent occupation have become a branch of international humanitarian law. The welfare of the individual is likely to remain at the forefront of international concern.

A Place on the Just War Continuum

To integrate the just war literature into an examination of occupation is to link the analysis to ethics. The major proponent of just war theory is Michael Walzer. The goal of Walzer and others is to recognize occupation as a continuation of military intervention—a post-conflict phase. Simply, this is a phase where one needs to focus a people's efforts toward ethical closure as well as locating a just future for a war-torn area and its people. It entails assigning responsibilities to the winners and the losers in both monetary and nonmonetary terms. With this approach, one sorts out the aftermaths with a focus on enforceable solutions, long-term stability, and the righting of any wrongs.

Statecraft

Occupation is studied as a political transformation with a focus on process. In this statecraft approach,

the emphasis is on the structure of the post-conflict government and institutions. There is setting forth of positive and negative attributes of both the occupier and the occupied. The analysts often advocate certain institutional arrangements. Commonly referenced is the need for and nature of civil liberties in the occupied country. During an occupation, civil liberties often coexist side-by-side with strategic policy that tends to focus on internal and regional stability. This juxtaposition of stability with civil liberty has consequences because civil liberties can be compromised. For example, nondemocratic tools such as censorship can be used to stabilize and consolidate legitimacy in the reemerging state. This statecraft approach often involves the need to consider what the occupied feel and think about the military occupation of their country, especially for the success or failure of an operation. In addition, the "hearts and minds" of all the parties (the occupant, occupant's people back "home," and the occupied) must be discussed when one wants to identify the stable, successful result. Security is often a focal point. It becomes synonymous with stability, and in turn, stability becomes linked to certain institutional arrangements. Experts on political parties, for example, may analyze the stability implication of particular plans for electoral representation. Within the statecraft approach are scholars who embrace nation building—a hands-on, applied version of the statecraft lens. Much of the analyses of the current Iraqi "occupation" apply the democratization literature in this manner to either bolster or refute the U.S. position. Hence, within this approach, one finds scholars who advocate a prescribed course to democratization as well as those who critique the chosen course.

Public Policy Process

The focus is on the internal dynamics of policy making and implementation. Occupations have not typically been studied as part of a general policy process. Thus, it may be fruitful to see an occupation event or related events not as an anomaly but as part of discussion of the mechanics of the general policy process. Policy windows, overlapping jurisdiction,

agenda setting, coalition building, and linkages of policy issues should be the focus of this analytic view of occupations. The ultimate success or failure of an occupation may be linked to internal public policy issues. The limited quantitative work on occupations indicates that successful occupation costs lots of money, but monetary considerations do not necessarily guarantee success. Success may lie elsewhere; that is, the small details of an administrative process may determine the success or failure of an occupation policy and cumulatively the larger occupation.

Social Transformation

This type of analytic lens on occupations would advocate that research energy be directed at neglected areas such as improvements in the status of women and minorities. More traditional scholarship on occupations is not generally concerned with these groups. Particularly when the emphasis has been on security matters, these areas are neglected. Or, worse yet, when an occupation becomes coded as a success, the completeness of certain reforms remains unexamined. In addition, not all social problems have their origins in the occupation experience—many endure beyond it. An occupation may exacerbate existing social ills or lay the groundwork for future difficulties. Understanding Okinawa's place in Japan's defense policy would be incomplete without an exploration of Allied occupation and the heritage of Okinawa. In the social transformation approach, the roles and status of minority groups or women are essential to understanding the nature of the occupation as well as the quality of life after the occupation.

Legacy

This lens is locked on the long term; that is, years after an occupation, the researcher assesses an occupation in its totality and its parts. Within each occupation, there can be more than one legacy. Often, in these kinds of studies, the contemporary issues of today are traced back to decisions made during the occupation. Moreover, examination of the historical record suggests that with the passage of time the public's

perception of an occupation can change. Hence, assessing the success or failure in the midst of an occupation is precarious at best. Although historians have largely dominated this legacy approach to occupation (especially in country-specific studies), policymakers use this historical "record" to craft future occupation plans and supporting programs. In the realm of public policy, the careful study of occupation and its legacies reveals an understanding that an occupation is a dynamic process for working out political, social, and economic solutions. Will the governance of post-conflicts yield closure and opportunities for change, or leave a nation and people mired in enduring continuities with the past?

Ideally, an occupation moves quickly beyond armed conflict to focus on issues of governance. From onset to resolution, an occupation is marked by high uncertainty. With this assortment of analytical frameworks, the researcher can more fully capture the complexity of the post-conflict event, the occupation.

—Suzanne Breese Ryan

See also Humanitarian Intervention; International Law and Treaties; Military Necessity; Neocolonialism; Peace Process; Realism and Neorealism

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MILLENNIUM DEVELOPMENT GOALS

The eight Millennium Development Goals (MDGs), agreed to at the September 2000 UN Millennium Summit consist of eighteen targets and forty-eight progress indicators that identify a number of development priorities dedicated to vastly improving the quality of life for millions of the world's poorest. These are subject to annual progress reports, and 2015 has been set as the final assessment year. The MDGs are

1. to reduce by fifty percent the number of the world's population currently living on less than $1 per day, and to reduce by the same amount the number of people suffering from hunger;

2. to ensure that all children complete primary schooling;

3. to promote gender equality by eliminating disparities at all levels of education;

4. to reduce by two-thirds child mortality among children under five;

5. to improve maternal mortality health;

6. to effectively combat a number of the world's major diseases, such as AIDS, malaria, and measles by improving access to affordable drugs;

7. to ensure protection of the environment by placing sustainability at the top of development programs, reducing by fifty percent the number of people currently without access to safe drinking water and improving the quality of life for the inhabitants of the world's worst slum areas;

8. to establish and consolidate a global development partnership; a transparent, rule-based global and multilateral economic system that promotes principles of good governance and poverty reduction addressing the particular problems faced by less-developed countries (LDCs) and heavily indebted countries (HICs), including more development assistance, debt relief or cancellation, technology transfer, and market access.

The MDGs have established themselves as important benchmarks for UN development programs as well as for other global governance institutions, and donor and recipient states and nongovernmental organizations (NGOs) are using the MDGs as reference points in their own poverty reduction strategies. A number of key international institutions concerned with development, such as the International Monetary Fund (IMF) and the World Bank, contributed expert advice to the design of the MDGs and are involved in formulating strategies aimed at reaching the targets and assessing progress toward them, and

the Organisation for Economic Co-operation and Development (OECD) plans to integrate the MDGs systematically into the Development Assistance Committee (the principal body through which the OECD deals with issues related to cooperation with developing countries).

It is widely believed that the MDGs significantly contribute to the fight against global poverty. Acknowledging collective responsibility for formulating development strategies and meeting explicit quantitative targets, the MDGs are claimed to represent a significant commitment by all countries and major international private and public institutions to the millions who have been marginalized from global economic growth and prosperity in recent years. In setting these targets, politicians at the highest level have identified a set of harmonized and integrated strategies geared toward securing outcomes that can be precisely monitored by National Millennium Goals Reports (in addition to standard UN General Assembly reports and conferences) and tracked by a plethora of NGOs, and against which these politicians can therefore be held accountable.

Yet, the MDGs have elicited a number of criticisms. First, some of the targets are set at such a low level they are easily achieved and make little progress toward addressing global poverty. For example, there is concern that, despite the fact that overseas development assistance (ODA) to the least developed countries fell significantly during the 1990s, funds promised for assistance will not use new money but, rather, will take funds from current aid budgets, re-jigging existing development finances rather than providing substantive new amounts. On the other hand, there are clearly significant obstacles in the way of realizing some of the targets, such as ensuring access to richer country markets in agricultural produce or providing sustainable debt relief.

Second, despite this low threshold for claiming success, some observers believe that many of the targets will not be met because of fundamental policy disagreements among the variety of actors involved in developing strategies for addressing the development challenge. For example, some academics and more radical NGOs have expressed concerns that the targets

themselves may serve as merely another set of conditions and rules with which LDCs and HICs must comply if they are to benefit from the program.

The concern is that the MDGs will not be met (indeed, will be undermined) if the preferred method of reaching them is a narrow range of policies based on market-led initiatives seeking to harness the pursuit of profit by private corporations. The argument is that, policy-wise, the MDGs are mildly reformist at best and lack ambition because of a failure to engage in serious discussion about economic policies and underdevelopment/poverty reduction. These disagreements underline the difficulties involved in establishing and coordinating new mechanisms of global governance.

—*Stuart Shields*

See also Nongovernmental Organizations; Poverty Reduction; Sustainable Development; United Nations

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MINISTRY

See GOVERNMENT DEPARTMENT

MINORITIES

See MULTICULTURALISM

MONETARISM

Monetarism is a neoclassical economic theory that focuses on the causal relationship between the money

supply and inflation. The central claim of monetarist theory is that inflation can be controlled or eradicated by regulating the growth of the money supply in line with the growth of economic output. Monetarist ideas became increasingly popular in Western capitalist nations in response to growing political and economic difficulties during the 1970s. The success of monetarist policies in practice, however, has been mixed.

Monetarism in Theory

The theory of monetarism is derived from a range of neoclassical thinkers, the most prominent of which are Milton Friedman and Friedrich von Hayek. Monetarist theorists contend that inflation is the result of an excessive growth in the supply of money in relation to the growth of economic output. This is based on the assumption that a free market capitalist economy will tend toward a stable and harmonious equilibrium if left undisturbed. On this basis, monetarists argue that any political interference that produces an artificial expansion of the money supply to achieve social objectives, such as a lower rate of unemployment or faster economic growth, will prove to be self-defeating and will lead to rising economic and political instability.

In its simplest form, the inflationary process is typically thought to begin when the government initiates an unsound monetary expansion, such as an unwarranted reduction in interest rates or an excessive rise in public expenditure. If such measures are not anticipated by the market, then this monetary expansion will lead to a rise in consumption and to a subsequent increase in trade, output, and employment as the economy grows to meet the extra level of demand. As this process continues, however, a growing scarcity of labor eventually leads to rising wage costs as workers seek to capitalize on their improved bargaining position. This undermines profit margins, so businesses respond by curtailing their activities or by raising prices. As a result, inflation grows, consumption falls, the economy contracts, and output and employment both start to decline.

According to monetarists, this course of events will continue until the economy restabilizes at its previous level of economic activity and employment, though now with higher prices and wages, or until the government embarks on another monetary expansion in an attempt to engineer renewed economic growth. However, because inflationary expectations will have now risen, any subsequent expansion will have to be progressively larger than that anticipated by the market if it is to produce the desired effects, thus leading to escalating inflation and increased macroeconomic instability.

Given the apparent futility of political intervention in the operation of the market, monetarists therefore argue that the government should restrict its economic policy objectives to the provision of a sound and stable monetary framework by keeping the growth of the money supply in line with the growth of output. To achieve this, monetarists contend that the government needs to establish a credible policy "rule" that binds their future economic policy behavior, such as a self-imposed constraint on the growth of the money supply, or inflation targeting by an independent central bank. By limiting the government's discretionary control of monetary issues in this way, monetarists argue that such measures can help preclude any political manipulation, can constrain market expectations, and can thereby help maintain macroeconomic stability and avoid an unwarranted rise in inflation.

Monetarism in Practice

Monetarist ideas in one form or another have provided the dominant framework for economic policy making in major capitalist states for much of the period since the nineteenth century. This began with a widespread adherence to the classical gold standard and to its reconstructed variant during the interwar period, which provided an automatic and a depoliticized means of regulating the growth of the money supply in line with economic output. Following the collapse of the gold standard and the depression of the 1930s, however, monetarist ideas gradually succumbed to the advance of Keynesian economic theory. The popularity of monetarist ideas was revived during the 1970s as Keynesian ideas faced the apparently insurmountable problems of rising unemployment, high inflation,

and economic stagnation. In contrast, monetarism seemed able to provide both a theoretically coherent account of these difficulties as being the result of excessive state intervention, as well as a means of successfully resolving them.

The introduction of monetarist policies in major capitalist nations during the 1980s, however, produced mixed results. The implementation of measures such as high interest rates frequently conflicted with other (politically motivated) policies, such as cuts in taxation and higher public spending, and the money supply itself proved difficult to control or even measure with any degree of certainty. Furthermore, the expected relationship between the growth of the money supply and inflation did not conform to empirical realities. In Britain, for example, a fall in inflation was accompanied by a rise in the money supply, whereas in Japan the onset of a deflationary recession during the latter half of the decade proved immune to a series of deliberate monetary expansions.

Despite these difficulties, monetarist ideas have nevertheless continued to dominate the economic policy-making framework of Western capitalist states. Since the 1990s, the most popular model has proved to be an independent central bank operating according to an inflation target. The success of this model, however, has also been mixed. Although inflation has remained generally low, many parts of the world have continued to struggle against the effects of a global economic recession since the turn of the millennium.

—*Steven Kettell*

See also Business Cycle; Keynesianism; Liberal Market Economy; Monetary Policy

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MONETARY POLICY

Monetary policy became an issue of economic governance in developed capitalist economies in the 1980s. Until then, the conduct of interest rate, money supply, and exchange rate policies was considered to belong to "the art of central banking," more of practical than scholarly interest. The watershed is symbolized by the so-called "Volcker shock," with which the U.S. Federal Reserve (under Chairman Paul Volcker and during the administration of President Jimmy Cater) ended an accommodating stance that had led to rising inflation rates. Other central banks followed suit. Researchers closely scrutinized goals, instruments, and the desirable degree of activism in monetary policy.

Monetary policy has essentially two goals: price stability and low unemployment. In practice, these are difficult to operationalize and quantify. Price stability is compatible with some rise of the price level, an index of money prices, but not with a spiral of rising prices, driven by windfall profits or supply shocks, and rising wage demands. Low unemployment means, somewhat circularly, an employment level that is compatible with price and wage stability so that all unemployment is frictional or seasonal rather than cyclical. Central banks typically react to deviations of these goals from a desired value or long-term trend by raising or lowering the interest rate. This behavior has been found a robust empirical regularity by estimating the so-called Taylor Rule (named for John Taylor) that shows how strongly a central bank can respond to deviations from these two goals of monetary policy.

The instruments of monetary policy consist, in principle, of the short-term interest rate at which banks can get credit from the central bank (discount rate policy) and of money supply that the central bank can manipulate by selling and buying bonds in the money market (open market policy). These instruments are used to manipulate transmission variables such as the long-term interest rates, stock prices, exchange rates, or the volume of credit. These transmission variables are the economic indicators that ultimately account for the spending and saving

decisions of economic agents and the competitiveness of firms. This transmission is fraught with uncertainty.

Monetarism has strongly advocated abstaining from manipulating the interest rate as an ambiguous indicator of how lax or strict credit market conditions are. It advocated instead using monetary aggregates such as M1, M2, or M3, which added to central bank ("high powered") money other means of payment that households dispose of in the form of banking accounts of different maturities. Yet, virtually all central banks now use the short-term interest rate only whereas money growth rates are only one set of indicators among many. The use of monetary aggregates is reliable only if monetary demand is quite stable, but this is not the case, largely because of the internationalization and deregulation of financial markets.

Monetary policy is an issue of governance because it raises the question of how far a key economic policy should be delegated to an independent agent. The independence of central banks is a time-honored topic, mainly asking to what extent the monetary authority should be instrument-independent and goal-independent. Although virtually all independent central banks react to deviations from employment and inflation goals with changes in the short-term interest rate, there is now debate whether a central bank should pre-commit to quantified and announced goals and thus follow an explicit rule and to what extent it should use discretion.

The literature on the credibility (or "time-consistency") of economic policy sparked this debate about how best to ensure an effective and coherent monetary policy through institutional design. A credibility problem of monetary policy arises when the central bank is believed to change a policy, at present planned for the future, as times goes by. The inducement to revise a plan, typically to "inflate" the economy despite the promise to keep price stability, stems from the authorities' policy preferences being different from those of the representative private agent. Dynamic inconsistency then occurs because the central bank would benefit from a revision of policy whenever the private sector acts according to the inflation goals as presently announced. Yet, this incentive

of monetary policymakers is rationally expected by the private sector, which adjusts its pricing decisions accordingly. Thus, the authorities do not succeed, and the economy ends up in the worst of all possible worlds, which typically means higher inflation with no gains in employment.

Various proposals have been made to tie central banks' hands and overcome this problem of time-inconsistency or lack of credibility in monetary policy. One proposal is to make central banks obey strict rules such as announcing a monetary growth target in line with the inflation goal. Yet, it is not clear what should happen if the central bank misses the rule because the bank's independence is incompatible with government discretion in hiring and firing central bank governors. One way around this is to pay central bankers according to their performance. Another, and arguably more plausible, solution is to appoint central bankers who are more conservative than the median voter who votes for the government. This would ensure that price stability would not be sacrificed for short-term employment goals. An irony of such propositions is that the underlying rationale assumes an ability and willingness of central banks to fine-tune the economy that the same scholars otherwise deny. Practitioners of monetary policy consider the issue of time-consistency and the governance problems it raises as a largely academic debate of little relevance to their daily work.

—*Waltraud Schelkle*

See also Business Cycle; Economic Governance; Monetarism; Monetary Union; Political Business Cycle

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Monetary Union

A monetary union involves an agreement between two or more states creating a single currency area. This involves the irrevocable fixation of the exchange rates of the national currencies existing before the formation of a monetary union. Historically, monetary unions have been formed on the basis of both economic and political considerations. A monetary union is accompanied by setting up a single monetary policy and establishing a single central bank, or making the already existing national central banks the integrative units of a common central banking system. Usually, a monetary union involves the introduction of common bank notes and coins. This function, however, might be split among the participating states. They may either be granted the right to issue coins or bank notes on behalf of the common central banking system, or the respective national currencies become denominations of an invisible common currency.

The most prominent and recent example of a monetary union is the creation of a single currency among European Union (EU) countries—the euro. This example demonstrates the interplay of economic and political factors in the process of setting up a monetary union. From an economic point of view, a monetary union helps reduce transaction costs in an increasingly integrated regional market. It also helps increase price transparency, thus increasing inner-regional competition and market efficiency. In addition, a monetary union was seen to be an essential step toward the further political integration of the EU.

A monetary union may also have adverse effects on the participating economies. In the case of the euro, some economists raised doubts about whether the EU could be regarded as an "optimum currency area." Economic diversity and the inflexibility of labor markets were seen as the major obstacles for EU member states to exploit to the full the benefits of monetary union. Monetary integration was seen to leave some economies particularly vulnerable to asymmetric (external) shocks, as national decisionmakers are no longer in control of nominal interest rates.

As a result, the creation of a monetary union also represents a particular challenge to monetary and economic governance both at the domestic and supranational levels. It raises the question of the institutional design of a common monetary policy and the necessity of a simultaneous integration of macroeconomic policies. Because these issues touch on core aspects of national sovereignty, monetary unions are sometimes associated with the transition of a confederation of states toward a federal system. However, as the example of the European Economic and Monetary Union demonstrates, a centralized monetary policy may be compatible with a decentralized economic policy framework. In this framework, national governments remain solely responsible for economic policies but are required to engage in policy coordination. They also must respect a set of common rules for the conduct of their fiscal policies. This notably includes the rule to avoid excessive government deficits.

—Uwe Puetter

See also European Union; Foreign Exchange Market; Monetary Policy; Regional Governance

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Monopoly

The standard definition of monopoly is a single seller of a product or service. In the economic sphere, monopoly generally has a negative connotation. Under competitive conditions with many buyers and sellers, prices are bid down to the cost of production and, in the absence of externalities, such as pollution, this yields an efficient allocation of resources. In the

absence of competition, producers have incentives to restrict supply and raise prices above competitive levels. Beyond the perceived unfairness of high monopoly prices, the gap between price and marginal cost misallocates resources because of the restricted supply.

The harm done by a monopoly can vary widely, depending on the extent of its market power, which could derive from either demand or supply conditions. On the demand side, where there are many close substitutes for the monopolist's product, the demand facing the monopolist will be highly elastic, and hence, the scope for profitable price increases will be small. However, where substitutes are few, as with a necessity, demand will be inelastic and the scope for price increases will be large. Pricing power may be limited by geographical considerations: A single general store in a small town will find little scope for raising prices if it is cheap to go to the next town for supplies. Likewise, a country with only a single producer of automobiles will find that free trade limits the possibilities for monopolistic pricing. Consequently, economists generally focus on the scope for profitably increasing price above marginal cost as the most appropriate measure of market or monopoly power.

A common misconception is that bigness, or firm size, is a good measure of the extent of its monopoly power. Thus, a Marxist view of monopoly capital will often label any large firm as a monopoly capitalist. It is quite possible, however, for a government of a small country with valuable natural resources to have more effective market power than the small groups of large multinational corporations that are competing for access to the resource. Where corruption is present, one or more of the multinationals may collude with government officials to stifle competition and exploit consumers. In the same vein, a company's country of origin is not the relevant basis for assessment of its monopoly power. Thus, it is a mistake to identify a large firm as a monopolist just because it is based in one of the leading economies, say, in the United States or Japan.

In some instances, monopoly may be useful as a method of calling forth innovation. Thus, patents offer a monopoly for limited periods. Likewise, so-called natural monopolies are traditionally regulated by

government on both price and quality issues. The creation of artificial monopolies has often been a source of government revenue and was a major instrument in the heyday of mercantilism. Such blatant monopoly creation has gone out of fashion, but restrictions on entry are still a frequent goal of lobbyists.

—*Thomas D. Willett and James A. Lehman*

See also Economic Governance; Market Failure; Political Economy

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MOST-FAVORED NATION PRINCIPLE

Since Bretton Woods, the most-favored nation (MFN) principle has been identified with the nondiscrimination obligation contained in Article 1, Paragraph 1 of the General Agreements on Tariffs and Trade (GATT). Although a number of exceptions limit its scope, this bedrock of international trade law requires that national trade policy afford equal treatment to the products of all World Trade Organization (WTO) members.

The MFN is often seen as an indispensable component of liberal practice because it facilitated the GATT negotiations that have steeply reduced global trade barriers since 1948. Because the "multilateralism" of the MFN eliminates the preferential bilateral arrangements that contribute to tensions among trade competitors, it also has been embraced as a step toward international peace by advocates of the argument known as pacific liberalism.

It is therefore ironic that the MFN clause has been a common component of international trade

treaties since at least the early seventeenth century, when it was adopted as an element of mercantilism, not liberalism. Representative is Article II of the first commercial treaty of the United States, signed with France in 1778, in which the parties "engage mutually not to grant any particular favor to other nations, in respect of commerce and navigation, which shall not immediately become common to the other party." In that era, in which trade agreements were bilateral and episodic, the clause protected the signatory of one agreement from the erosion of benefits by a later treaty that conveyed more favorable treatment to another trade competitor. In effect, it was used jealously to guard the status of a most-favored nation by guaranteeing that it would automatically receive privileges at least as favorable as any other.

As it became embodied in global treaties with an increasingly universal membership, and as the exceptions to it multiplied, MFN status became a misnomer. For example, members of regional trade organizations such as the European Union (EU) and North American Free Trade Agreement (NAFTA) enjoy tariffs lower than those of so-called most-favored nations. So, too, do most poor countries under provisions of the Generalized System of Preferences permitted as part of the differential treatment accorded them by GATT since the 1960s. Rather than guaranteeing the best treatment, MFN now merely prevents the worst. In 1998, for example, legislation changed the designation in American trade policy to normal trade relations (NTR), status denied a mere handful of nations by specific legislation: Cuba, Laos, and North Korea. Under U.S. trade law, all nations possess NTR status unless specifically exempted, and even then, waivers are frequently granted. The most famous were the annual U.S. Congressional votes that authorized NTR for China before its eventual accession into the WTO, usually after extensive airing of various grievances concerning Chinese human rights and trade practices.

—*Bruce E. Moon*

See also European Union; North American Free Trade
Agreement; World Trade Organization

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MULTICULTURALISM

Multiculturalism refers to the position that cultures, races, and ethnicities, particularly those of minority groups, deserve special acknowledgement of their differences within the dominant political culture. This acknowledgement can take the forms of recognition of contributions to the cultural life of the political community as a whole, a demand for special protection under the law for certain cultural groups, or autonomous rights of governance for certain cultures. Multiculturalism is both a response to the fact of cultural pluralism in modern democracies and a way of compensating cultural groups for past exclusion, discrimination, and oppression. Most modern democracies comprise members with diverse cultural viewpoints, practices, and contributions. Many minority cultural groups have experienced exclusion or the denigration of their contributions and identities in the past. Multiculturalism seeks the inclusion of the views and contributions of diverse members of society, while maintaining respect for their differences and withholding the demand for their assimilation into the dominant culture.

Multiculturalism as a Challenge to Traditional Liberalism

Multiculturalism stands as a challenge to liberal democracy. In liberal democracies, all citizens should be treated equally under the law by abstracting the common identity of "citizen" from the real social, cultural, political, and economic positions and identities of real members of society. This leads to a tendency to homogenize the collective of citizens and assume a common political culture that all participate in. However, this abstract view ignores other politically salient features of the identities of political subjects that

exceed the category of citizen, such as race, religion, class, and sex. Although claiming the formal equality of citizens, the liberal democratic view tends to underemphasize ways in which citizens are not in fact equal in society. Rather than embracing the traditional liberal image of the melting pot into which people of different cultures are assimilated into a unified national culture, multiculturalism generally holds the image of a tossed salad to be more appropriate. Although being an integral and recognizable part of the whole, diverse members of society can maintain their particular identities while residing in the collective.

Some more radical multicultural theorists claim that some cultural groups need more than recognition to ensure the integrity and maintenance of their distinct identities and contributions. In addition to individual equal rights, some advocate for special group rights and autonomous governance for certain cultural groups. Because the continued existence of protected minority cultures ultimately contributes to the good of all and the enrichment of the dominant culture, these theorists argue that the preserving of cultures that cannot withstand the pressures to assimilate into a dominant culture can be given preference over the usual norm of equal rights for all.

Examples of the Impact of Multiculturalism

Some examples of how multiculturalism has affected the social and political spheres are found in revisions of curricula and the expansion of the canon. Curricula from the elementary to the university levels have been revised and expanded to include the contributions of minority and neglected cultural groups. This revision is designed to correct what is perceived to be a falsely Eurocentric perspective that overemphasizes the contributions of White European colonial powers and underemphasizes the contributions made by indigenous people and people of color. In addition to this correction, the contributions that cultural groups have made in a variety of fields have been added to the curricula to give special recognition for contributions that were previously ignored. The establishment of Black, Latino, and Asian History Months are examples of this movement. The addition of works by members of minority cultural groups to the canons of literary, historical, philosophical, and artistic works further reflects the desire to recognize and include multicultural contributions to the broader culture as a whole.

Challenges to Multiculturalism

There are two primary objections to multiculturalism. One, multiculturalism privileges the good of the certain groups over the common good, thereby potentially eroding the common good in favor of a minority interest. Two, multiculturalism undermines the notion of equal individual rights, thereby weakening the political value of equal treatment. Other questions arise with the claim of multiculturalism. There is the question of which cultures will be recognized. Some theorists worry that multiculturalism will lead to a competition between cultural groups all vying for recognition and that this will further reinforce the dominant culture as dominant. Further, the focus on cultural group identity may reduce the capacity for coalitional political movements that might develop across differences. Some Marxist and feminist theorists worry about the dilution of other important differences shared by members of a society that do not necessarily entail a shared culture, such as class and sex.

Relation to Governance

Multiculturalism is closely associated with identity politics, or political and social movements that have group identity as the basis of their formation and the focus of their political action. These movements attempt to further the interests of their group members and force issues important to their group members into the public sphere. In contrast to multiculturalism, identity politics movements are based on the shared identities of participants, rather than on a specifically shared culture. However, both identity politics and multiculturalism have in common the demand for recognition and a redress for past inequities.

Multiculturalism raises important questions for citizens, public administrators, and political leaders. A prominent trend in democratic theory and governance

has been a call for inclusion and increased participation in public life by previously oppressed groups. By asking us to recognize and respect cultural differences, multiculturalism provides one possible response to the question of how to increase such participation.

—*Jennifer L. Eagan*

See also Asia-Pacific Economic Cooperation; Indigenous Governance; Pluralism; Social Inclusion; Social Justice

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MULTILATERALISM

In its simplest form, multilateralism refers to a process of organizing relations between groups of three or more states. Beyond this basic quantitative aspect, multilateralism is generally considered to comprise certain qualitative elements or principles that shape the character of the arrangement or institution. These principles are an indivisibility of interests among participants, a commitment to diffuse reciprocity, and a system of dispute settlement to enforce a particular mode of behavior. Multilateralism has a long history but is principally associated with the U.S.–led post–World War II period, during which there has been a burgeoning of multilateral agreements. The organizations most strongly embodying the principle of multilateralism are to be found in trade (the World Trade Organization [WTO]) and

security (North Atlantic Treaty Organization [NATO]), although there are an increasing number of multilateral environmental institutions.

Indivisibility

To better understand the nature of multilateralism, it is useful to contrast it with bilateralism, a good example of which is the commercial policies of Nazi Germany, in which the German government negotiated bilateral agreements with other countries specifying which goods and services were to be traded, their prices, and the quantities to be exchanged. Through this, a significant number of nations were connected by trade agreements, with Germany acting as a central hub. By contrast, the multilateral commercial regime, centered on the General Agreement on Tariffs and Trade (GATT), used the principle of most-favored nation (MFN). Under German bilateralism, third parties were excluded from interstate arrangements, whereas in the GATT, third parties were treated in a more inclusive manner and were granted equal treatment by virtue of the MFN clause. Thus, the German system was built around systematic discrimination, whereas the GATT assured nondiscrimination for all contracting parties.

In security arrangements, the principles of multilateralism are best embodied in a collective security system such as NATO, in which a war against one state is automatically considered to be a war against all states, ensuring that any act of aggression against a member of the collective system is met with a response from all members. By contrast, a bilateral arrangement only ensures that A comes to the aid of B in the event of an attack by C. It would not ensure that C receives similar protection from A in the event of an attack on C by B. In this instance, the system discriminates against C. Bilateral security arrangements are, therefore, like their counterparts in commercial policy, inherently discriminatory, whereas multilateral arrangements have a more inclusive character in which all participants are afforded equal treatment.

In both these examples, there is a notion of the indivisibility of interests. In security arrangements, peace is treated as being indivisible, such that no participating member can be at war while others are at

peace. In commercial policy, the norm of MFN makes the trade system an indivisible whole. Bilateralism, by contrast, necessarily fragments relations between states. Indivisibility is therefore the first core principle of multilateralism.

Diffuse Reciprocity

Along with, and related to, the principle of indivisibility of interests, multilateralism is considered to give rise to expectations of diffuse reciprocity among participants. In situations characterized by diffuse reciprocity, there is an expectation that there will not be an equivalence of obligations or concessions in any one exchange but, rather, a balance is expected over an ongoing, potentially indefinite, series of exchanges with a group of partners. For example, in the collective security system outlined previously, members do not expect to be compensated for the military resources they may expend in defending a threatened member country. Their recompense lies in the knowledge that should they be attacked, they too will benefit from a collective response to that attack. By contrast, bilateralism is more associated with specific reciprocity and an explicit balancing of obligations between each pair of actors, as with the commercial relations of Nazi Germany.

These relationships between bilateralism, multilateralism, and their respective forms of reciprocity can be seen to flow from the aforementioned indivisibility of interests. By its nature, the indivisibility of interests associated with multilateral arrangements gives rise to an expectation of diffuse reciprocity and its greater sense of inclusiveness, whereas the fragmentation and divisions of bilateralism lends to it an expectation of specific reciprocity.

Dispute Settlement

For the states to feel assured of the returns of treating their interests as indivisible, multilateral arrangements tend to incorporate some mechanism for ensuring that countries act in accordance with the expected norms. This principle of dispute settlement forms the third principle associated with multilateralism. A variety of

methods for ensuring compliance are available, such as through peer review, which may suit more informal arrangements, or the creation of a formalized body to which grievances may be taken. Having a system of dispute settlement enables participating countries to treat their interests as indivisible and to accept relations of diffuse reciprocity: They know that should the expected benefits not be forthcoming because of non-compliance by other participants, there is a mechanism through which redress may be sought.

Institutionalization

These three principles taken together form an "ideal type" of multilateralism. Although there has been a huge growth since World War II in the number of multilateral institutions, they do not always fully conform to all aspects of this ideal model. Such institutions have undoubtedly played a significant role in postwar global governance. More controversially, it has been argued that multilateral institutions may be inherently more stable than other forms of organization, in that the principles underlying them appear to be more durable than other arrangements and more able to adapt to external changes. Thus, despite the perceived decline in U.S. hegemony since the 1970s, the multilateral institutions that the United States played the primary role in creating, such as NATO and the GATT/WTO, show little sign of decline and continue to play an important role in shaping the international system.

—*James Scott*

See also Global Governance; Liberal Internationalism; Reciprocity

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MULTILEVEL GOVERNANCE

Multilevel governance is an approach that, for academics from a range of subdisciplines of political science, captures the increasingly fragmented and complex nature of decision making in a number of settings. Multilevel governance draws on frameworks and concepts from across subdisciplines, particularly from European Union (EU) studies, international relations (IR), and public policy. As such, multilevel governance contributes to a growing awareness that many contemporary issues and problems cannot be understood without crossing traditional academic boundaries. Most specifically in this case, multilevel governance crosses the traditionally separate academic domains of domestic politics and international politics. The distinction between what is domestic politics and what is international politics is challenged by empirical developments, particularly in the European context, where the EU has taken on an increasing number of functions previously undertaken by nation states. It is no coincidence that multilevel governance first emerged from studies of the EU.

For many, the EU is not really like traditional international organizations or domestic political systems. It is something unique and, as such, defies explanation purely from approaches applied either to "politics within states" (domestic) or "politics between states" (international). Multilevel governance was first developed to capture the changing nature of EU structural policy following a major reform in 1989, and was subsequently applied to EU decision making more broadly.

Until the mid-1980s, theorizing about the EU had been dominated by approaches derived from the study of IR. From the IR tradition of pluralism, neofunctionalism was developed to understand European integration, whereas those in the state-centric IR tradition applied intergovernmentalism. The concern of theorists in these traditions was with explaining the nature and pace of European integration. Neofunctionalists argued that national governments were increasingly caught in a web of interdependence with nonstate actors, EU institutions, and other governments that took them further along the road to integration than they intended. By contrast, intergovernmentalists emphasized the degree of control national governments retained in the process as gatekeepers over the key decisions.

From the reenergizing of the European integration process in the 1980s, symbolized by agreement to the completion of the single European market and the Mediterranean enlargement, the EU began to take on more functional responsibilities and develop more effective decision-making mechanisms. In particular, qualified majority voting displaced unanimity voting in a range of policy areas. This change occurred primarily to expedite swift agreement to the measures needed to complete the single market, but had implications beyond market integration. This shift limited the ability of individual governments to veto proposals that they believe are against their national interest.

The relaunch of the integration project and the related institutional reforms sparked a new wave of thinking about the EU, which drew parallels with domestic systems. Subsequently, a range of tools and concepts were increasingly applied to the EU from the study of domestic and comparative politics, and new concepts were developed. The development of multilevel governance was part of this new wave of thinking about the EU. Its origins in the study of EU structural policy provide useful insights into the nature and development of the concept.

EU Structural Policy and Multilevel Governance

EU structural policy aims to promote social and economic cohesion across Europe. Much of its focus is on assisting the development of disadvantaged regions in the context of market integration. In the context of moves to complete the single market, and to assimilate Greece, Portugal, and Spain into the EU, the European Commission and its allies in the European Parliament won support from governments for a major reform of structural policy in 1989. Largely as a side-payment to poorer member states for the anticipated consequences of the internal market program, governments agreed to double the amount of funding spent

through structural policy and to reform its governing principles.

As part of the desire to ensure effective use of these funds, governments—some reluctantly—accepted the commission's proposal that funds be administered through partnerships established within member states, consisting of national, subnational (regional or local) and supranational (commission) actors. This decision gave subnational actors a formal role in the EU policy-making process for the first time. In subsequent years, the commission pushed for and secured agreement to the greater involvement of nonstate actors (nongovernmental organizations, trade unions, environmental groups, etc.) within these partnerships.

The concept of multilevel governance was developed from a study of these developments. Initially, the study highlighted "continuous negotiation" among governments "nested" at different territorial levels. The analysis drew on the policy networks approach to highlight the territorial overarching networks in which governments found themselves increasingly enmeshed. Although not a theory of integration, the approach had strong neofunctionalist antecedents in its argument that supranational actors and interest groups were significant in shaping the commission's decisions and that this challenged the role and authority of national governments. Increasingly, multilevel governance scholars paid attention to nonstate as well as government actors.

Thus, multilevel governance has both vertical and horizontal dimensions. The former (multilevel) refers to the increasing interdependence of actors situated or nested at different territorial levels—supranational, national, and subnational; the latter (governance) refers to the increased role of nonstate actors in decision making. In short, therefore, the rise of the subnational level and acknowledgement of the significance of policy networks combined to stimulate the initial conception of multilevel governance in EU studies.

If the initial trade in concepts had been from the study of domestic politics and IR to EU studies, the development of multilevel governance offered the possibility of concept trading in the other direction. Over the period since multilevel governance was first developed, internationalization and

decentralization/devolution have accelerated as trends, as has the growing participation of nonstate actors in public policy making. As such, scholars from different academic traditions seeking to understand increasingly contested jurisdictional and territorial boundaries both within and beyond states have used multilevel governance.

Two Types of Multilevel Governance

In clarifying the concept, Liesbet Hooghe and Gary Marks distinguished between two types of multilevel governance. Type 1 multilevel governance resembles federalism. It sees the dispersion of authority as being restricted to a limited number of (non-overlapping) jurisdictional boundaries at a limited number of territorial levels. Here, jurisdictions are general purpose with those jurisdictions at the lower territorial levels nested into higher ones. In this typology, the distribution of authority is seen as relatively stable and the focus of analysis is on individual governments or institutions rather than on specific issues or policies.

Type 2 multilevel governance presents a picture of governance that is more complex, is more fluid, and consists of innumerable jurisdictions. These jurisdictions often overlap each other and tend to be flexible as governance demands change. They are focused around specific policy sectors and issues and devised to secure optimal policy-making efficiency. In this typology, the distribution of authority is less stable and the focus of analysis is more on specific issues and policy areas than on individual governments or institutions.

These types of multilevel governance are not viewed as mutually exclusive but can (and do) coexist. General-purpose jurisdictions exist alongside special-purpose jurisdictions: Formal institutions of government operate, and indeed create, special-purpose bodies to carry out particular tasks or address particular problems. There may be tensions between the two, for example, in relation to issues of accountability over particular decisions and outcomes. But such tensions are a characteristic feature of multilevel governance.

Different Uses of Multilevel Governance

Although multilevel governance was developed as an analytical framework to analyze developments in the EU empirically (to explain how things are), the concept has also been adopted in normative debates about how public decision making should be arranged. The phrase has indeed been adopted by the European Commission in its policy documents and has been debated normatively by academics. We deal with the analytical and normative uses in turn.

Analytically, the most controversial aspect of multilevel governance has been the interpretation that it suggests that the nation-state is in irreversible decline. This may be something of a parody of multilevel governance. Although the concept undoubtedly highlights new challenges to state power, there is also recognition in the literature that states remain important both because they often hold nodal positions within networks and because they have democratic legitimacy that other actors do not possess.

Different authors emphasize different outcomes from the challenges to state power presented by multilevel governance. Although some are keen to emphasize the loss of state power, others argue that power should not be conceptualized as zero-sum and that the rising importance of other actors does not necessarily mean the transfer of power away from states. Indeed, some scholars suggest states can set the ground rules for multilevel governance to frame favorable outcomes and can mobilize other actors to help them achieve state objectives more effectively.

That multilevel governance can be used in a variety of ways by different scholars may be seen as an advantage, but it may also illustrate a weakness: that its theoretical content is weak and it is mainly a descriptive term. It is criticized for not generating clearer expectations about the role and influence of "new" actors in the policy process and, related to this, how the role, authority, and power of states are affected.

A particular problem is that multilevel governance to some extent equates governance with the mobilization or participation of new actors in public policy making, irrespective of whether this mobilization or participation leads to any shifts in power between different actors. Put differently, it refers to increasing interdependence between actors but categorizes both the weakest, most asymmetrical relationships of interdependence and the strongest, most symmetrical relationships in the same way.

Normatively, multilevel governance is seen by its advocates to have advantages in its scale flexibility; that is, that jurisdictions can be designed to involve particular actors to meet particular challenges on a particular scale to fit particular preferences. This may be either Type 1 or Type 2 multilevel governance. This custom-built approach is thought to lead to efficient and effective decision making, to have problem-solving capacity.

Critics suggest that the perceived gains in efficiency and effectiveness may have costs. In particular, the proliferation of such jurisdictions and the increase in cross-sectoral participation risk reducing transparency and obscuring accountability to citizens. As such, there may be a trade-off in which gains in efficient decision making are at the expense of democratic accountability, unless new mechanisms of accountability are developed alongside the new forms of governance.

However, not all see complex governance arrangements as an inevitable threat to democracy. From pluralist perspectives on democracy, there may be safety in numbers in complex governance arrangements, preventing any single actor or institution from dominating decision making. Of course, as suggested previously, the evidence of broad participation does not equal diffuse power. Empirically, weaker social groups tend to be marginalized in such processes unless measures are taken to develop their capacity to engage effectively.

Taking Stock

Multilevel governance captures complex decision making in a range of settings. It has an intuitive appeal for many scholars, but although providing an attractive description of decision making, multilevel governance would be stronger if it generated clearer expectations in relation to the implications for the role, power, and authority of actors involved in policy making. Normatively, multilevel governance offers advantages for efficient decision making. However, in

some of its manifestations, there are concerns that the virtues of multilevel governance in efficiency and effectiveness are traded for the virtues of democratic legitimacy.

—Ian Bache

See also Center-Local Relations; Complexity; European Governance; European Union; Global Governance; Heterarchy; Interdependence; Political Exchange; Regional Governance; Social Network Theory; State-Society Relations; Sustainable Development

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N

NARRATIVE THEORY

Narrative theory is an umbrella term for various word-based approaches to the study of human acts, including acts of or associated with governance. These include such approaches as discourse analysis, the analysis of stories or storytelling, or more broadly, interpretive social science, in which narrative analysis may be a part. Narrative approaches draw their theoretical substance primarily from philosophy, developmental psychology, and literary theory. They are part of the late twentieth-century "turns" in the social sciences—turns away from various forms of quantitative, behavioralist approaches to the analysis of human behavior toward more meaning-focused analytic approaches, including the so-called interpretive turn, the linguistic turn, and the argumentative turn. Narrative theories argue for the centrality of expressiveness in human acts and in reasoning about those acts, rather than seeing instrumental rationality as the central human orientation. This is seen as holding for collective selves (e.g., organizations and polities) as much as for individual selves.

Theoretical Roots

Narrative theories in governance and other social scientific applications typically draw on one or more of three sources for their theoretical orientation: philosophy, psychology, and literary theory.

Hermeneutic Philosophy and Texts

Early to mid-twentieth-century hermeneutic philosophy (articulated, e.g., in the work of Edmund Husserl and Hans Georg Gadamer) made the argument that the principles of textual analysis that had been developed earlier in traditional hermeneutics for the study of biblical texts could be usefully applied to the analysis of the meanings of contemporary, non-biblical texts. Such contemporary texts, they argued, could include such things as fiction and poetry; by extension, one could apply hermeneutic analysis to painting, architecture, and other linguistic and physical artifacts of human creation. Later some twentieth-century philosophers, notably Charles Taylor, argued that these analytic techniques could also be applied to human acts: Producing written versions of observed acts and interactions for purposes of social scientific analysis (as in ethnographic field notes) renders them analogous to texts, and they may then be subjected to analytic reading to discern their meanings in ways similar to that used for literal texts. In the spirit of Gadamer's argument that the hermeneutic circle describes processes of learning in general (and not just text study), one might also argue that everyday interpretations-in-action of human acts, including the nonverbal, are done hermeneutically.

In governance-related analyses, literal texts might include such documents as government policy drafts and bills, agency correspondence and annual reports, newspaper coverage of events, Web pages of special

interest groups, and so on. Oral and visual presentations, such as parliamentary and stump speeches, media broadcasts, policy-relevant films, and other such recorded and transcribed events, could also be subjected to narrative analyses. Two sorts of interpretive research methods for generating data produce other forms of word-based evidence that can usefully be analyzed as forms of narrative: in-depth, conversational interviews that gather stories told about governance-related acts or events or interactions and participant-observation and ethnographic analyses, in which researchers produce field notes documenting their observations of acts, events, and interactions.

Psychology and Identity

Phenomenological hermeneutic philosophy argues that these various artifacts are the concrete projections and embodiments of human meaning made visible and observable. Central to this argument is the assumption that human acts are not just a matter of goal-oriented, instrumental rationality, but that humans are also meaning-making beings and their acts are, or can be seen as, expressive of meaning. Expressive acts, in other words, do not just constitute the communication of information for instrumental purposes. They are tied in, also, to expressions of identity—acts of meaning. Narrative theory posits that humans express what is meaningful to them in narrative form. That makes attention to these narratives requisite for a social science that is serious about engaging questions of meaning in its analyses.

In contemporary psychotherapeutic practice, individual self-narrative is encouraged as a way of identifying what the individual considers meaningful, how she constructs herself, and how she reasons about and explains events in her life. This sort of reasoning underlies researchers' efforts to get street-level workers to tell stories, for example, about events that transpire in the course of the everyday workplace. The hypothesis is that such stories reveal core values, such as fairness, that lie at the heart of administrative practices.

Collective expressions of values—such as the signs that city councils place along their streets declaring the cities to be "nuclear-free zones"—are ways in which polities express and communicate their identities to themselves and to one another, as well as to other, potentially more-distant publics, from passersby to governmental officials at a remove. From a perspective that focuses on the centrality of meaning to human political (and other) activity, the fact that these policies are unimplementable is less important than the act of identity expression.

Literary Theory and Narrative Forms

Whereas philosophical and psychological theories attend to the substance and purpose of expression seen narratively, literary theories attend to the forms of narrative exposition. Narratives are understood as following their own internal logical order. Their structures may be chronological; they may be spatially ordered (e.g., describing an event's setting from top to bottom or from right to left); they may be structured according to some order of relationship among the actors in the narrative (e.g., kinship or rank); or they may follow some other structure that makes sense to the narrator as an ordering device for the elements of actor, act (plot), setting, purpose, and tool (Kenneth Burke's pentad).

Narrative accounts typically have beginnings, middles, and ends, but these need not be chronological (and what is beginning and what is the end may be culturally specific). Movement from one part of the narrative to the next is set in motion by the plot and its elements—the sequence of acts that address the implied or stated question, and then what happened, and which glue together the sections of the narrative. Narratives also feature actors, including, at times, the narrators themselves. And narratives often describe the settings for actions and actors: neighborhoods, agency buildings and offices, city hall chambers, and courthouses. In this sense, narrative theories adapt dramatistic theories for the analysis of political and other social acts.

One common application of narrative theory in governance-related research is story (or storytelling) analysis, used in conjunction with in-depth, conversational interviewing, either as a distinct method or as

part of an ethnographic or participant-observation study. For example, clients of programs implemented by local government agencies may be asked to relate stories from their experiences as recipients of these programmatic efforts. Street-level implementers may be asked to narrate organizational stories that circulate within their agencies concerning experiences interacting with clients in delivering governmental services or the workings of their agencies with respect to these programs (or both). Agency directors and midlevel administrators may be asked to tell organizational stories about intergovernmental relations. Other analyses scrutinize policy drafts, successive version of bills, transcripts from legislative sessions, or agency documents and acts for narratives—key words or phrases in their contexts, including policy or organizational metaphors—that express policymakers' and implementers' values, beliefs, or feelings concerning the subject(s) of pending or existing legislation.

Narrative as Semiology

What these several approaches share in common is a presupposition that narratives of all sorts—whether historical accounts or individuals' stories—contain their own ontological status. That is, narrative theory does not draw a distinction concerning validity between "what really happened" and a story about what happened. For narrative theory, the narrative itself is what matters, as it embodies what is real for its narrator and, therefore, has its own "truth status." Narratives, in this sense, are also epistemological in that they are understood as providing evidence of the character of their narrators' knowledge about the narrated world. Numerical accounts, then, may also be treated as narratives: They are ways of world-making through numbers, where the relationships among numerical entries constitute a plot that gives an account of their subject matter.

It is in the semiological sense that narratives are understood to be universal forms of human discourse. Given their centrality for the communication of meaning, analyses must, then, also explore the efforts and abilities of more- and less-powerful groups to air their narratives and to control the possibilities for such expression by others.

—Dvora Yanow

See also Dilemma; Discourse; Interpretive Policy Analysis; Interpretive Theory; Situated Agency; Tradition

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NATION

What is a nation? Ernest Renan famously defined it as solidarity between a group of people constituted by a mutual desire for, and preparedness to contribute to, the continuation of a distinctive way of life. But what is the basis of this distinctive form of life? What are the consequences of these commitments and sentiments? Why do nations matter, morally speaking, if indeed they do?

Is a nation a natural kind, or is it more closely related to psychological phenomena and thus more mutable and negotiable? According to the former, nations are constituted by people that share certain objective properties or characteristics, such as race, language, a common ethnic descent, or that are shaped by a distinctive climate and homeland. According to the latter, a nation is, above all, the product of subjective belief, that is, a common bond of sentiment. Most political theorists have opted for the second as

opposed to the first model, fully aware that the actual uses to which nationhood and nationalism have been put has often appealed to the language of natural kinds. Many have done so precisely because they think it is important to save the idea of the nation, as well as nationalism, from the terrible crimes perpetrated by many nationalists. Others do so in order to point out the fictitious and ultimately bogus status of nations and thus cast into doubt the philosophical respectability of nationalism in general.

It is important not to run together the idea of a nation with two other related but distinct concepts, namely ethnic groups and the state. Ethnic groups and nations are undoubtedly historically closely connected. Both are aggregates of people that share certain common features and that engage in forms of mutual recognition. It has been argued that, in fact, all nations have deep, though often obscured, origins in ethnic communities. But an ethnic group is tied much more closely to the idea of kinship and descent than a nation. Every ethnic group might potentially become a nation, but it need not. Many nations might have their origins in particular ethnic communities, but they can, and often do, branch out to encompass more than one. Similarly, although many states today are nation-states, the two are not identical. (Some critics say it is unfortunate the largest global association of states is called the United Nations, for it is clear that its members are neither united nor made up of nations but rather states.) Many nations may aspire to statehood, but they need not (e.g., indigenous peoples). And many states, if not most, contain more than one nation. So there is no necessary logical connection between nationhood and statehood. This has enormously important consequences for normative arguments about nationalism.

It is often suggested that nations, at least as we understand them today, are a product of modernity, and especially of the nineteenth century, and thus have specific preconditions—such as an integrated economy and common social institutions—which are then used to promote a common language or culture. On this reading, nationalists in control of these institutions and resources produce nations, not vice versa. However, although these preconditions help promote the

common bond of sentiment central to nationality, they aren't necessary conditions, because we can find nations without the apparatus of modern industrial states, and in non-Western contexts as well. Also, the language of nationhood as a specific form of political argument has a much older lineage than the nineteenth century, to be sure; we find references to nations as political units as far back as the fourteenth century. But there are indeed important changes that emerge in the modern era. In the early modern period, and especially by the French Revolution, the idea of a nation is increasingly associated with the notion of a people acting collectively to exercise (or at least oppose) political authority. To have the idea of a people possessed of a will, you need some way of conceiving of them as a collective body—as a people. Here the older ideas of nationhood involving a shared culture, language, or homeland are overlaid with an explicit commitment to a shared political project of self-government or popular sovereignty. Because modern political communities are not structured along kinship lines, or based on intimate face-to-face relations, what holds them together, in part, are beliefs about a common political project transmitted through a shared language made manifest in the various modes of mass communication in that society (its books, newspapers, and other media).

Do nations matter, morally speaking? Many argue they should not, and the debunking of the objective account of nationhood is meant to contribute to this possibility. Nations are not real, but the political construction and manipulation of the imaginary aspect of nationhood is. No one looking at the history of the twentieth century, in particular, can fail to appreciate the force of this argument. Nationalism, as a claim about the moral and political consequences of belonging to a nation—that the political and national unit should be congruent, that one ought to identify with a nation, and that one ought to privilege the obligations associated with one's membership in that political community above other obligations—has been used to justify terrible deeds. But we shouldn't reduce the idea of a nation to its most distorted expression. Insofar as human beings are social and political animals, they will seek to live in collectivities bound by sentiments often found among conationals. But these

sentiments can be expressed in different ways, albeit shaped as they are by existing institutions and relations of power. Thus, a defense of the moral relevance of nations would have to link the sentiment of nationality to the promotion of values such as freedom, justice, and equality, as well as to inclusive debates about the very nature of that identity. And it would have to integrate the obligations that supposedly flow from identifying with the common political project of a nation to those we owe to each other regardless of nationality. If nations are constructed, then they can be deconstructed and reconstructed. Nevertheless, history suggests that their appeal, however modulated, can never be fully immunized from the dangers nationalism can unleash.

—Duncan Ivison

See also Ethnic Groups; Nationalism; Postcolonialism; Regime; Sovereignty; State; Territoriality

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NATIONALISM

Nationalism is a set of beliefs in the distinctiveness of a group (a nation) and its right to practice self-determination. The group in question need not share any observable ethnic, linguistic, religious, or racial traits, merely a collective sense of itself as a national political community. As Benedict Anderson puts it, nationalism is the sense of belonging to a community where many of its members may never come into contact with one another. Nationalism creates concepts of nationality or national identity—belonging and owing loyalty to the nation. For these reasons, nationalism is a key source of social integration as a well as disintegration. It provides an important foundation for social and political solidarity and mobilization. The rise of French nationalism in the nineteenth century enabled Napoleon to revolutionize militaries and overrun Europe, as he replaced mercenaries with citizen armies inspired by nationalism. Without nationalism as a sort of social glue, large integrated states could not survive or mobilize their inhabitants. Examples of nationalism as an integrating force include the creation of new nation-states arising out of the breakup of the Austro-Hungarian Empire and the unifications of Germany and Italy. More recently, nationalism is associated with disintegrative processes, such as violent conflicts between minority and majority groups and the collapse of multinational states. Examples include Nazi Germany, fascist Italy, and the collapse of the Soviet Union and Yugoslavia along national lines.

Nationalism is often thought of in reference to the rise of the modern state, when theories of popular sovereignty began to replace monarchical divine right as the basis for political rule. This conception of nationalism as popular government guided the American and then the French in their eighteenth-century revolutions, and American President Woodrow Wilson in his call for national self-determination as a principle of the post–World War I international order. Nationalism is thus something that is peculiarly modern and demarcates the modern era from the premodern.

Nationalism is distinct from and broader than the concepts of ethnicity or ethnonationalism. Ethnonationalism refers to an ethnic group within a state or crossing state borders that seeks a greater degree of political self-government, for example Chechens in Russia or Hungarians in Romania and Slovakia. Nationalism refers to a sense of belonging to a nation that may include many different ethnic, religious, linguistic, and other minority groups. Rather, nationalism may encompass all these groups. For example, American nationalism refers to a set of

beliefs that Americans (including Native Americans, African Americans, Irish Americans, Arab Americans, Asian Americans) constitute a distinctive group, and that the group has the right to govern itself. Nationalism is contrasted with cosmopolitanism, a set of beliefs that individuals make up a global rather than a national community.

—Anne L. Clunan

See also Citizenship; Cosmopolitanism; Ethnonationalism; Nation; Postcolonialism; Self-Government

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Natural Resource Management

Natural resource management refers to the ways in which societies manage the supply of or access to the natural resources upon which they rely for their survival and development. Insofar as human collectives are fundamentally dependant on natural resources, ensuring the ongoing access to or a steady provision of natural resources has always been central to their organization. Historically, this access has been organized through a range of schemes varying in degrees of formality and involvement from the central authorities (or state). Thus, natural resource management goes to the heart of governance, if by governance we mean the regulatory schemes by which societies organize themselves. Specific governance issues include, for example, establishing hierarchies between the different resources or deciding which ones are "strategic" and need to be secured as a priority.

A "natural" resource is one that is afforded by nature without human intervention; hence the fertile lands or the minerals within them, rather than the crop that grows on them, comprise a country's natural resources. Although what is considered a "resource" (or, for that matter, "natural") has varied over time and from one society to another; resources are riches provided by nature from which some form of benefit can be derived, whether material or immaterial. However, only those natural resources that can renew themselves, and whose exploitation relies on these regenerative capacities, properly necessitate management. For example, oil is not considered a subject of natural resource management, whereas forests are. Management seeks to balance out the demands of exploitation with a respect for these regenerative capacities. Thus, natural resource management, in its generic sense, bespeaks the degree to which societies are embedded in the natural environment, and what is being managed is this basic dependency as much as the resources themselves. More specifically, however, the term *natural resource management* has historically coincided with the increasing formalization of these schemes of access to (or provision of) natural resources that accompanied the rise of the modern bureaucratic state. The most fundamental challenge to natural resource management was posed by the encounter with the earth's limits: The realization that natural resources, contrary to implicit assumptions, were not in fact in endless supply. This is the challenge that shifted natural resource management from a simple governance issue, concerned mainly with questions of efficient resource allocation, to an issue of environmental governance.

Origins

The emergence of a rational, systematic management of natural resources can be traced back to the phase of accelerated industrialization of the late nineteenth century. In a period of unprecedented industrial growth, the pressures brought to bear on the supply of raw materials and natural resources by an unrelenting demand intensified the need to rationalize their utilization, so as to eliminate an increasingly costly waste and to allocate them more efficiently. This coincided with a broader tendency toward rationalization, a general social pattern identified by the sociologist Max Weber that emerged in modern industrial

societies in response to the large-scale reorganization of production, and whereby goal-oriented rationality was increasingly infused into the organization of social activities. Natural resource management was born at the conjunction of rationalization and its twin process of bureaucratization, which yielded the first bureaucracies to manage nature. Of course, there are huge variations in both the rates and degrees to which the different states became involved with questions of natural resource management—the French state, for example, took a heavy hand in forestry management as early as the seventeenth century, when wood became a strategic resource at a time of accelerated, mercantilist (export-oriented) growth that relied primarily on maritime transportation (boats). These local variations aside, overall it took a certain kind of state, the modern bureaucratic state, to steer the exploitation of natural resources toward principles of scientific management. In the United States, natural resource management was made a federal matter for the first time under the presidency of Theodore Roosevelt. At that time, principles of scientific management, which combined notions of rational management with in-depth scientific knowledge of the resource itself, were promoted by key figures such as Gifford Pinchot, the founder of the National Forestry service in 1896 and the Yale School of Forestry, who was supported by Roosevelt himself. In Europe, a similar concern with rational resource exploitation transpired around the same period, for example, at the International Conference on the Exploration of the Sea that assembled in 1899, with northern European countries sharing concerns around maritime exploitation. It was effectively one of the first international conferences on a natural resource management question, and there, too, science was entrenched as a basis for exploitation of the seas, laying the grounds for future arrangement for the management of collective resources.

Encountering the Earth's Limits

The twentieth century saw natural resource management increasingly projected at a supranational level, where it was also collectivized. A first major impulse toward the internationalization of natural resource management was brought by the post–World War II context, with its pervasive spirit of cooperation on the one hand, and its specific problems of food shortages on the other. Countries came together to address the issues of damaged capacities and insufficient production—in other words, insufficient use of available resources. This context yielded the Food and Agricultural Organization (FAO) in 1945, the International Whaling Commission in 1946, and later the International Fund for Agricultural Development (established in 1977 to specifically tackle problems of agricultural production in developing countries). The problem was seen to lie in the management, rather than in the resources. Therefore, the solution was to develop common solutions to management problems that were widely shared from one country to the next: In other words, how to create international regimes that would disseminate better management solutions, and thus enable each country to make better use of its resources.

In a second phase, problems with the resources themselves shifted the focus toward the global level, or rather, to problems with a different type of resource altogether, that is, the basic resources of the globe itself, the seas, the air, and the diversity of species. They were brought to attention by the realization that these essential resources, hitherto taken for granted and thus the issue of needing to manage them had simply never been posed, were in fact limited, like the other resources. The encounter with the earth's limited resources occurred through two successive crises. First was the new awareness that we had reached a global environmental crisis, which triggered a second wave of bureaucracies to manage nature at both the national and international levels. At the international level, the United Nations Environment Programme (UNEP) was established in 1972, and at the national level, environmental ministries (in Europe) or agencies (in the United States) flourished in developed countries in the early 1970s. Significantly, the issue that popularized the environmental crisis was an issue of failed global resource management: the overexploitation of whales, which threatened certain species with extinction. This initial awareness was rapidly compounded by the 1973–1974 world energy crisis. At this

precise juncture, natural resource management was recast as an issue of environmental governance, and it was connected to the new environmental discourses taking shape, such as sustainable development.

The issue of the earth's limits is an unsettled question, not least because of the sheer diversity of natural resources and the difficulty in assessing them scientifically. However, the remaining controversy revolves, not around the idea that the earth's resources are limited, but rather around its regenerative capacities (its "resourcefulness"), which in turn determines how these limits are to be considered. If they are relative, the question becomes one of regulating the access to the resource more stringently or of adapting the activity relying upon it so that it can use a more abundant primary resource. If the limits are absolute, then merely switching the activity from one dependency basis to another is simply insufficient, especially if such dependency continues to expand overall.

Some Conceptual Approaches to Natural Resource Management

Natural resource management ties in with applied concepts such as maximum sustainable yield (MSY) and optimum utilization. Every natural resource has its optimum utilization, or acceptable levels of use that are established scientifically and according to which management authorities regulate its exploitation. Such a concept presupposes scientific knowledge as a basis for management and also a regulatory authority (whether national or international) capable of enforcing the exploitation of the resources in accord with such scientific knowledge. The MSY is a regulatory concept that translates laws of population dynamics into a management tool. Population studies have shown that when the deaths among a given population increase as a result of harvesting (exploitation), reproduction rates start to rise (as if compensating for the deaths). This resultant surplus production can be harvested sustainably, providing the harvest is consistently maintained under the MSY, which is specific to each population (rather than to the

species as a whole). This is the peak level, beyond which the surplus production starts to decline because the negative effect of decreasing numbers on the overall population starts to exceed the positive effect of increased reproduction rates. Subsequently, the population as a whole (and not just the harvestable surplus) begins to decline. On the other hand, maintaining exploitation levels below the MSY creates an efficient use of the resources' regenerative capacities, thus, in principle enabling exploitation to continue indefinitely. The use of this tool, which was first developed in fisheries, has been extended more broadly, notably through its incorporation into the 1982 Convention on the Law of the Seas. However, it has tended to be associated with species-specific management regimes.

Another way to think about natural resource management is to think about what the management is for. The management objectives are determined, in turn, by what the resource itself is used for: as a primary resource, as a raw material or fuel, as a source of food, or as a recreational resource, a more recent but rapidly increasing type of use. These uses fall into two broad categories, consumptive and nonconsumptive. Consumptive utilization implies a once-only form of use; that is, it refers to activities where the resource is effectively consumed or used up, such that it cannot be utilized by another party. Hence, the possibility of future exploitation relies on the resource's ability to regenerate itself. Nonconsumptive utilization also uses the resource to generate economic value, but without using up the resource itself. This category encompasses most recreational uses of natural resources. In the case of consumptive uses, management implies balancing out exploitation with a respect for the resource's regenerative capacities, as we have seen in the discussion of MSY. In nonconsumptive uses, management is about regulating the way in which humans interact with the resource and containing the negative effects of those interactions on the resource. In either case, management is always about resolving a tension between the potentially conflicting objectives of protection and exploitation. Sometimes the use of a resource may change over time or from

one part of the globe to the next. The overexploitation of whales is a case in point: Initially, it was a primary raw material and fuel in the West until the mid-twentieth century; today, it is considered a recreational resource in the West and a food in other areas. This coexistence of different forms of use around the same resource has generated conflicts.

Another strand in natural resource management literature focuses on the difficulties in managing collective resources, that is, either resources not contained within specific territorial boundaries (such as the sea or air) or resources whose management at the local level has global repercussions, such as forests. According to one line of argument, known as the tragedy of the commons, collective resources lack the incentives inherently built into a privately owned resource to self-limit their exploitation so as to ensure they will last. There, the tendency is for individual users to consume as much of the resource as possible before others can get to it, resulting in the overall loss of the resource for all. Also at stake in the discussion is the issue of private versus communal management, a question that goes to the heart of environmental governance.

—*Charlotte Epstein*

See also Ecosystemic Approach; Endangered Species Protection; Environmental Governance; Precautionary Principle; Sustainability; Sustainable Development; Tragedy of the Commons

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Negotiation

Negotiation embraces myriad roles, strategies, and tactics exercised to influence agreement in efforts to create value, solve problems, and resolve disputes. Bargaining encompasses a broad array of simple, two-party to complex, multiparty encounters, both domestic and international.

Optimally Distributive and Integrative

When the average person envisions negotiation, they see what is referred to in negotiation literature as the distributive dance. The field of negotiation stresses distributive bargaining, a simple linear model, with what is termed a fixed pie, or limited resources to be divided, such as water. Negotiating the price of a good further exemplifies straightforward distributive dynamics. The buyer or seller begins with an opening offer or position. The other party responds with a counteroffer or demand. Through a series of moves and countermoves, the parties proceed to split the difference—the distance between the two offers, with a predictable dance of proportional and responsive concessions until they reach agreement through compromise.

Most negotiations, however, do not merely involve a fixed pie to be divided. They encompass complex layers of interests and needs to be explored, identified, and satisfied, rather than split. Integrative in contrast to distributive bargaining assumes interdependence. It is designed to handle complexity. It expects that different stakeholders will define desired outcomes in their own subjective ways. It does not equate such difference in frameworks with distributive positioning. Instead, diverse perspectives are mined and reframed in search for options maximizing satisfaction, without requiring change in mandate. Negotiating different perceptions of risk and value, for example, such as the worth of endangered species and thousands of jobs or reduced infant mortality versus tons of ore, requires integrative bargaining. Integrative parties might ask: How can we generate ore and protect infants simultaneously?

Roger Fisher, founder of the Harvard Negotiation Project, introduced and popularized interest analysis as an alternative to positional, or power-based, bargaining. Rather than expecting political leaders to abandon their postures, they are analyzed. The principals' underlying interests provide an explicit framework for stimulating creative problem solving.

In contrast, framing a complex conflict with linear logic as a simple either/or, win-lose paradigm can polarize. Overly confident distributive moves risk escalating hostility, eroding trust, and otherwise inciting unproductive moves, particularly with conflict involving groups. A seminal study of U.S. lawyers described the least effective lawyers with words like arrogant, stubborn, unethical, and egotistic. A recent study of multicultural leadership of conflict process in four parts of the world likewise described the least effective leadership as closed minded, judgmental, insensitive, negative, and indifferent. Even if a party succeeds in forcing its desire, the agreement is unlikely to last. The risk of public scrutiny and negative publicity is high.

Distributive bargaining in the international arena makes most sense with true fixed pies. Even then, it must be exercised with skill and strategy to avoid incurring the costs previously described.

United Nations and other international case studies evaluating negotiation indicate that integrative approaches as a whole generally result in superior outcomes. Simple logic advocates that agreements reached by consensus are more sustainable and easier to implement than those imposed. Mediators, or facilitators of negotiation, are increasingly recognized as contributing sophistication when parties lack knowledge and experience with integrative bargaining. In the global study of multicultural leadership previously mentioned, careful listening alone was instrumental to progress, particularly with cross-ethnic negotiation.

A student of conflict resolution, whose family immigrated to the United States from Afghanistan shortly after his birth, attributes the coming together of ethnic factions in Afghanistan to integrative bargaining. His intriguing perspective asserts that after a long history of distributive failures, resolution was only possible after finally attempting integrative negotiation for the first time.

Proven Research and Theories

Most negotiation research and resultant theories are criticized for not translating into pragmatic usefulness. Short-term laboratory studies fail to simulate complex conflict. Howard Raiffa, renowned game theorist, in working as an international administrator had an opportunity to test his paradigms' practicality and found that negotiators often fail to act in rational, coherent ways.

A few studies, however, are noteworthy exceptions. They demonstrate that while many rational models and theories are not capable of predicting diverse cultural as well as irrational behavior, they can provide insight capable of making critical difference.

Robert Axelrod, as one example, initiated extensive mathematical research attempting to identify optimal strategy for transforming aggressive tactics to collaborative bargaining. The results indicate the following. Beginning negotiation cooperatively and giving generously builds goodwill. Otherwise, a defensive, hostile climate is created. Transforming broken trust is harder than beginning in ways that earn and build trust. The other's good will, however, cannot be assumed. Negotiators must be vigilant—alert and prepared to respond strategically to each countermove, move by move, like a game of chess. If an opponent responds aggressively, it is recommended to respond in kind to the degree necessary to inform one's opponent that the proponent is not vulnerable to attack. At that point, offering an olive branch gives the opponent an opportunity to collaborate once again. If the invitation is accepted, hostility has been successfully transformed to cooperation, at least for that moment. If an opponent stubbornly persists in aggression, however, the negotiator must resist.

Neil Rackham's research is another example. Scrutinizing labor-management negotiations, Rackham found that the most effective negotiation, judged so by all parties and demonstrated through durable agreement, involved these behaviors. The best were excellent gatherers of information, asking many more questions than less-effective negotiators. They listened actively. They zealously sought common ground and creative options. In contrast, the less-effective negotiators frequently demonstrate unstrategic attack.

—*Nancy Erbe*

See also Conflict Mediation; Game Theory; Interdependence; Peace Process

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NEIGHBORHOOD ASSOCIATION

The term *neighborhood association* (or *community association*) refers to the relatively formally organized group whose aim is to address local issues, such as education reform, crime, or homelessness, to promote or prevent planned reforms and investments that are perceived as significantly influencing life in the local community/neighborhood. Therefore, neighborhood associations strengthen the link between residents and policymakers. They mobilize residents into political activism and create opportunities for direct communication within the local community and between the local residents and local officials. Unlike professional, lifestyle, or interest-focused associations that group individuals by their occupational characteristics or similar lifestyle or interests, neighborhood associations group individuals that share concern for the good of the local community.

Research shows that while citizens' participation in most types of voluntary organizations is beneficial for the quality of democratic government, neighborhood associations have a particularly positive influence on the functioning of political and economic institutions. Neighborhood associations act as "schools of democracy," in which citizens are socialized into activism

and political participation. They facilitate communication among various local actors and institutions and stimulate articulation of citizens' interests and expectations. They contribute to the emergence of the sense of community among local residents. They increase individuals' and communities' civic capacity. As a result, neighborhood associations contribute to the empowerment of neighborhood communities and lay the ground for local and national policy efforts.

Individuals with larger resources (such as skills and money) are more likely to join voluntary associations, but research shows that neighborhood associations that have more resources are less active than less-affluent associations. However, this may be due to the fact that that they operate in the wealthier areas facing fewer social problems, thus requiring less action on their part. It may also be a result of replacing the needs-driven approach, focusing on the problems of a local community, with the asset-based approach that concentrates on utilizing the strengths of even deprived communities, and thus on transforming "clients into citizens."

The late twentieth century has brought a widespread concern about the loss of community in modern Western societies. Anonymity of urban environments, technological advances, and increased mobility are among the main factors blamed for the erosion of formal and informal networks among local residents. Therefore, in attempts to create opportunities for the emergence and development of neighborhood initiatives, governmental and nongovernmental agencies promote policies aimed at improving the quality of life in local communities and strengthening citizens' links with their neighborhoods.

—*Natalia Letki*

See also Association; Civic Capacity; Civic Engagement; Civil Society; Common Good; Communitarianism; Community Organizing; Policy Development; Self-Government; Social Capital

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NEOCOLONIALISM

Neocolonialism can be defined as the control of less-developed countries by developed countries through an indirect means. The term was first used after World War II to refer to the continuing dependence of former colonies on foreign countries. Its meaning soon broadened to apply, more generally, to places where the power of developed countries was used to produce a colonial-like exploitation, for instance, in Latin America, where direct foreign rule had ended in the early nineteenth century. The term is now widely used to refer to a system of global governance in which transnational corporations and global and multilateral institutions combine to perpetuate colonial forms of exploitation of developing countries. Neocolonial governance has been broadly theorized as a further development of capitalism that enables capitalist powers (both nations and corporations) to dominate subject nations through the operations of international capitalism, rather than by means of direct rule.

The term *neocolonialism* was originally applied to European policies that were seen as schemes to maintain control of African and other dependencies. The event that marked the beginning of this usage was the European Summit in Paris in 1957, where six European heads of government agreed to include their overseas territories within the European Common Market under trade arrangements that were seen by some national leaders and groups as representing a new form of economic domination over French-occupied Africa and the colonial territories of Italy, Belgium, and the Netherlands.

Neocolonialism came to be seen, more generally, as involving a coordinated effort by former colonial powers and other developed countries to block growth in developing countries and retain them as sources of cheap raw materials and cheap labor. This effort was seen as closely associated with the Cold War and, in particular, with the U.S. policy known as the Truman Doctrine. Under this policy, the U.S. government offered large amounts of money to any government prepared to accept U.S. protection from communism. This enabled the United States to extend its sphere of influence and, in some cases, to place foreign governments under its control. The United States and other developed countries have also ensured the subordination of developing countries by interfering in conflicts and helping in other ways to install regimes that are willing to act for the benefit of foreign companies and against their own country's interests.

However, neocolonial governance is seen as generally operating through indirect forms of control and, in particular, by means of the economic, financial, and trade policies of transnational corporations and global and multilateral institutions. It operates through the investments of multinational corporations that, while enriching a few in underdeveloped countries, keep those countries as a whole in a situation of dependency and cultivates them as reservoirs of cheap labor and raw materials. It also operates through international financial institutions such as the International Monetary Fund (IMF) and the World Bank, which make loans (as well as other forms of economic aid) conditional on the recipient nations taking steps favorable to the financial cartels represented by these institutions, but detrimental to their own economies. Thus, while many people see these corporations and institutions as part of an essentially new global order and a new form of global governance, the notion of neocolonialism directs our attention to what, in this system and constellation of power, represents continuity between the present and recent past.

—*Sandra Halperin*

See also Dependency; Humanitarian Intervention; International Monetary Fund; Third-World Debt; World Bank; World Trade Organization

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NEOLIBERALISM

Neoliberalism is a policy paradigm that emphasizes the need for free market competition. It is both an ideology (that is, an organized set of ideas) and a practice (that is, a set of policy prescriptions). Although there is considerable debate as to the defining features of neoliberal thought and practice, it is most commonly associated with *laissez-faire* economics. In particular, neoliberalism is often characterized in terms of its belief in sustained economic growth as the means to achieve human progress, its confidence in free markets as the most efficient allocation of resources, its emphasis on minimal state intervention in economic and social affairs, and its commitment to the freedom of trade and capital.

Despite their similar titles, neoliberalism is distinct from new liberalism. Both have their ideological roots in the classical liberalism of the nineteenth century, which championed the freedom (or liberty) of the individual. But liberalism has evolved over time into a number of different (and often competing) traditions. New liberalism has evolved from the social liberal tradition, which focuses on individuals' freedom to achieve fulfillment through state intervention (such as the right to free education and health care). By contrast, neoliberalism is closely related to economic liberalism, which emphasizes individuals' freedom from state intervention (for example, in terms of the right to own private property and to enter into contracts). This variant of liberalism is often associated with the economist Adam Smith, who argued in his 1776 book, *The Wealth of Nations,* that markets are governed by an "invisible hand" and thus should be subject to minimal government interference.

Classical liberalism was highly influential in the late nineteenth and early twentieth centuries in which the industrialized economies pursued trade liberalization and *laissez-faire* economics. However, with the advent of the Great Depression in the 1930s and then World War II, many Western governments pursued a much more interventionist role in economic and social affairs. From the late 1960s onward, the postwar economic order experienced a series of crises, including the international recessions of 1966–1967 and 1974, the collapse of the Gold Exchange Standard in 1971, and the oil crises of 1973–1974 and 1979. For many, this demonstrated the power of markets and the impotence of governments. The collapse of the Soviet Union in 1989–1991 and the crisis of the East Asian "developmental states" in 1997 was seen further to reinforce this.

Thus, neoliberalism is closely associated with globalization, with heightened flows of trade and capital often seen to have shifted the balance of power from states to markets so that governments have little choice but to adopt neoliberal policies in order to achieve economic competitiveness. Yet, as a variety of scholars have noted, social democratic countries have fared just as well under conditions of globalization as their neoliberal counterparts, and many developing countries have failed to flourish—despite following the neoliberal dictates of the Washington Consensus. Indeed, for many critics, neoliberalism is the cause of, not the solution to, social inequality across the world.

—*Nicola Smith*

See also Asian Financial Crisis; Capitalism; Communitarianism; Competition State; Development Theory; Globalization; International Monetary Fund; Market; Post–Washington Consensus; Poverty Reduction; Privatization; Regime Theory; Washington Consensus

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Neo-Marxism

Marxism is divided into different, often conflicting, tendencies and groups, none of which can, without problem, claim to be the sole, true heirs of Marx. Some writers argue that there is no longer a single theory of Marxism and that we must talk instead of Marxisms in the plural. Others maintain that Marxism should be seen as a concrete and complex historical tradition that contains within it many different schools and theories. Neo-Marxism describes a loose movement of political and social theorists that interpreted Marxism with an emphasis on the humanism and idealism of Karl Marx's early works. Contrary to the orthodox (or traditional) Marxists, neo-Marxists sought to explain why political revolution did not take place as Marx predicted and thus explored the phenomena of psychological coercion and liberation.

Orthodox Marxism

Orthodox Marxism focuses on political economy, exploring the contradictions inherent between the base (the means of production) and the superstructure (conditions of material life), particularly in a capitalist economy. The characteristics of the base determine the nature of the superstructure. The development of the forces of production brings them into conflict with the relations of production, and these conflicts are reflected in class struggle. Such conflicts are the basic motive principle of history. Their specific development within capitalism creates not only the economic conditions for revolutionary change, but also its agents, the industrial working class. History is divided into distinct stages or modes of production. The capitalist mode of production is a transitory form, destined to be superseded by a higher socialist stage of society.

Austro-Marxism

The Austro-Marxists, such as Max Adler and Otto Bauer, were particularly inspired by neo-Kantian philosophy of science and then-nascent positivist philosophy that was the rage in Vienna. In the Austro-Marxian perspective, the Marxian system was a system of sociological inquiry, or, rather, a system of economic theory that was embedded in a more general social theory, which gave a central position to economic relationships. In contrast to the Germans, the Austrians were less concerned with the issue of revolutionary strategy and more concerned with the issue of the Marxian theoretical analysis. This permitted them to embrace a quasi-revisionist attitude. The Austro-Marxists were also contemporaries of the then-prominent neoclassical Austrian School and thus were forced to take the theoretical and economic aspects of Marx a bit more seriously and listened to the neoclassical critiques more carefully. Of particular importance were the criticisms on the Marxian theory of value by the neoclassical economists Vilfredo Pareto and Eugen von Böhm-Bawerk. These economists claimed to have detected inconsistencies in Marx's "labor theory of value," and, in particular, they identified the famous "transformation problem" of converting labor values into prices of production.

Marxist Humanism

Marxist humanism emerged partly as a result of disillusionment with the state socialism of the Eastern European states, including Yugoslavia. It was first articulated by Eduard Bernstein in 1899, who challenged the Marxist idea that economic breakdown was inevitable. Marxist humanists usually base their positions on the early humanist writings of Karl Marx, especially the *Economic and Philosophical Manuscripts of 1844.* The focus on the early works is not exclusive; but generally speaking, Marxist humanism defines itself in opposition to objectivist tendencies in social theory, reflected in orthodox interpretations of historical materialism in which the agent of history is not human beings, but either abstract entities such as "laws of history" or inanimate entities such as "means of production." Therefore, Marxist humanists

emphasize human agency and subjectivity and place greater emphasis on the ethical rather than social-theoretical problems of Marxism.

Structural Marxism

Structural Marxism is an approach to Marxism primarily associated with the work of the French philosopher Louis Althusser, although the work of Lucien Goldmann is sometimes seen as a precursor. It was influential in France during the late 1960s and 1970s and also came to influence philosophers, political theorists, and sociologists outside of France during the 1970s. Several of Althusser's theoretical positions have remained influential, though he sometimes deliberately overstated his arguments to provoke controversy. Althusser's essay *On the Young Marx* draws a term from a great "epistemological break" between Marx's early Hegelian writings and his later, properly Marxist texts. His essay *Marxism and Humanism* is a strong statement of antihumanism, condemning ideas like "human potential" and "species-being," which are often put forth by Marxists as outgrowths of a bourgeois ideology of humanity. In Althusser's view, Marx did not simply argue that people's needs are largely created by their social environment and thus vary with time and place; rather, he abandoned the idea that there could be an a priori theory about human nature.

Neo-Marxism continues to be important because many of its criticisms of capitalism and liberal democracy continue to find resonance. Structural Marxism, for example, has remained influential in theorizing how social conditions determine human behavior and thus argues against the powerful Western idea of free will. Humanist Marxism is evident in contemporary calls for international labor rights and human self-actualization. Marxist and neo-Marxist ideals have played a role in socialist democratic forms of governance, as well as in critiques of liberal democratic structures of governance.

—Lisa A. Zanetti

See also Communism; Critical Theory; Hegemony; Marxism; Political Economy; Regulation Theory

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NEOTRADITIONALISM

Neotraditionalism is the deliberate revival and revamping of old culture, practices, and institutions for use in new political contexts and strategies. It entails a degree of contestation over culture and memory, can serve as a strategy of political legitimation, and is deployed in different ways by both elites and ordinary people. It is especially salient in contexts of rapid social change or when people question the nature or benefits of that which is presented as "developmental" or "modern." Neotraditionalism suggests that regime forms, the nature of law, the means for checking the arbitrariness of rulers, and other forms of state-society interaction should take into account or resonate with local definitions of authentic culture and historical memory.

As a concept, neotraditionalism breaks with primordialist notions of deeply rooted cultural essences or characterizations of static, antimodern tradition. An approach focusing on neotraditionalism instead follows historians in the "invention of tradition" school, neo-Marxists concerned with hegemony, and social theorists in the constructivist vein to treat seemingly historic institutions, practices, and values as moldable resources, subject to ongoing social and political contestation. In this sense, one cannot speak of politically salient, extant, and unproblematic "traditions" of, for example, democratic participation (e.g., *panchayat* village councils in India, *pancasila* democracy in Indonesia, consensual village decision making under

the African "talking tree"), but rather of specific efforts to identify and promulgate particular, often reified, always modified, versions of remembered culture and institutions as neotraditions.

Neotraditions serve political goals and are the subject of political contestation over the definition of historical memory and "authentic" culture. They can be especially useful tools for the consolidation of group identity in circumstances of rapid and confusing social change. Thus, Eric Hobsbawm described the invention and deployment of neotraditions surrounding the mythic hero Ossian, bagpipes, and kilts in constructing a new Scottish national identity at a time of rapid class transformation, urbanization, and the decline of feudal forms of social solidarity. Likewise, in southern Africa, historians have shown how the massive migration of men to mines and factories around the turn of the twentieth century precipitated new understandings of "traditional" culture, emphasizing women's subordination, powerful elder male chieftaincy, and rigid customary land laws. These neotraditional customs and institutions enabled absent men to retain control over key resources (especially their wives and their farms). Neotraditionalism has also been used as a powerful tool of political legitimation in postcolonial settings, whereby authoritarian elites from Mobutu Sese Seko in Zaire to Suharto in Indonesia sought to justify single-party authoritarian regimes as "democratic" because one-party rule supposedly revived and updated precolonial traditions of village-level, inclusive, consensus decision making.

Neotraditional analysis does not suggest that the story of Ossian, powerful elder male chieftaincy, or village democracy are fabrications and simple instrumentalist manipulations of an entirely plastic and moldable culture. Rather, it accepts that some forms of these stories, practices, and informal institutions represent ethnographic and historical realities, but that there is a political process in which actors filter and select particular elements of remembered culture as the central and salient definitions of "tradition" in any given moment.

Although often monopolized by state-level postcolonial elites as legitimating cultural patina, neotraditionalism by definition need not serve authoritarianism nor operate only in the hands of dominant groups.

Thus, the much-celebrated Grameen Bank and other systems of revolving credit can be understood as neotraditional redeployments of historically rooted practices of intergroup solidarity and trust (which compel borrowers to repay loans so that kin or neighbor can receive their credit) in new, more modern circumstances. Likewise, small- and medium-sized specialty manufacturers in West Jutland, Denmark, and Emilia Romagna, Italy, redeployed and revamped old practices of cooperation, some rooted in agrarian practices, to achieve economies of scale and international competitiveness. In these cases, social actors at various levels, not state elites, reformulated tradition for new purposes, crafting new institutional solutions that enjoy the benefit of social familiarity and apparent embeddedness in a local culture. Thus, analysis of neotraditionalism in governance demands that we understand not simply how culture and memory are recrafted, but who does so, with the application of what degree of power and in pursuit of what interests.

In an era of rapid globalization of trade and communication, as well as the standardization of liberal democratic politics and free-market economics, neotraditionalism represents an important mode of localist response or resistance to perceived external domination or cultural homogenization. Thus, xenophobic nationalists and religious fundamentalists redeploy visions, values, practices, and modes of social organization of a purportedly more authentic, uncorrupted past as a means to critique the alienation and "mongrelization" associated with the dominant liberal democratic capitalist order. Likewise, some communitarian activists, proponents of "indigenous" rights, and environmentalists (especially social and deep ecologists) evoke historic patterns of social capital, holism, and harmony with nature as neotraditional alternatives to the perceived irresponsibility, materialism, imperialism, and unsustainability of the same liberal democratic capitalist order. Neotraditionalism provides a language, a mode of sociocultural legitimation, and a basis for political mobilization for many forms of critique of "high modernity."

The differences between Afghanistan after 2001 and Iraq after 2003 might offer a quasi-experiment in the political impact of neotraditionalism. In the former

case, constitution and regime building after the U.S.-led invasion were grounded on an institution many participants considered traditional, yet was clearly being redeployed and revamped for new purposes (the *loya jirga* council of clan and ethnic group leaders). Regime reconstruction and constitution writing in Iraq after the 2003 U.S.-led invasion benefited from no such deployment of a neotraditional institution and, to date, has proved less legitimate and durable than the process in Afghanistan.

—*Dennis Galvan*

See also Discourse; Interpretive theory; Postmodernism; Social Constructivism; Tradition

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NETWORK

Between Adam Smith's invisible hand of the marketplace and Max Weber's structured bureaucratic organization, there exists the concept of networks. At its broadest definition, a network is a group of interdependent actors and the relationships among them. Unlike a properly functioning market system, networks do not assume that members have complete information, nor do they assume that every individual with money may choose to be a member. Unlike a bureaucratic organization, a network may operate without clearly defined leadership, without a hierarchy, and even without employees.

At a personal level, networks may be about an individual's social connections, while at an organizational level, networks are about the recognition that organizations' actions seldom stand alone in the world. Human beings can, indeed, achieve more through coordinated, collaborative efforts than through individual efforts. Definitions of networks abound, however, and the term is used to mean very different things.

What is important to understand is that networks are not fuzzy, soft concepts. In fact, they may be either loosely or tightly institutionalized, and so some scholars have started referring to them as "networks and network structures." Thus, when governance networks are being studied, the question is not merely how informal contacts change the functioning of organizational relationships. Instead, the question is what relationships have been structured between two or more programs or organizations that enable them to leverage the strengths and minimize the weaknesses of the collectivity. Networks are distinct social structures in that they involve multiple organizations, they do not need to involve hierarchical or contractual arrangements, there may be significant power differentials or size differences between the various actors, all the organizations are dependent on each other in at least some important aspect, and information or specific skills may be key sources of power rather than just financial and jurisdictional power.

Networks are often defined as interdependent structures linking several organizations, without hierarchy and absent of critical leverage. This definition is useful because it is seemingly general enough to incorporate a vast body of research since the mid-1970s on policy networks, policy communities and policy complexes, advocacy coalitions, social networks, policy issue networks, intergovernmental networks, interorganizational networks, and issue networks. The common threads of these approaches are that they represent a growing field of interorganizational theory as well as the evolution of interest group theories. Research on networks typically highlights the assorted interactions among parties with diverse or narrow interests struggling over the allotment of values. The development of this concept of a network is in keeping with general trends toward systems theory and toward flexible, collaborative organizational models.

Thinking in terms of networks runs the risk of devaluing the status of governments. Governments are responsible for making decisions in the public interest—broadly defined—and networks may narrow the definition of public interest considerably if such networks become the primary sources of input for politicians, diplomats, or administrators. On the other hand, rather than devaluing government, developing clear descriptions of how networks function may be useful as a heuristic device to identify specific potential problems in democratic administration. If all relevant interests are not included in a network, then democratic administration may have been derailed by the power of selected interests. How administrators working on a specific issue define "relevant" may be an important clue as well.

Types of Networks

Policy networks, network management, intergovernmental networks, interorganizational networks and network structures, and issue networks are the five leading network models, although they frequently cross paths in the literature. Table 1 makes some basic comparisons among these five types of networks.

A shared body of knowledge and a common allegiance to professional norms and the scientific process distinguish policy networks. Policy networks are closely knit, stable networks, and they tend to have a limited or controlled membership. They focus on a narrow policy issue, such as energy policy. Frequently, they focus even more narrowly on, to stick with the energy policy example, wind energy, power regulation, or privatizing electrical distribution. Members are generally highly trained and educated professionals from industry, think tanks, academia, and government agencies.

Network management, a newcomer compared to policy networks, is focused on how political leaders and public administrators can manage existing networks. In this model, public management is frequently directly related with network management—managing systems of interdependencies—and is not associated with the new public management of privatization, deregulation, and contracting out. The view of "public management as network management" comes full circle from the original views of policy networks research, which primarily focused on explaining that government policies frequently failed because experts and self-interested groups had special access to the policy-making arena (i.e., vested interests blocked legitimate proposals for change). Network management is still about policy networks, but the focus shifts toward actively controlling policy networks rather than explaining how they constrain policy development.

Intergovernmental networks have focused on local, regional, state, and national governments as key actors in interdependent relationships. These networks are quite interdependent, although power may frequently be lopsided because national governments are usually coming to the table with

Table 1 General Comparisons of Five Network Types

	Policy or Administration as Main Focus	Breadth of Focus (Narrow, Moderate, Broad)	Natural or Deliberate Design	Stability of Network (High, Medium, Low)
Policy networks	Policy	Narrow	Natural	High
Network management	Holistic	Moderate	Both	Medium
Intergovernmental networks	Administration	Narrow	Both	High
Interorganizational networks and network structures	Holistic	Broad	Both	Medium or High
Issue networks	Policy	Broad	Natural	Low

Source: Adapted from Mingus, M. S. (2001). From subnet to supranet: A proposal for a comparative network framework to examine network interactions across borders. In M. P. Mandell (Ed.), *Getting results through collaboration: Networks and network structures for public policy and management* (p. 34). Westport, CT: Quorum Books, Greenwood Publishing Group.

money to spend. They typically are quite stable due to a high degree of interaction and trust that is built up over many decades. Therefore, the general focus is on management and joint program implementation more than on public policy or advocacy.

The approach of interorganizational networks and network structures tends to focus on managerial or implementation issues as well and originated in organizational theory and development. While interorganizational networks started with a business administration or generic administration focus rather than a public or governmental focus, examples of this approach now abound in public administration, especially community development programs such as workforce development, economic development, and community-based substance abuse prevention. An identifying characteristic of this approach is that networks are frequently created by design to achieve specific intended purposes, whereas the policy networks model generally assumes that a network is a naturally occurring phenomenon that can be explained by thorough research.

In contrast to these four approaches, issue networks assume rapidly changing, dynamic networks that ebb and flow in a quantumlike manner. Issue networks are a symbol of the onset of the information age, where a shared knowledge base is what brings people or organizations or both together to focus on a particular issue or problem. Power is commensurate with the information and knowledge one can bring to the table in an issue network, rather than with responsibility, titles, role in a defined hierarchy, and so forth. In a rapidly changing information society, well-informed activists come from many corners, and their knowledge is valued, in part, because of a strong perceived need on the part of government to be right when making decisions.

Key differences of this approach include that nonprofessionals may have extensive influence and that the focus is on broad policy concerns rather than a narrow policy subfield. An issue network might be concerned about protecting consumers from the mythical "all-powerful, multinational corporation," whereas a related policy network might be focused on deregulating the electrical distribution system to

create a more efficient economy. There is a need for the policy network model to replace the traditional progressivist model in public administration.

Issue networks are looser than policy networks; thus, this model does not assume that either trust building or value sharing occurs. This model discounts the possibility that personal interaction of issue network participants might help them communicate better, learn from one another, and alter their values over time, thereby moving intractable policy issues toward closure. In addition, issue networks do not fall neatly within the concept of interorganizational networks and network structures because organizations may still be working separately to get their own needs met and also because the focus is on power more than on building trust.

Comparative Network Theory

This maze of terms and models represents a critical problem for developing a field of comparative network theory. Identical terms are regularly used to describe different concepts, and the same concepts are described in different ways because of the interdisciplinary nature of scholarship on this topic. Table 1 broadly draws from the literature to make comparisons between these five network models in terms of four meaningful categories.

1. *Policy or Administration as Main Focus*—Do networks generally focus on policy issues or on management and implementation issues? Obviously policy networks focus heavily on policy issues, but so do the much more loosely structured issue networks. Intergovernmental networks, on the other extreme, are usually built around program implementation issues and are therefore highly administrative or managerial. The newer models—especially intergovernmental networks and network management—are frequently focused on implementation and administrative issues rather than on public policy. This might show an evolution in the application of the concept of networks.

2. *Breadth of Focus (Narrow, Moderate, Broad)*— Are networks generally highly focused (i.e., oil policy), moderately focused (i.e., energy policy), or broadly

focused (i.e., natural resources and the environment)? Policy networks and intergovernmental networks are generally narrow in their focus, while interorganizational networks and network structures may focus on a broader issue, such as community development for an entire urban center, and issue networks may also focus broadly on a topic, such as adjusting regulatory processes in the age of automation.

3. *Natural or Deliberate Design*—Are networks mostly a naturally occurring form of social organization or are they usually created and designed to accomplish specific tasks? Much of the work on policy networks and issue networks assumes that these systems emerge naturally as people and organizations seek to get their own needs met, while the other three models assume that a network can be developed by design as well. This raises numerous questions around design issues, such as "Can we design a more functional intergovernmental network for implementing a federal program such as the community development block grants?"

4. *Stability of Network (High, Medium, Low)*— How resistant to change are networks? Policy networks are thought to be quite stable because paid professionals with career commitments to a particular policy issue are the driving force. Likewise, intergovernmental networks are quite stable as long as the programs they are designed to implement continue to receive funding. When these networks drift into a policy focus, it is likely to support continued or increased funding. On the other end of the spectrum, issue networks are probably the least stable because they are loosely structured and the participants may not share a specific professional or programmatic commitment.

Subnets and Supranets

In examining cross-border networks, we might distinguish subnet and supranet to ask how subnets interact across borders to form supranets. Essentially, a supranet is a cross-border network of networks, while the within-border networks are termed *subnets*. The language is simple and allows for an easier discussion of regional and international issues because subnets

may be contributing toward a common purpose and may share numerous characteristics, such as a narrow policy focus, yet may also have numerous characteristics that are not shared among the supranet. For example, the subnets may exist under different regime types and may still involve professionally trained individuals to solve a common policy problem.

A supranet might be something focused and concrete, like the Pacific Salmon Commission established by a treaty between the United States and Canada, or something much broader such as foreign nations and international aid organizations seeking to reduce the consequences of hunger in sub-Saharan Africa. With the increasing use of this concept to compare networks from different nations and to discuss regional international networks, these terms can provide some clarity to the discussion.

Characteristics for Comparing Networks

Typologies are often used in academia to enable comparisons to be made, often with the intent of unifying a field of study with a clear classification schema. Two issues plague the development of a universal typology for networks: (1) Should it include one type of network (i.e., policy networks) or should it include multiple types of networks (i.e., a continuum from issue networks on one end to policy networks on the other end)? (2) What are the key characteristics to differentiate a specific network from any other similar or dissimilar network? These issues are interconnected because if a typology includes just one type of network, then the list of characteristics must include elements that help distinguish among the main types of networks.

Common variables or characteristics that have been used in various classifications of networks in the past twenty years include the following:

- Membership size
- Range of member interests (broad or narrow; diverse or similar)
- Frequency of member interaction (in-person, telephone, or electronic; among members or as a whole)

- Decision-making style (consensus, majority vote, veto members, etc.)
- Network continuity or stability
- Resource distribution within the network
- Ability of members to regulate actions of their organizations
- Ability of networks to regulate actions of their members
- Power balance (positive-sum or zero-sum game)
- Legal structure
- Structural focus (implementation/management, policy, or holistic focus)
- Level of management focus (street level, departmental, or organization wide)
- Regime type (military dictatorship, theocracy, unitary democracy, federalist democracy, etc.)
- Locus of power within government (administrative, diplomatic, or political)
- Level of government with primary control (national, subnational, local)

—Matthew S. Mingus

See also Advocacy Networks; Association; Coalition; Collaborative Governance; Disintermediation; Heterarchy; Hierarchy; Informal Organization; Interdependence; Interest Group; Interorganizational Coordination; Policy Network; Social Network Theory; State-Society Relations; Trust

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NETWORK SOCIETY

Network society refers to the argument that a global form of society is emerging where new communications and information technology media have enabled a significant increase in the capacity of networks of relationships to form that are no longer bounded geographically. The networks of the network society are composed of a series of complex and interacting information nodes, markets, organizations, knowledge, and individuals. The approach has conceptual affinities with macrosociological work on reflexive modernization.

The concept of the network society challenges traditional notions of governance and has been explored in various levels of global competitiveness. When applied to governance, the idea challenges classical notions that levels of government, from small-scale local to regional, national, and ultimately international levels can remain relevant to a newly emerging global society. The emerging society that is the network society is composed of a complex of networks adapting and changing. Many of these networks cut across the old organizational structures of civil society, rendering traditional lines of governance irrelevant. Top-down approaches to governance dissolve, and new forms of political action occur at many different levels. For example, it is argued that the centrality of party politics is challenged and, in some cases, the media become a new political force generating issues that can emerge as new frameworks for the organization of further networks of action.

Governance in a network society is governance under the conditions of a sustained and widespread challenge to centralized planning. It is argued that we no longer live in an era of certainty and that subsequently politics must continue under the conditions

of a radical uncertainty. Under these conditions, new arrangements for governance are sought that involve a continuous approach to problem solving and an adversity to risk.

Other complicating themes for governance associated with the network society include finding pathways through the languages and discourses of difference. The implication is that new configurations for governance will emerge involving, for example, a role for politics as a generator of trust. It is when the notion of trust is discussed that its partner term *reciprocity* emerges. Both these concepts seem to direct attention toward the underpinning function behind networks that they are mediators of reciprocal relationships. Governance associated with the condition of such relationships, we are told, needs to grasp the potential for an enhanced democracy through alternative approaches to participation that ideally seeks to enhance autonomy and involvement.

—Barry Gibson

See also Association; Collaborative Governance; Interdependence; Social Network Theory; Sociocybernetics; State-Society Relations

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New Institutionalism

In the 1980s, new institutionalism developed in reaction to the behavioral perspectives that were influential during the 1960s and 1970s. Stressing structure over agency, new institutionalists show how values, norms, ideas, rules, routines, and roles that are derived from social contexts guide or channel behavior.

As new institutionalists use the term, institutions are symbolic and behavioral systems containing rules that are linked to regulatory mechanisms that impact individuals by stimulating certain roles, routines, and calculations. New institutionalists unpack symbolic and behavioral systems, spell out their rules, analyze their relationship to regulatory mechanisms, and, ultimately, demonstrate how they make human behavior regular and predictable.

New institutionalists come from disciplinary backgrounds in sociology, economics, and political science, and differ in what they emphasize. "Old" institutionalists focus on values and norms. New sociological institutionalists emphasize cognitive and symbolic systems of meaning, particularly how these give rise to certain identities, roles, and routines. New economic institutionalists emphasize rules and enforcement systems, particularly how these affect individuals' cost-benefit calculations. Historical institutionalists emphasize the macrolevel, national consequences of institutions over time and are primarily interested in comparing national political, social, and economic systems.

Old Institutionalism

The original organizational institutionalists saw institutions as a means of control and coordination. For them, institutions were structures infused with value and valued for their own sake beyond their usefulness in reaching other goals. As an organization becomes institutionalized, it changes from an expendable tool into a valued source of personal satisfaction. Institutions, distinct from normal organizations, operate smoothly without relying on coercion or appealing to utilitarian individual self-interest to coordinate individuals' behavior. Because individuals value the organization for its own sake, they obey organizational norms voluntarily and often even without consciously deciding to do so.

Institutionalists argue that leaders consciously create organizational norms and values to achieve organizational ends. Institutionalization is described as a purposeful process undertaken by organizational elites to motivate the key personnel to internalize

chosen social values. The Forest Service leadership overcame powerful centrifugal forces—a geographically scattered, diffuse, and independent workforce— by infusing individual forest rangers with the Forest Service's mission of science in the public interest. The Forest Service's leadership achieves this value infusion in several ways: selective recruitment, extensive training, closed promotion practices, and regular rotation to prevent rangers from "marrying the natives." The Forest Service became an institution itself, to be valued and served.

New Institutional Economics

In the late 1980s, some economists that were dissatisfied with the traditional liberal economic assumption that markets are naturally efficient began to examine how social rules and legal constraints aided markets and exchange. Accepting the fundamental economic assumption that individuals will engage in self-interested behavior, or act to maximize their preferences, economists nevertheless argue that markets are not naturally efficient because opportunistic behavior, asymmetries of information, and enforcement problems lead to transaction costs. In other words, in a truly free market, it is too easy to cheat, which makes truly free markets too inefficient to work. Any transaction involves risk—that the service will not be provided as specified or that the product will not be as promised. The more this risk increases, the more costly enforcement mechanisms become and the less likely exchange becomes. The solution is to create laws, rules, norms, and other constraints on individuals' behavior to prevent cheating and thus reduce risk. For new institutional economists, then, institutions are absolutely necessary for efficient economic exchange and markets.

Institutions reduce the uncertainties involved in human interaction and exchange in particular by acting as constraints, or rules with an enforcement mechanism. They are the rules of the economic game. New institutional economists think of institutions formally as laws, rules, and contracts and informally as patterns of behavior, norms, and roles.

By linking institutions to risk and cost, new institutional economists hope to unpack the black box of the firm and show what decision making looks like within businesses. It can be argued that transaction costs, the costs involved with preventing cheating and ensuring the exchange occurs as agreed, make up the majority of the costs of doing business. In each transaction, from buying supplies to hiring labor to supervising manufacturing to securing distribution, risk is involved. The degree of risk determines how costly that project will be to undertake. Institutions help determine level of risk. The stronger the institutions, the lower the risk and transaction cost, and the more likely markets will not fail. In that case, firms will choose to buy products and contract out services. The weaker the institutions, the higher the risk and costs, and the more likely that firms will choose to produce the service or product in-house.

New institutional economists also view institutions as a means of overcoming principal-agent problems. In any situation in which a principal contracts with an agent to carry about the principal's will, there is an inherent problem because agents will always have better information and usually superior expertise about their work. Because they lack knowledge, information, or expertise, principals will struggle to efficiently ensure that their agents are really doing their jobs. Institutions reduce that uncertainty by imposing penalties and norms against noncompliance. As a result, a principal can afford to have more agents, each with his or her own specialty, allowing for a far more efficient means of achieving goals.

For new institutional economists, institutions persist because they become hierarchically nested. Informal institutions, such as norms and roles, become tangled with formal institutions, such as laws, rules, and contracts, to create an interlocking, reinforcing web of constraints on individual behavior. Changing one constraint requires changing many others. Informal institutions, in particular, have tenacious survival ability and can act to reinforce more easily changed formal institutions.

As a result, institutionalization is difficult to reverse and institutions persist. Change is almost always marginal and incremental. However, new institutional economists argue that institutional change can and does occur as a result of a change in relative

prices or a change in tastes. Institutions are fundamentally tools to facilitate rational exchange, and if the rules no longer work properly, players will change the rules. A price or taste change alters the payoff structures of transactions, which calls for new guarantees against uncertainty and new institutions for reducing transaction costs. In other words, changes in prices or tastes can throw institutional constraints into such disarray that they actually increase transaction costs. After enough players lose enough money, they will organize to change laws or professional norms until the hierarchical web of institutions begins to untangle and reform.

New Sociological Institutionalism

While new institutional economists emphasize how rules affect the calculus of self-interested behavior, new sociological institutionalists emphasize how cultural and cognitive systems shape behavior, often subconsciously. Instead of stressing risk and cost, new sociological institutionalists stress legitimacy and appropriateness. Institutions are normative and cognitive frames that individuals use to make sense of the world and to decide how to act in it. New sociological institutionalists work to show how macrosocial structures and systems affect individuals by showing how expectations, roles, and routines develop in response to a desire for legitimacy and appropriateness.

New sociological institutionalists argue that institutions directly shape organizational structure. Institutions indicate what is legitimate behavior, and under certain conditions—poorly defined goals, difficult to evaluate technology, and weak governance structures—organizations will closely respond to institutional expectations. Under these conditions, it is difficult for an organization to prove it deserves necessary resources, such as money and personnel. So organizations such as schools work to appear legitimate in order to prove they are deserving of scarce resources.

The new sociological institutionalists' argument is extended by describing exactly how organizations and individuals conform to institutions. The simplest way is by imitation. When technical processes are uncertain and evaluation difficult, organizations tend to

imitate legitimate practices, roles, and structures indicated by institutions because they are unsure of what to do and find imitation easier than experimenting through trial and error on their own. In a second, more complex way, institutions shape behavior normatively by conferring identities and roles on actors, by creating classification systems, and by determining what is worthy of attention. In a given situation, institutions indicate to individuals who they are, how they should act, and what should be important to them. Professions, through groups such as the American Medical Association or American Bar Association, play a powerful role in transmitting and perpetuating these normative belief systems across organizations and among individuals. Finally, echoing new institutional economics, institutions can act coercively as the rules of the game. To ensure efficient and secure transactions, authorities make informal rules and formal laws, which become binding institutions.

New sociological institutionalists also emphasize how institutions produce routines and roles that pervasively shape individual behavior. As cognitive and normative systems, institutions make sense of the world, framing experiences to make them intelligible and manageable. In fact, institutions are so necessary and ubiquitous that individuals take them for granted. For example, with a single glimpse at a room with rows of desks facing a chalkboard, an adult, and many children, one will become quiet and watchful, perhaps imagining what class it is, who is the class clown, and who is the teacher's pet. Because we have experienced so many years of schooling and have seen so many movies or read so many books about schooling, the cognitive frame of school guides our thinking and behavior until we see what we expect to see. In fact, individuals can even become who they expect to become. Exposed to the same schooling institutions, children may take on the role of class clown or teacher's pet, and the teacher and other students may reinforce those roles. The roles are reproduced over time and across geography because they are seen as appropriate to the situation.

New sociological institutionalists believe institutions persist because they are necessary for individuals and organizations to function. People are loath to

abandon routines and roles because what lies beyond is a blooming, buzzing confusion. In fact, new sociological institutionalists argue that individuals and organizations will follow institutional routines and roles even when it is not obviously in their narrow self-interest to do so. They thus describe institutions as "sticky" because environments change more rapidly than institutions. It is less clear if and how institutions change once they are socially embedded.

Historical Institutionalism

Historical institutionalists come from several disciplinary backgrounds, though primarily from political science and sociology. They differ from their counterparts by taking a macroview of institutions, focusing not on individuals or organizations but on nations, societies, and economies. Historical institutionalists seek to explain the distinctiveness of national political and economic outcomes as well as the inequalities that characterize the outcomes. Institutions are formal and informal procedures, routines, norms, and conventions embedded in political, economic, and social structures. Historical institutionalists see institutions as closely related to rules created and enforced by formal organizations and the state in particular. They emphasize power and ideas in the creation and perpetuation of institutions and show how institutions produce unintended consequences, path dependence, and critical junctures in national historical development.

Because they do not self-consciously work from micro building blocks, historical institutionalists' approach is not as consistent as new institutional economists and new sociological institutionalists, which makes summarizing the approach difficult. We can, however, generalize four general themes. First, historical institutionalists deal directly with power. Unlike new institutional economists, they do not see neutral structures that facilitate free individual exchange, but structures that systematically disadvantage some groups and privilege others. Interactions and conflicts do not take place on a level playing field but within contexts shaped by past struggles.

Second, historical institutionalists argue that nations will take on a historical trajectory over time, as the accumulated weight of past outcomes that are embodied in institutions produces a path or set of paths along which polities, societies, or economies continue. This occurs because institutions encourage social groups to organize along certain lines (for example trade versus enterprise unions), to adopt particular identities (British versus European), and, of course, to develop coalitions to support existing policies (social security). As winners are created, they work to consolidate their gains, institutionalizing rules into laws, treaties, and new government agencies. The same process occurs informally, as practices and beliefs become institutionalized in routines, beliefs, and assumptions.

Third, as countries travel along paths, they develop in ways that policymakers never intended. Historical institutionalists emphasize how many outcomes are the result of unintended consequences, either as circumstances change around institutions or, more likely, as institutions and policies interact in ways policymakers did not foresee. Thus, at any given point in time, current institutions are not necessarily efficient or even effective.

Finally, historical institutionalists distinguish relatively short unsettled periods, sometimes called critical junctures, from normal periods when institutions change only incrementally. During critical junctures, institutions have been shaken, most typically through a crisis, such as a war or depression, and substantial institutional change can take place, creating a branching point to a new historical path.

Evaluating New Institutionalism

All three new institutional approaches gained popularity in the 1980s and 1990s because they provided a means to link individual behavior with social context. To a large extent, the three varieties differ because they explain different things. They provide different analytical tools for different analytical tasks.

New institutional economists focus on risk and cost because they want to explain the behavior of firms in the real world. Their assumptions work best under conditions approximating a market, where actors of roughly equal power are accustomed to strategically bargaining. New sociological institutionalists focus on

appropriateness and legitimacy because they want to understand how and why so many individuals and organizations do not behave in a way economists would call rational but which is still predictable, or at least understandable. Their assumptions work best under conditions of poorly understood technology, strong norms, and difficult objective evaluation—in other words, conditions farthest from a market and most like a community. Finally, historical institutionalists focus on power and history because they want to understand conflict over time and across countries. Their assumptions are most difficult to discover because of their eclectic inductive approach, but would seem to apply best when social or political change is incremental, and then sudden.

—Keith A. Nitta

See also Development Theory; Economic Sociology; Institutionalism; Market; Path Dependence; Policy Learning; Social Learning

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New Poverty Research

The new poverty research emphasizes interpreting research on poverty and social welfare policy by placing that research in historical and social context. It involves understanding the problems of social welfare policy in any one era as associated with a particular regime of practices. In the current era, where the ideology of neoliberalism celebrates participation in a globalizing economy, poverty management is being transformed to be more punitive. The new poverty research focuses on the extent to which the Keynesian welfare state is being replaced by a combination of both neoliberal and paternalistic regimes. The new regime offers less monetary aid to low-income families and more discipline for the adults in those families. Significant changes include (a) decreased financial aid to and increased work enforcement on the unemployed, (b) decreased rehabilitation and increased incarceration for those who commit crimes, and (c) decreased child welfare services to birth families and increased removal of children to foster families.

Further, welfare policy implementation is being devolved from the nation-state to subnational governments, where privatization has led to the growing role of for-profit vendors. As a result, new forms of governance operate on different levels and provide new ways for managing and disciplining the poverty population. This means that the welfare state is not being limited, but instead being eliminated—welfare policy is being decentralized and privatized to provide new programming focused more on regulating the poor to regiment them into local and regional, low-wage labor markets.

Work enforcement is the most pervasive development. Welfare states throughout the developed world are under growing pressure to make this shift, though they continue to vary in the extent to which they have complied. Facilitating this process has been a reframing of social welfare policy in terms of "welfare dependency" in the United States or "labor activation" in Europe. The United States has led the way in reframing issues of poverty and welfare to emphasize

enforcing low-wage work on the poor. European countries have varied in the extent to which they have adopted similar policies but none is as draconian in its approach as the United States. Some countries are developing more supportive forms of labor activation that provide substantial training and education supports and income supplements. With immigration, European countries face becoming more like the United States, where the low-income population is disproportionately nonwhite and a disciplinary approach to the poor is more accepted.

Labor activation policies are often justified in terms of helping the unemployed overcome their social exclusion. Yet, the emphasis of workfare programs is to get the unemployed to make rapid attachment to the paid labor force, even if it means taking low-wage jobs. As a result, labor activation policies risk helping the poor overcome their social exclusion in ways that reinscribe their subordination.

The punitive turn in poverty management means that social welfare policy is increasingly associated with new forms of governance that are focused on inculcating habits of mind and levels of motivation that will be consistent with this overriding objective of integrating the poverty population into low-wage labor markets. Social welfare policy becomes more therapeutic in its orientation. In particular, social welfare provision is converted from a form of income redistribution to the social policy equivalent of a twelve-step program that medicalizes welfare dependency as if it were akin to other dependencies, such as a drug dependency. Recipients are screened, diagnosed, and treated for their dependence on welfare. Clients are increasingly evaluated for the personal barriers that prevent them from getting and keeping a job. The new disciplinary practices associated with the punitive turn in poverty management is implemented via a discourse that inverts the meaning of barriers to no longer be external social structures that block the economic mobility of individuals. Instead, now barriers mean something internal to the low-income individual that must be addressed through treatment that helps him or her develop the personal discipline to become self-sufficient via the wage labor market.

The new poverty research helps put this renewed focus on the individual in a new light. It goes beyond the study of welfare recipients that in the past too often relied strictly on human capital models to determine which individuals were likely to be vulnerable to remain poor and why. The new poverty research, in particular, is keen to contextualize welfare recipient behavior in terms of the new forms of governance that are operating to discipline individuals. This contextualization involves paying attention to how discourses of globalization are, on the one hand, encouraging the uncritical acceptance of globalization as a *fait accompli* and, on the other hand, are discouraging consideration of alternative ways of imagining social welfare policy in a new era. The new poverty research enables us to see how welfare reform discourse simultaneously helps legitimate the idea that globalization inevitably requires welfare state revision that treats those who are disadvantaged by globalization as deficient people that need to be subject to new disciplinary practices to fit them into the emerging economic order. The new poverty research also creates the critical resources for challenging that fatalism.

—Sanford F. Schram

See also Poverty Reduction; Social Democracy; Social Inclusion; Social Justice; Unemployment; Welfare Reform

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New Public Management

The label *new public management* (NPM) is widely used as an umbrella term covering a broad range of managerial reform strategies that have dominated the secular trend of public-sector change since the early 1980s. Despite the considerable degree of variation among the broad church of NPM-inspired reform measures, the import of microeconomic thinking and methods into the management of public organizations, as well as the leaning toward private-sector management as a normative ideal, can serve as a common denominator. Although the NPM doctrine does not prescribe a well-defined enumerative list of reform steps, the stereotypical toolbox includes measures such as privatization, deregulation, contracting out of public services, the use of competitive tendering and internal competition in service delivery, breaking up of formerly monolithic organizations into semiautonomous result- or service-centers, and—particularly in view of central and federal government reform—the proliferation of executive agencies, introducing result-oriented performance standards and measures, strengthening the role of service consumers, increased emphasis on professional management in the public sector, and the use of noncareer staff in senior civil service positions. More fundamentally, protagonists of the NPM reform agenda share highly optimistic views of the steering capacity of the market as the preferred mechanism of social and economic coordination. As a corollary, the shift toward greater competition is seen as a key remedy to increase the efficiency and responsiveness in the provision and delivery of public services.

By now, an established reform approach, the life cycle of the NPM program includes phases of reform euphoria, but has also gone through fiercely critical debates. In the interim, the missionary zeal and almost naïve reform enthusiasm have given way to a more sober evaluation of the realistic achievements of administrative modernization and of the potential shortcomings and conceptual deficits of the NPM agenda. In particular, the concept of governance has arisen as a strong rival on the stage of public-sector reform, promising to broader the hitherto more narrowly defined debate on markets and competition as major levers of reform to include more participatory elements and network approaches.

New Public Management as an International Reform Movement

NPM-driven reform activity in the public sector is now widely dispersed and has, in many cases, resulted in far-reaching and long-lasting changes that go far beyond the import of a temporary fad or fashion. NPM has become a widely popularized code for a group of loosely coupled ideas that have effectively shaped the discourse on administrative modernization in most Organisation for Economic Co-operation and Development (OECD) countries and beyond. Since its first appearance on national reform agendas some twenty-five years ago, the NPM message has spanned the globe. Although the political traditions and administrative cultures of the Anglo-Saxon family of nations have proven most susceptible to the market-oriented component of the NPM doctrine, the aftershocks caused by the NPM tremor have also been felt in administrative systems shaped in a more collectivist and state-oriented mold. The first waves of the NPM reform movement swept across classical Westminster systems of government with the United Kingdom and New Zealand as their epicenters. The "modernization movement" has also taken firm root in other Anglo-American countries. For example, NPM-driven reform initiatives have been mushrooming in Australia, the United States (as epitomized, for example, by the "reinventing government" debate), and—to a lesser extent—in Canada. The modernizing trend in the public sectors of those "core reform countries" was quickly heeled by comparable reform agendas in an ever-increasing number of European states. The Scandinavian countries and the Netherlands have most notably been riding the wave of public-sector modernization, while the larger continental European nations such as France and, in particular, Germany have been much more hesitant to embark on sweeping administrative reform projects along the lines of new public management. Although in a moderated fashion, NPM ideas have also spread to Asia, where Japanese

and South Korean reformers have presented their plans for administrative modernization in NPM parlance. The proliferation of NPM as a blueprint for reform has come near completion when public-sector change in transitional and developing societies come under its influence through the active support from international organizations, such as the OECD, the World Bank, or the International Monetary Fund (IMF). In spite of the more- or less-uniform rhetoric of administrative modernization, however, the degree of variation across nations, levels of government, and policy sector-specific reform programs should not be underestimated.

Theoretical and Conceptual Background

The NPM movement is intellectually nourished by various lines of thought. Rather than being entirely cut from the same cloth, the emperor's new clothes are more the result of a patchwork design. Frequently described as a "paradigmatic shift" away from a bureaucratic type of old public administration rooted in long-standing continental European administrative traditions, the new public management is primarily embedded in the Anglo-American intellectual history. It is largely inspired by the tenets of neoinstitutional economics, public choice–based political theories, and a pragmatic notion of managerialism ("let the managers manage") often tinged with a strong dose of neo-Taylorist concepts.

Against this background, the NPM approach calls established practices and doctrines of old public management into question. This applies to the macrodimension of public management, that is, the overall size and structure of the public sector, as well as to the microlevel of internal management of public organizations. The first concern is with the range and depth of government activities. The proponents of NPM measures tend to argue in favor of a stop if not a reversal of government growth. In contrast to the seemingly ever-expanding role of the bureaucratic welfare state, the NPM creed calls for a refocusing on so-called core competencies and turns to the analysis of transaction costs, property rights,

and principal-agent relations for conceptual guidance (e.g., with regard to "make or buy" decisions). Second, from this theoretical vantage point, the bureaucratic mode of conduct typified by rule-bound behavior and hierarchical order is seen with the greatest of skepticism. Rather, the new focus is on designing the most cost-effective incentive structures and contractual arrangements between supposedly rational actors. The third conceptual lever of administrative change seeks to pull the barriers between public and private management. At this point, the economic school of institutional choice meets pseudoacademic managerialism. The scholarly roots of the managerialist trend can be traced back to the scientific management school in the tradition of Frederick Taylor. This lineage brings a strong technocratic flavor to NPM prescriptions as they tend to emphasize quantitative measures of performance and formal reporting systems. This peculiarly mixed bag of intellectual heritage, of course, is a potential source of tension between NPM measures. However, the lack of internal consistency does not appear to have diminished the widespread appeal of NPM as a convenient code for public-sector modernization.

The New Public Management in Action

Pruning Back the State

Generally, the creed of the reform movement has been to redraw the boundaries of state activities to downsize the public sector, to unleash market forces, and to accord more weight to private-sector parties in rendering public services. Although privatization and deregulation are widely considered hallmarks of recent projects of public-sector modernization, the starting positions, underlying reform strategies, as well as the nature and sequence of reform steps, differ considerably across national boundaries. In spite of the downsizing rhetoric and the decrease in state ownership, the overall range and scope of state activities have remained on relatively high levels, and new forms of state intervention, such as reregulation as a consequence of privatization, seem to be on the rise.

The Growth of Agencies

In the wake of NPM reforms, national government bureaucracies worldwide have found themselves in a period of far-reaching organizational changes. Most notably, many central governments—as typified by the British "Next Steps" initiative—have placed higher emphasis on separating executive functions to peripheral agencies that are to be steered at arm's length according to the principal-agent model.

Human Resource Management

Hand in hand with restructuring the architecture of the central state, the quest for reorganizing the body of public personnel (civil service) has gained new momentum. In particular, the drive for efficiency and the introduction of private management techniques (performance-related pay, open competition for top posts, and enhanced mobility between the public and private sectors) have put significant pressure on the established civil service systems. Most notably, new human resource management techniques are also likely to change the relationship between political appointees and career officials.

Output Orientation and Performance Measurement

An integral element of new public management has been increased emphasis placed on market forces and output orientation in the public sector (as exemplified by the introduction of Compulsory Competitive Tendering in the United Kingdom and the creation of quasi- or internal markets in a wide range of public service domains). To be sure, the success of the new managerialism largely depends on adequate performance measurement in order to assess service delivery and resource use.

Consumerism

Consumerism flows from the emphasis on marketization and individual choice that public-sector reforms under the NPM heading seek to strengthen the customer or consumer roles rather than the citizen role. However, critics increasingly question the wisdom of the citizen-as-consumer model and call for revitalized citizen participation—both in decision making and service production—and strengthened communitarian values.

Explaining the Emergence and Proliferation of New Public Management

How can we account for the explosion of NPM-inspired reform initiatives? In order to understand the advent of new public management as a new paradigm in public-sector reform, we can take a few pointers from the social, economic, and political forces that might have propelled the NPM program into action.

One should be quick to point to the fiscal and budgetary considerations that have prompted a great deal of interest in new public management in many countries. The drastic budgetary crunches in the wake of the global economic recession brought a definite end to decades of stable and high economic growth rates and ever-expanding government spending. The dramatic order of the fiscal constraints made budget officials also painfully aware of the limited use of traditional retrenchment and cutback management. It does not come as a surprise to see that greater emphasis on hands-on professional financial management, cost-cutting exercises, selling publicly owned industrial assets, or the implementation of time-honored private-sector management tools—all part of the standard NPM regimen—had a lot of appeal to budget officials and policymakers alike. Moreover, the increased international economic competition also puts additional pressure on national reformers as they seek to turn cost-efficient public services and better regulation into a comparative advantage over their international economic rivals.

Clearly, party political, if not ideological, factors played a major role, particularly in those countries where radical reform proposals were propagated with almost missionary zeal, as in Thatcherist Britain or in the United States under the Ronald Reagan administration. More generally, the formative years of the NPM

movement coincided with a series of government changes that brought right-of-center parties or party coalitions back in power. However, the overall picture is more ambivalent as Social Democratic or (New) Labour politicians (e.g., in New Zealand, Scandinavia, and New Labour in the United Kingdom) have also been known for subscribing to the NPM reform agenda.

Fertile ground for NPM reforms to flourish has also been provided by a number of social and cultural changes that appear to support some of the core tenets of the NPM program. In terms of popular sentiments toward the established public sector in most Western societies, support for traditional public institutions has been dwindling. Also, in an era characterized by increasingly heterogeneous and individualized lifestyles, the standardized and uniformly delivered goods and services provided by established, large welfare bureaucracies leave a lot to be desired. Consequently, the growing share of disgruntled citizens and dissatisfied clients of public bureaucracies lends further support to the new public management doctrine. Finally, the promise of more market incentives, greater managerial flexibility, and less-paternalistic, old-style bureaucracies seems to bode well with a population whose values and attitudes since the 1970s have shifted toward the postmaterialistic end of the spectrum, thus ranking self-actualization and individual rewards over the long-term prospect of material security and a stable social order as offered by established civil service careers in hierarchical organizations.

New Public Management and Its Critics

In assessing the consequences and possible future prospects of NPM, we shed some light on related discourses that can be interpreted as a critical response to the NPM-driven overhaul of established civil service systems. This concluding section looks, in turn, at three potentially tense relations between the major thrust of the NPM agenda, on the one hand, and essential concepts and values of public administration on the other: the impact on public-service ethics, the problems of accountability, the tensions between the role of citizens and customers.

Public Service Ethics

After more than two decades of NPM in action, scholars and practitioners alike seem to be rediscovering the value of having a distinct—though in hindsight often romanticized—public service ethic. Recent empirical findings have given rise to a growing concern about increased unethical behavior—such as more widespread cases of corruption—among employees delivering public services. Is there a need to rebalance the more recently highlighted values, such as value for money, cost efficiency, or managerial discretion, against time-honored principles of probity, equity, or due process? Confronted with contracting resources, far-reaching structural changes, and increasingly blurred boundaries between the public and private sectors, we seem to have lost sight of the normative dimension guiding public-sector decision making. What are the legitimate principles and values on which public decisions ought to be based? How do they differ from private-sector management?

Accountability

Initially, the NPM hype sparked a new interest in the question of accountability, primarily understood as a matter of explicit performance goals, indicators of success, and a corresponding system of controlling and reporting. However, a closer look also reveals an increasing self-serving tendency of the newly introduced accountability regime. It seems to have become a goal in itself, whereas other mechanisms of holding public officials accountable have been partially transformed and potentially weakened (such as the doctrine of government accountability). The increased coproduction of public goods and services by public as well as private commercial or nonprofit organizations poses additional challenges to any system of public accountability. The questions at the center of the discourse are: Who is being held accountable for what and by whom? What are the legitimate roles of legislative bodies, the judicial system, the courts of account, and how do citizens fit into this puzzle?

New Public Management and Citizenship

Revamping the executive machinery of the state is by no means a purely technocratic or managerial exercise, but has far-reaching political and constitutional implications. Closest to the heart of democracy are, of course, the rights of citizens. In the orthodoxy of the NPM creed, the concepts of political and social citizenship are void of any meaning. In principle, it is the role of the customer that is exclusively highlighted by NPM reform programs. However, can our public role as members of democratic societies be legitimately reduced to that of a person who shops around for goods and services? Rather than pitting democratic theory and managerial reform against each other, the challenging question is how to reconcile the two concepts with one another. A more nuanced view, for example, even allows for mutually reinforcing combinations of both customer and citizen rights (by means of Freedom of Innovation legislation or through elements of user democracy).

—Eckhard Schroeter

See also Bureaucracy; Contracting Out; Effectiveness; Governance; Internal Market; Localization; Market; Marketization; Neoliberalism; Performance Measurement; Public-Private Partnership; Purchaser-Provider Split; Service Delivery; Virtual Agency

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NEW REGIONALISM

New regionalism refers to the observed resurgence of regionalist projects, beginning around the mid-1980s, and the marked differences that this process had in substance to an earlier rise in regionalist developments, beginning around the 1950s. This qualitatively different phenomenon has been observed by scholars in the fields of international relations (IR) and international political economy (IPE) to coincide with the end of the Cold War and a period of increasing global economic integration. New regionalism has led to regional organizations that are more open with respect to trade than those formed in the previous era.

Aspects of New Regionalism

With the advent or reformulation of regional organizations, such the Association of South East Asian Nations (ASEAN), the Asia-Pacific Economic Cooperation (APEC) forum, the European Union (EU), the North American Free Trade Agreement (NAFTA), and the Southern African Development Community (SADC), among many others, the mid-1980s and early 1990s saw an increase in such regional political and economic activity. This activity prompted a reinvigoration of academic interest into the phenomenon of regionalism, which led to the argument that what was being observed was a new form of regionalism from the type prevalent immediately following World War II. Scholars identified several contours of new regionalism within the context of the political and economic world order that was emerging.

First, this new form of regionalism was occurring toward or after the end of the Cold War; the bipolar world context had shifted and was becoming increasingly multipolar. This shifting of the balance of power, it is argued, may have provided at least the perceived incentive for the increase in the number of regional organizations and their membership. In addition, the regional organizations formed in the earlier Cold War context were shaped by the interests of the dominant superpowers. In the new context, regionalist projects were increasingly shaped "from below" by

the interests of actors, such as domestic civil society, in addition to states themselves.

Next, with regard to the global economy, the old form of regionalism tended toward protectionist economic blocs, where trade between member countries was encouraged but trade with countries outside the bloc was discouraged by external trade barriers. In contrast, the new regionalism was of a more open form, where the preferential treatment accorded to member states was also open to countries from outside the region. In this context, it is argued that this open form offers regional industries exposure to global competition and, together with other means of encouragement, the strategically necessary incentives to compete in the global marketplace. By this argument, scholars have concluded that instead of presenting obstacles to the process of increasing global integration, these new regionalist projects assist in furthering this objective.

New regionalism has also given rise to regional organizations that have a wide-ranging set of stated policy objectives. Whereas previous forms of regionalist projects were concerned with economic or security policies, the policies adopted by regional institutions formed or reinitiated in the late 1980s and early 1990s encompassed environmental and social policy, as well as policy to encourage transparency and accountability in governance. With regard to the regional projects initiated by poor countries, such as the SADC in the southern cone of the African continent, these regional organizations include explicit developmental objectives extending beyond trade and monetary policy, considering the concept of development, instead, as a multidimensional process. As such, organizations like the SADC have included health, education, poverty eradication, and gender equality strategies, for instance, among their stated development objectives.

Finally, new regionalism is a process interacting with the force of globalization. Unlike old regionalism, which was oriented more toward the interactions between states, new regionalism involves a variety of state and nonstate actors involved in a process of transformation of the world order. Thus, the social processes of globalization have an effect on shaping the new regionalism, and this regionalism, in turn, has

an effect on shaping the process of globalization. The forces of globalization have had an impact on the restructuring of the social, political, and economic aspects of regions, while states and societies have adjusted to these impacts by furthering, changing, or reversing the effects of globalization through the processes of regionalism. Therefore, new regionalism, with its greater openness to the global economy and to global political forces, is seen as a process by which states are furthering their insertion into the existing world order. While the regional arrangement formed during the period of old regionalism proved to be unsustainable, it is argued that these new regional institutions are becoming an integral aspect in the definition of the current, and potential future, world order.

—Stephen Buzdugan

See also City-Region; East Asian Economic Grouping; Globalization, Mesoregionalism; Open and Closed Regionalism; Regionalism, Substate Regionalism

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Nongovernmental Organization

A nongovernmental organization (NGO) is what it claims to be: a group defined by its autonomy from the state. An NGO is a constitutive element of civil society that, in theory, stands separate from, if not

necessarily in conflict with, the state. In democratic polities, NGOs are the mainstays of pluralism and of government accountability to its citizens.

Although nongovernmental organizations generally exist to organize, mobilize, and represent like-minded individuals, not all operate with an explicit connection to governance and state-society relations. Some NGOs, such as bowling leagues or quilting bees, exist purely within the societal realm to bring individuals together to pursue their purposes privately. More relevant to a governance context are NGOs that bring their interests or beliefs to bear on the public realm by making claims on behalf of private or public interests. Some NGOs exist to influence policy in a way that accrues benefits to their own members (private interest), while others seek to accrue benefits to society as a whole (public interest).

Most scholars, when discussing NGOs, focus on groups that make claims with respect to the public interest rather than private interests. As such, although they are societal actors, we do not typically think of business enterprises as NGOs because their governance goals involve benefits that accrue only to them (or to their sector). Rather, we tend to identify organizations such as religious, environmental, scholarly, or aid groups as NGOs because they promote some view of the collective interest and seek benefits that accrue to society as a whole. Indeed, some NGOs provide public goods, such as relief services, when formal governance mechanisms break down.

However, there are certainly gray areas in this definition of NGOs. One difficult case is labor organizations: Are the goals they promote self-interested or public interested? While one could argue that labor organizations represent only their own members in promoting goals such as high wages, one could also claim that other labor goals, such as full employment and corporate accountability, are public goods. More problematic are radical organizations that promote and use violence. Like NGOs, they are societal and typically have goals that involve society at large rather than simply their own members. However, the term NGO is generally reserved for organizations that pursue their goals nonviolently, even if they seek to bring broad changes to society. The term NGO can apply

both to social movement organizations as well as those that broadly accept the status quo, but groups that seek to overturn both state and society through violent means stand outside the mainstream conception of what constitutes a nongovernmental organization.

Given these parameters, there remains wide variation in the types of NGOs that exist in the world. NGOs vary in the scope—whether local, national, or international—of their operations or ambitions. This scope guides the level of government they engage: local NGOs engage local governments, national NGOs engage national governments, and international NGOs engage international institutions. However, these distinctions of scope have blurred as advances in information and communications technologies have reduced the effects of distance, allowing local, national, and international NGOs with similar agendas to coordinate with one another in informal networks. Indeed, one attribute that makes NGOs so interesting to students of governance is that, unlike national governments or international organizations, NGOs are "glocal"—that is, capable of using their networks to operate simultaneously at the global, national, and local levels.

This network form of organization typical of relationships among NGOs is significant both in defining their own organizational structure and in embodying their views with respect to governance more generally. Many NGOs, such as the World Wildlife Fund or Amnesty International, are formally glocal in that they operate throughout the world with offices at the local, national, and international levels. These groups are notable for their minimal vertical integration: Their international offices serve merely as umbrella organizations, coordinating local and national efforts but in no means dictating operational strategies. This organizational structure reflects a general conviction, particularly among international NGOs, that governance should involve coordination among societal groups and policymakers with common goals, rather than the imposition of a single set of goals through hierarchical command and control.

NGOs attempt to achieve their governance goals though appeals to both elites and citizens. Like traditional interest groups, NGOs lobby policymakers to enact policies that reflect their own goals. However, as

grassroots organizations, NGOs may also attempt to shape societal attitudes through activities intended to reshape the public discourse. These "direct actions," such as public demonstrations and media campaigns, often allow NGOs to affect policy from below by generating a groundswell of support for certain goals, whether for animal rights or against the World Trade Organization. This is a favorite approach of NGOs that specifically consider themselves social-movement organizations, whose preferred means of effecting social change is from the bottom up.

Beyond their unique glocalness, there are two main reasons why the study of NGOs is so compelling to social scientists today. The first is simply that NGOs are increasingly prevalent—particularly internationally—and thus are potentially more important actors in shaping the terms of governance. At the international level, NGOs are potentially part of an emerging "global civil society" consisting of multinational enterprises and international organizations as well as states.

The second reason why NGOs are an important object of study is more normative: In an era advancing democratic norms, we tend to see NGOs as "good." That is, if NGOs are civil society organizations, and if pluralism and democracy in governance are desirable, then naturally the emergence of NGOs as participants in governance is a good thing. This line of thinking reflects a social capital perspective, in which an active civil society sector is crucial to the maintenance of effective democratic governance. It also reflects a sense that the participation and influence of NGOs confers legitimacy on governing institutions, by providing an effective voice for relevant stakeholders and increasing government accountability to them. However, NGOs are not themselves elected representatives, and the arguments of some NGO critics that claim they hinder the effective operation of institutions underlie the complexity of normative arguments regarding NGOs and governance.

—*Edward A. Fogarty*

See also Civil Society; Coalition; Corporate Codes of Conduct; Corruption; Global Civil Society; Glocalization; Group of 7; Interest Group; Millennium Development Goals; Sociology of Governance

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NONPROFIT ORGANIZATION

In the United States, a nonprofit or not-for-profit organization is legally delineated from firms in the for-profit sector by its tax-exempt status. Outside of the United States, the legal framework defining the government, business, and nonprofit sectors can be less distinct, depending on the country. International nonprofit organizations are more often referred to as nongovernmental organizations. Nonprofit organizations are active in a large array of activities, from education to poverty relief and music to political advocacy. They have grown tremendously in number and in resources throughout the world in the latter half of the twentieth century. In response to their growing role in governance, the term third sector has been increasingly used over the past decade to describe nonprofit and nongovernmental organizations.

The nonprofit sector provides many opportunities for civic participation, as citizens join with others to pursue mission-oriented goals collectively. Examples range from groups centered around a pastime, such as a local choral group, to advocacy organizations centered on health, environmental, or other policy issues. Demographic groups that are disenfranchised, such as ethnic minorities, can form nonprofit organizations and develop a collective voice in the polity that is stronger than their voice in traditional representative governments. Individuals can develop leadership skills within the realm of the nonprofit sector, and then transition to active participation in decision making in their community. Public participation in

nonprofit organizations is limited in some organizations where funding is largely from commercial sources (for example, hospitals). Other organizations involve the public mainly through payment of an annual membership fee. In contrast, many nonprofit organizations depend heavily on volunteer labor and extensive involvement of community members to carry out mission-related programs.

Despite creating opportunities for enhanced civic participation, a strong nonprofit sector can dilute the mandate of the voting public in several ways. First, nonprofit organizations are run not by elected officials, but by community members that have the time and wherewithal to devote themselves to the cause—which often means the community elite. Second, as government agencies contract out their services to be produced by nonprofit organizations, those services are now produced by organizations with multiple stakeholders, including board members, staff, and donors. The clarity of command, from the taxpaying and voting public down to the direct service provider, becomes less distinct. Governance that is clear and unquestioned at the government level, such as the separation of church and state (or in another country, the unified church-state), can be modified to accommodate differing points of view when the government funds a nonprofit organization to produce a service. Finally, an external funder, such as an overseas foundation, can finance activities that either the home government cannot afford to produce or may not want to produce.

Nonprofit Organizational Structure

Decision making in nonprofit organizations is complex due to the multitude of stakeholders involved in organizations. A board of directors convenes at regular intervals to review the finances of the organization and to provide administrative guidance for the organization's staff. In smaller organizations, the administrative role of directors, other volunteers, and paid staff is blurred as volunteers perform substantial administrative tasks. Indirectly, funders also participate in decision making as nonprofit organizations work with foundations, governments, and individuals

to define future programs that fit both the organization's intended purpose and attract revenue. When funding streams appear to influence the organization to change its mission-related activities, nonprofit organizations describe this phenomenon as "mission creep."

Recent Growth of the Nonprofit Sector

From colonial days in the United States, citizens have actively participated in voluntary associations, and the roots of the U.S. nonprofit sector extend back to this preference for association outside of the purview of the government. Colonial leaders expressed distrust of the potential power of voluntary association leaders to sway public opinion. Distrust of nonprofit organizations has surfaced repeatedly throughout history, as lawmakers sought to limit political advocacy and other activities of foundations and other nonprofit organizations. On the other hand, governments have turned to nonprofit organizations, especially since the 1980s, to deliver a vast array of public services that were once provided by public agencies.

Nongovernmental organizations are expanding in influence worldwide. Particularly in developing nations, nongovernmental organizations have developed their capacity over the past two decades to work in partnership with home governments to alleviate poverty and other pressing problems. International human rights organizations have also gained stature, for example, working with the United Nations in addressing international human rights violations. It is their presumed lack of country-specific bias that gives their voice credibility in the international policy arena.

With the current political preference for market-oriented enterprise, governments have relinquished much of their service provision role in favor of managing networks of subcontractors, including both for-profit and nonprofit firms. Some forms of subcontracting benefit nonprofit firms directly, such as a hunger relief organization carrying out a government-funded contract. Other forms of subcontracting benefit nonprofit agencies indirectly by providing demand-side subsidies to consumers, who may

choose nonprofit agencies to provide the service. A prominent example of a demand-side subsidy is Medicare and Medicaid payments for health care in the United States.

The tremendous increase in health and human service sector payments to the nonprofit sector, one should note, paints a picture of a sector that has rapidly transformed from reliance on donations to reliance on commercial fees in the past two decades. However, outside of the health and human service sectors, nonprofit organizations are still strongly dependent on donations from individuals, not commercial revenues. Over the past several decades, nonprofit organizations that rely heavily on donated revenues have increasingly turned to high-wealth individuals for major gifts, in comparison to broad-based funding mechanisms seen in previous decades (such as the March of Dimes campaign to end polio). In theory, if a greater proportion of donations come from high-wealth individuals, then decision making in that nonprofit organizations will be more influenced by high-wealth donors than by the rest of the organizations' members and stakeholders.

—Renee Irvin

See also Association; Civil Society; Sociology of Governance; Third Sector

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NORMAL ACCIDENT THEORY

Normal accident theory describes organizations and technologies that are so complex that accidents are to be expected as a normal outcome. In *Normal Accidents,* Charles Perrow examined such high-risk technologies as nuclear power, petrochemical plants, and air travel (as well as the organizations managing

them), and concluded that it is the combination of complex interaction and tight coupling among the subparts of these systems that makes them accident-prone, regardless of the precautions taken.

Different technologies are marked by varying types of interaction among the parts. At one end of the spectrum lie systems that are linear, where each event in the sequence of production or operation is only linked to those steps immediately preceding and following it. This implies that operators and designers of such systems can easily comprehend what would happen if something were to go wrong with a given part. The opposite type of interaction is complex. In complex systems, connections between parts are multiple, indirect, and unclear. As a system moves toward the complex end of this spectrum, the ability of operators, managers, or even designers to predict or understand possible interactions becomes increasingly difficult.

In addition, technological systems may be tightly or loosely coupled, a term that refers to the amount of slack between components or subsystems. The characteristics of tight coupling include time-sensitive processes, invariant sequences, and a unique production path. In terms of explaining the causes and scale of accidents, tight coupling is important because it reduces the ability of operators (or the system itself) to recover from a failure, thereby making minor breakdowns more likely to become catastrophic accidents.

In Perrow's analysis, falling at the extreme of either of these variables does not necessarily spell doom for an organization; it is only in the combination of tight coupling and complex interaction that the danger of a system accident arises. System accidents are labeled as such because they result directly from the structural makeup of the system (organizational and technological), rather than from the skills, attention, or motivation (or lack thereof) of those operating it.

In response to the normal accidents literature, a number of scholars have attempted to look into the theoretical reasons why many organizations using high-risk technology, which Perrow would predict to have had catastrophic accidents, have not witnessed such accidents. Specifically, analysts have looked at what they have termed *high-reliability organizations—* organizations that must be highly reliable in order to

provide their most basic services or accomplish their most fundamental tasks.

Applications of normal accident theory (and its counterpart) to political processes have been limited, but include a few important examples. Scott D. Sagan's work on the prevalence of near-accidents with nuclear weapons during the Cold War demonstrates the usefulness of these approaches to important problems of political science.

—*Jordan Branch*

See also Crisis Management; High-Reliability Organization; Organizational Culture; Organizational Structure; Organization Theory; Risk

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NORMS

Norms make governance in society possible, as they are guides for social behavior and constitute the identities of social actors. Scholars argue that norms reduce uncertainty about how actors will behave and stabilize collective understandings of appropriate conduct and which actors have particular rights, obligations, and authorities.

Despite recognition of their importance, there is not yet a universal agreement on what norms are, how best to study them, and how they evolve and change over time. Many of the disagreements about norms arise out of whether norms are merely patterns of behavior (normal practices) or whether they are collective understandings of behavior and identity that confer a moral or prescriptive status. Even among those that agree that norms are collective understandings, there is debate over whether norms are merely regulatory or also constitutive. Others argue that norms are normal practices, which are distinct from normative or moral practices. This debate is captured in a broad categorization of regulatory or behavioral norms versus constitutive norms.

Regulatory or Behavioral Norms

Most scholars agree that norms are collective expectations of how actors will behave under certain circumstances. For example, when an elderly person gets on a subway car, in many countries it is expected that younger people will give up their seat so that the older person may sit down. Norms of seniority govern the appointment of positions in the U.S. Senate. This enables smoother transfers of authority than would occur if each position had to be contested openly. Norms of diplomatic protocol provide a code of behavior that ensures that foreign diplomats do not inadvertently insult one another and unintentionally spark international disputes. Norms form a web of expectations that guide actors' behavior, even when there is no formal government or other centralized means of enforcing conformity. Even formally anarchic systems, such as the international system, are governed through norms.

Norms are considered to be regulatory in that they define and prescribe what behavior is appropriate in particular conditions. Regulatory norms are behavioral guides or signposts. Regulatory norms function to maintain social stability by guiding how people behave in particular situations. They create part of the social environment or structure that actors face when they make choices about strategies to pursue to achieve their goals.

Orthodox behavioralists and positivists dissent from this view of norms as collective expectations and argue that norms can only be defined as dominant or normal practices (i.e., an observable pattern of behavior). For many behavioralists and positivists, the power of norms lies not in the content of the norms themselves, but in the social sanctions or powerful actors that back them up. These theorists argue that the

threat of penalties for noncompliance are what make behavioral norms matter and what shapes actors' calculations of how to behave in a given situation.

Regulatory Norms and Governance

Regulatory norms contribute to governance by facilitating dispute resolution. Norms can prevent disputes from arising in the first place by providing behavioral guidance, as in the norms of diplomatic protocol. Norms also structure actors' choices regarding compliance. They can provide disputants with the bases for evaluating disputed conduct (for example, norms of what counts as inappropriate behavior, valid evidence, and a fair trial). They can also offer potential solutions to the conflict. In some circumstances, the dispute may be resolved by the norm of apology, whereas in other cases, a norm of fair compensation may apply. In addition to facilitating conflict resolution, norms can also be the source of conflict. Actors who reject a prevailing norm, such as the practice of slavery or the separation of church and state, may struggle to change that norm and put their own norm in place. This struggle produces a new or altered norm, which then goes on to govern subsequent behavior.

Regulatory norms clarify the choices of actors. If one mode of behavior is contrary to the norm, then the costs associated with that strategy are raised. If the mode of behavior conforms to the norm, then the costs of acting in that manner are lower and there is an additional benefit of being seen to conform. Norms thus make it possible to establish reputations about which actors conform with and which deviate from the norm. Diplomats that choose to ignore the norms of protocol understand that this is a costly choice, as it may establish their reputation as an unpredictable, and therefore unreliable, partner.

Constitutive Norms

Beyond this general agreement on norms as behavioral guides, interpretivist, pragmatist, and constructivist scholars suggest that norms are also constitutive. Moral norms or normative beliefs fall within this category. Constitutive norms are the collective meaning of particular actions and the identity of actors. They specify what behavior can be socially recognized as counting as policing and teaching, as well as which actors have the collectively understood authority to act in particular ways (as a policeman or teacher). Constitutive norms specify what set of practices make up a particular social category and which actors have roles derived from those categories.

This deontic view of norms, in which norms empower an entity or an actor with moral or obligatory status, takes us beyond the rational-functional view that norms are merely regulatory instruments and into pragmatist, constructivist, and interpretivist approaches. Norms are constitutive because they create reasons for acting (it is a good thing to do, it is one's duty to do it), not merely because they channel the choices among actions by creating costs and benefits (it is the cheapest thing to do). The norms of promise keeping and truth telling create a reason for acting in a particular way (it is the right thing to do), even when doing so may conflict with a rational calculation of the material benefits of doing so.

Constitutive Norms and Governance

Governance would not be possible if groups did not share understandings about what particular actions done by particular actors mean. Constitutive norms create authority to act by constructing certain identities (president, treasurer, football referee, judge, professor, parent, soldier). They define what counts as a particular activity and a particular identity. For instance, there is a general regulatory norm against killing people. Behind this norm is another constitutive norm that constitutes or creates the identity of "murderer" and a category of action called "murder." If actors did not create a norm in which some people have a duty and therefore a right to kill other people in certain situations (for instance, soldiers on a battlefield), then society could not distinguish soldiers from murderers. The norm that duty sometimes requires soldiers to kill enables others to expect soldiers not to kill unless they are in battle and to accept that they will kill in battle. Similarly, these norms govern

soldiers' behavior toward others, determining when it is appropriate to kill (when the person is a combatant in battle) and when it is not (when the person is not a combatant). The sense of obligation that constitutive norms create is essential to systems of social governance, without them regulatory norms would not create the costs and benefits that constrain actors' choices. Scholars writing in this tradition suggest that the entire utilitarian notion of rational calculation requires constitutive norms that define what counts as utility and rationality, as well as regulatory norms that tell actors what rational behavior is. They apply the same logic to positivist scientific methods: Norms define what counts as science and how to properly do science.

Explaining the Contribution of Norms to Governance

The study of norms and their contribution to governance has traditionally occurred in those disciplines most directly concerned with social order: social psychology, sociology, and law. Recently, the analysis of norms has taken off in other disciplines as well, particularly in international relations. International relations theorists have long been concerned with the problem of international governance or how order can be created in a formally anarchic environment. Despite the dominance of positivist neoutilitarian theories of international relations in the United States since the late 1970s, scholars have long studied the normative sources of international order and, more recently, global governance. International regime theory, which placed norms at its center, brought to the fore that collectively held understandings, such as international regimes, provide order within international politics. This led scholars to study not only norms, but also related concepts such as identity and other ideational phenomena. Behavioralists and rationalists have sought to include norms in their models, but constructivists and other interpretivists have done much of the recent work on norms. These theorists explain that how and why norms emerge, spread, and causally operate do matter (usually through some theory of institutionalization, internalization, or socialization).

Theories of norms can be broadly classed according to four logics: functional, structural, intentional, and constructivist theories. The boundaries of these groups are not well-defined, and scholars will often combine different logics in their theories. Behavioralists, rationalists, and positivists tend to favor functional and structural theories, whereas interpretivists, constructivists, and pragmatists generally employ structural, intentional, and constructivist theories. Functional theories of norms explain the causal importance of norms in a consequentialist manner. Norms exist because they serve some function, and norms matter to the extent that they alter the consequences of different ways of acting. Here, norms are often treated as instruments employed by actors to achieve their goals. The United States creates and maintains norms for open markets because generating social pressure for compliance with its interest in increasing U.S. exports to foreign markets is less costly than coercing compliance on its own. In situations where actors need to act together, norms create a common knowledge. Therefore, norms can serve as rules of thumb or focal points that make coordination or cooperation easier and of longer duration. For example, norms against interracial marriage clarify the consequences of one's choice of a spouse. Traditional parents use these norms to socialize their children to marry within their racial or religious group. Children are taught that nonconformity has costs (ostracism, diluting group purity, etc.). Norms in this sense function as part of sanctioning systems that guide actors' behavior by imposing penalties and rewards. Norms also serve to facilitate simple learning through the creation of reputations. For example, once someone acquires a reputation for violating the norm of keeping promises, others will learn to avoid depending on that person, and will instead seek out people with better reputations. Groups of actors that have an interest in cooperating will create norms in order to coordinate their behavior, create monitoring and sanctioning systems, and generate reputations. All of this serves to reduce the costs of their transacting with one another, as emphasized in new institutional economic theories. Other instrumental theories of norms focus on how rational

individuals manipulate or promote norms in order to achieve some nonnormative end; alternatively, they cynically justify self-interested behavior in normative terms. For these theorists, whether the norm in question is a dominant behavioral pattern or a prescriptive or moral norm, regulatory or constitutive, matters little. What is emphasized is the effect of the norm on actors' abilities to attain their desired ends. For these theorists, there is no difference between norms and other resources that might serve as tools to guide actors' choices and facilitate their collective action. In these theories, norms exist, are created, and are used to further the existing interests of actors. Their use will spread or shrink in line with their usefulness to actors.

Structural theories characterize norms as part of social structures that determine how actors behave in social settings. In the language of game theory, norms are part of the game structure, a given that does not change but which does limit what actors can do. In a more sociological vein, norms are structural constraints on human action and freedom as they restrict the range of options available and the choices that individuals can make. In this view, norms are what maintain social stability and enable societal governance. Stability is created as actors reproduce normative structures through their conformity to what is socially deemed appropriate. A structural theory would emphasize how the norm against interracial marriage constrains an individual's decisions regarding matrimony and stabilizes societal interactions along racial lines. Until the late twentieth century, the norms that only states have international legal personality and are immune from prosecution prevented individuals from suing states for human rights violations. The normative structure of the international legal system did not recognize the rights of human beings against sovereign states. This normative structure therefore limited what humans could do to protect themselves against the actions of state officials. Theories of how these norms arise generally focus on how a particular set of norms becomes institutionalized in legal, social, or economic structures, creating particular forms of governance. Structural theories of norm creation usually employ a power argument,

suggesting that powerful actors create and impose certain norms to structure society in ways that benefit themselves. These norms, once institutionalized, become causal structures in their own right. Structural accounts of norm diffusion often rely on a logic of isomorphism or mimesis (the emulation of successful or powerful others) or a logic of environmental "fitness" to explain why norms spread.

Intentional theories focus on how actors committed to the content of particular norms strive to achieve those norms. These theories are related to, but distinct from, instrumental theories in that norms are not means to an end, but the end themselves. In intentional theories, committed actors use methods of persuasion, ethical argumentation, shaming, and galvanizing external pressure to get political actors to adopt their norms. Intentional studies have focused on the spread of human rights norms, taboos on the use of certain types of weapons, and norms concerning abolishing crimes against humanity and outlawing torture and slavery. They all rely, for their causal explanation, on morally committed actors' intentions of changing a normal set of practices and to replace them with a new prescriptive norm.

Constructivist theories of norms combine instrumental, intentional, and structural approaches. Constructivist theories of norms accept that norms become social structures that constrain behavior and channel action. But in rejecting the limits that such structures place on human freedom, constructivists focus on how human beings create and alter these structures on an ongoing basis. In contrast to structural theories, constructivists view norms and other social facts as enabling and empowering actors, not only constraining them. The process of creating and altering norms may be driven by instrumental ends or intentionality, but the end result is the same: social facts that intentionally or unintentionally create the identities of particular actors and generate frames for understanding social action. Rather than viewing norms as instruments to an end, ends in themselves, or social structures, constructivists see society as a tapestry of norms, whose threads are constantly being added and subtracted or woven in new directions by human beings. Constructivists focus not only on how

agents, acting either for instrumental or normative reasons, create or alter social norms, but on the implications such norm change has for wider changes in the fabric of social order. Norms generate identities and therefore interests. Changes in norms lead to changes in what actors' interests will be and what means are deemed acceptable to pursue those ends. For example, scholars argue that the norms of peaceful dispute resolution and compromise embodied in Western international organizations changed the identities of Western countries. This shift in identities created common interests in collective security and economic management and created a zone of liberal democratic peace. Norms are important not only because of their effects on the costs and benefits of particular courses of action. Their normative content matters as well because they change actors' behaviors and change the reasons for actors' behaviors. For example, the norm of racial equality made South Africa's minority white government an international outcast, subject to international sanctions. The United States did not adopt this norm because it would materially gain from it, but because its leaders were persuaded that going against the norm was immoral and unacceptable for a country that identified itself as the leader of the free world. Norms can change actors' conceptions of what is right and wrong, and they therefore can alter the way individuals and societies interact with one another.

—*Anne L. Clunan*

See also Game Theory; Hegemony; Institution; Organizational Learning; Rule; Social Constructivism; Tradition

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North American Free Trade Agreement

The North American Free Trade Agreement (NAFTA) permits trade between Canada, Mexico, and the United States on an unrestricted basis. It was signed in 1993 and came into effect on January 1, 1994. It was unprecedented in that it involved two developed countries and a developing country. The agreement is also significant in terms of its comprehensiveness. It contains provisions on market access (including oil and energy sectors, agriculture, and auto industries), new investment rules (including the arbitration of private investor/government disputes by the World Bank), intellectual property rights, dispute resolution procedures, and two side-accords on environmental and labor standards.

NAFTA was presented by the three negotiating governments in the context of regional trade developments in Europe and the Asia Pacific and as a means of ensuring North American competitiveness. Since its implementation, it has been viewed as a preliminary experiment en route toward the Free Trade Area of the Americas (FTAA) and, ultimately, complete hemispheric integration. Initially, the prospects for all three countries were positive. The agreement was to facilitate growth in trade of capital-intensive exports and plant machinery from Canada and the United States and in labor-intensive exports from Mexico. With the final tariff reduction between Canada and Mexico coming into effect on January 1, 2003, supporters of NAFTA argue that manufacturers in all three economies can better realize their full potential by operating in a larger and fully integrated North American economy.

However, several developments have added to the controversy surrounding NAFTA since its implementation. The effects of Mexico's financial crisis of 1994–1995 were only attenuated after the U.S. government—eager not to jeopardize the future of NAFTA—lent its support to a US$17.8 billion credit agreement negotiated with the International Monetary Fund (IMF). In the aftermath of the crisis, Mexican trade surpluses have reduced support among workers

in the United States and Canada, who fear the migration of jobs to Mexico and an influx of migrant labor. In Mexico, NAFTA has been just as controversial. In preparation for NAFTA, the government of President Carlos Salinas de Gortari passed agrarian reforms that fomented political unrest among Mexican peasants and triggered the Zapatista rebellion in the state of Chiapas. The agreement is also held responsible for the increase in the number of export-processing plants along the U.S.-Mexican border. These *maquiladora* plants tend to rely upon low-paid, largely female, labor for their cost advantages and have been accused of fostering exploitative working conditions. Furthermore, critics have also pointed to the reliance upon such industries as precluding the attainment of competitive advantage or the increased technological capacity in Mexico.

—Greig Charnock

See also Arab Integration; Economic Integration; Free Trade Area of the Americas; Hemispheric Integration; Mercosur; Most-Favored Nation Principle; Rules of Origin

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NORTH ATLANTIC TREATY ORGANIZATION

The North Atlantic Treaty Organization (NATO) is a military alliance of twenty-six countries from Europe and North America that is based on the 1949 North Atlantic Treaty. Its role is to ensure the freedom and security of its members by both political and military means. NATO members offer each other a mutual security guarantee (Article 5), meaning an attack on one is treated as an attack on all. Its tasks are to ensure

security within the NATO area based on the growth of democratic institutions and a commitment to peaceful resolution to conflict, to act as a transatlantic forum for discussion of issues affecting the vital interests of members, to provide defense and deterrence against attacks from outside, and to enhance the security and stability of the wider Euro-Atlantic area through partnership with nonmembers and contributing to crisis management. Moreover, NATO is seen as more than just an international organization, it is also viewed as a security community and as a transatlantic community of states with shared values.

During the Cold War, with Europe split into two opposing security blocs—NATO and the Warsaw Pact—NATO's mission was clear cut: territorial defense. Since the end of the Cold War, NATO has sought a new role in crisis management as the transformation of the security situation in Europe made its original purpose seem dated. The Euro-Atlantic Partnership Council, the NATO-Russia Permanent Joint Council, and the NATO-Ukraine Commission, not to mention successive enlargements to include former–Warsaw Pact and even Soviet states as NATO members, have meant that NATO members are now working closely with their former common enemy. After it agreed on a new strategic concept in 1991, NATO also accepted that security has nonmilitary dimensions and has moved to incorporate these into its policy formulation with initiatives, like the Mediterranean Dialogue and the Istanbul Cooperation Initiative, aiming to enhance stability in its neighborhood through dialogue and cooperation. NATO forces have also engaged in out-of-area military interventions, notably in Kosovo in 1998.

However, despite reform and enlargement efforts, NATO's long-term role remains unclear. While there is little threatening the NATO, or indeed the notion of a transatlantic security community, the sense of a transatlantic community based on shared values is receding. While transatlantic cooperation on international terrorism and other security issues remains strong, the European Union is now developing its own security capabilities with its Common European Security and Defense Policy, and, notably since the election of U.S. President George W. Bush in 2000,

European and American thinking on some aspects of security policy seems to have diverged. In particular, the American-led invasion of Iraq in 2003 was divisive for NATO and has led to further calls for a recasting of the transatlantic relationship.

—Jocelyn Mawdsley

See also Baltic State Cooperation; Regional Governance; Security; Security Community

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North-South Regionalism

North-south regionalism refers to the creation of a regional arrangement between developed and developing countries. As with other examples of economic regionalism, the level of integration in a north-south regional project can vary from the loose ties of a preferential trading agreement to the deep linkages that point toward an European Union-style union. The particular point of interest in a north-south regional project is the question of power asymmetry between the member countries. Where a north-north or south-south regional project is likely to see a certain degree of imbalance in the relative power of countries negotiating an agreement, this imbalance is markedly heightened in a north-south region. The northern country generally occupies a clearly predominant position and, as such, is able to substantially dictate the terms of the regional agreement.

There are a number of reasons why north-south regional projects have emerged over the last fifteen years, which can generally be grounded in the changes in the international political economy caused by the end of the Cold War and the acceleration of globalization in the early 1990s. In the late 1980s and the early 1990s, the dominant thinking in international

economic relations posited the rise of three megablocs centered on Japan, Europe, and the United States. Within the context of the Cold War, developing countries had been able to play on global ideological tensions to obtain preferential access to one of these markets, a strategy which became obsolete after 1989. A central policy concern preoccupying leaders in developing countries thus became one of locking in guaranteed and preferential access to developed-country markets, ensuring that they were not ignored in the rise of competition between the three industrialized megablocs. The need to do this was magnified by changes in multinational corporation production techniques, which saw the transnationalization of just-in-time production techniques and the distribution of manufacturing processes across the north-south divide, particularly through *maquiladora*-style export processing zones. A concomitant transformation in the domestic political economy of developing countries took place, leading to the rise of new, export-oriented policy coalitions grounded in locally owned export assembly firms and agro-industrial combines. The result was a shift in the external context for many developing countries, making the formation of a region with a northern country a logical strategy for proactively defending the market access necessary to maintain the new patterns of national economic growth.

The imperatives pushing developed countries into a north-south regional project differ substantially from those seen in developing countries. A need for guaranteed market access is significantly less important given the preexisting patterns of economic dependence that continues to mark north-south relations. Instead, the ambition is one of exporting particular conceptualizations of the neoliberal model of globalization and using the carrot of region membership as a device for addressing the new security issues that dominate the north-south frontier. A particularly notable aspect of the north-south regional projects highlighted by U.S. policy is the expansion of northern trade laws and regulations into the south, in this case Mexico, Central America, and the Caribbean basin. While this does provide a high degree of regulatory homogeneity amenable to transnational U.S.

firms, of greater importance is the subtle dissemination of a particular pattern of addressing global trade liberalization, pointing to a new ideological element in the region formation process. This becomes especially important in the context of hemispheric and world trade talks, where a principle of one country, one vote operates in consensus-driven negotiations. In this context, north-south regionalism becomes a strategy for propagating a "commercial fifth column," creating a natural alignment of national interests by binding the economic elite in the developing country to firms in the developed country. The result is the formation of an implicit consensus on how the neoliberal model should be conceptualized and pursued. Active acknowledgement of the competing version of the neoliberal ideology does play a role in interregional talks seeking the formation of north-south regions, with Mercosur's parlaying of U.S. and European Union (EU) attentions emerging as an example of developing countries seeking a better agreement by playing one side against the other.

The utility of regional agreements as a device for disseminating regulatory and legal structures is also important in the new security agenda embedded in north-south regionalism. During the bargaining process to form the regional arrangement, the northern country is able to use the carrot of guaranteed access to its market as encouragement for reforms in areas such as environmental protection, labor regulation, as well as democracy and human rights. Indeed, inclusion of human rights and democracy provisions plays a central role in the draft texts and conditions that the EU sets for both expansion of the bloc and formation of interregional agreements. A consistent and forceful element of the long-running talks on Turkish membership in the EU focuses upon democracy and human rights. The formation of a north-south regional arrangement can also play a central role in attempts to control or redirect illegal migration flows by extending the opportunities of northern countries to residents of southern countries. Both NAFTA and EU agreements with North Africa contain an element of immigration diversion within their founding logic. Finally, the prospect of membership in a regional agreement can be used to encourage support in other policy areas. For example, support of military action by a dominant northern country might be rewarded with a new trade deal or the furthering of a regionalist project. In sum, although the pursuit of north-south regionalism has important economic underpinnings, the economic rationale is equally likely to be used as camouflage for an underlying political project.

—Sean W. Burges

See also Development Theory; Regional Governance; Security

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OCCUPATION

See MILITARY OCCUPATION

OFFSHORING

Offshoring refers to the practice of relocating business functions and practices to foreign locations in order to benefit from differential costs. Usually, offshoring entails the switching of jobs to locations where labor costs are lower. While firms are attracted to offshoring as a means of increasing productivity and competitiveness, the practice has proven to be politically sensitive as jobs in advanced economies are outsourced abroad.

This form of outsourcing has been taking place in manufacturing sectors since the 1960s, when a number of American firms switched more routine assembly operations to low-cost labor locations. By the end of the 1960s, for example, many American firms had switched production to the *maquiladora* plants along the U.S.-Mexican border. These processes have since intensified with agreements such as the North American Free Trade Agreement (NAFTA). The impetus behind offshoring in the United States was created by the need to remain competitive as new firms entered the market.

More recently, offshoring has involved moving service–sector, white-collar jobs in advanced economies overseas to locations predominantly in India and Asia. The current trend in offshoring computer-programming and call-center jobs, for example, has been facilitated by developments in information technology and communications. It is now possible to shift the location of service providers to low-cost locations without the end user being aware.

Advocates of offshoring argue that it benefits the firm by reducing costs, improving employee productivity, and allowing firms to focus on core research and development activities. This allows for increased competitiveness and benefits the firm by producing higher profits. Some of this can be reinvested in higher value-added activities. This contributes to the higher average productivity of the domestic economy, raises incomes, and benefits the consumers, who can enjoy lower-cost, reimported goods and services.

However, critics of offshoring argue that the longer-term gains enjoyed by firms and the economy as a whole are countered by the effects upon those domestic workers whose jobs are outsourced. Offshoring is accused of creating job insecurity and downward pressures upon wages. The recent trend in outsourcing white-collar jobs has made offshoring a significant political issue in the United States. During the 2004 presidential elections, offshoring was an issue of frequent debate and was blamed in some quarters for the phenomenon of "jobless recovery." Advocates of offshoring have dismissed such claims as stemming from a "protectionist" political agenda and have argued that only a small percentage of white-collar jobs are

affected by offshoring. They have also argued that the reverse practice of "insourcing"—foreign firms switching high-end jobs to advanced countries like the United States—is compensating the economy as a whole.

—Greig Charnock

See also Export processing Zones; Fordism and Post-Fordism; Foreign Direct Investment; Globalization; International Division of Labor; Production Chain; Production Network

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Oil Crisis

Oil provides the main source of energy for advanced industrial economies. A sudden rise in the price of oil due to, for example, speculation or to a severe disturbance in the existing relationship between supply and demand can therefore create an oil crisis. This can endanger economic and political stability throughout the global capitalist economy. In the postwar period there have been two major oil crises. The prospects for further crises cannot be discounted.

The first major oil crisis of the postwar era occurred in 1973. This was caused when Arab members of the Organization of Petroleum Exporting Countries (OPEC) decided to quadruple the price of oil to almost $12 a barrel. Oil exports to the United States, Japan, and Western Europe, which together consumed more than half the world's energy, were also prohibited. This decision was made in retaliation for Western support for Israel in the Yom Kippur War with Egypt and in response to a persistent decline in the value of the U.S. dollar (the denominated currency for oil sales), which had eroded the export earnings of OPEC states. With the global capitalist economy already experiencing difficulties, these actions precipitated a steep recession accompanied by rising inflation. This forced capitalist nations to embark on a process of economic restructuring in order to reduce their dependency on oil and prompted fears that the United States might take military action in order to secure free access to its energy supplies. Although the oil embargo was lifted in 1974, oil prices remained high, and the capitalist world economy continued to stagnate throughout the 1970s.

The second major oil crisis occurred in 1979 as a result of the Iranian revolution. High levels of social unrest severely damaged the Iranian oil industry, leading to a large loss of output and a corresponding rise in prices. This became even worse following the outbreak of the Iran-Iraq War, which further added to the level of instability throughout the region. In 1981, the price of oil was stabilized at $32 per barrel. By 1983, however, with major capitalist economies having adopted more efficient methods of production, the problems of the 1970s had been transformed into a relative oversupply of oil rather than a shortage.

At the present time, world oil prices have reached record levels. This is primarily due to political instability in the Middle East and to a growing demand for oil from developing nations. Despite this, the emergence of another severe energy crisis has so far been averted. This is due to the historically low levels of interest rates being maintained in advanced capitalist economies in response to the onset of a world recession from the turn of the millennium. Nevertheless, the prospect of a future crisis cannot be discounted, especially given the ongoing expansion of the international economy coupled with the finite stock of world oil.

—Steven Kettel

See also Organization of the Petroleum Exporting Countries; Political Economy

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OLIGOPOLY

See IRON LAW OF OLIGARCHY

OMBUDSMAN

The ombudsman was created by the King of Sweden in 1806 in order to control the application of laws by the administration. By the second half of the nineteenth century, it became an institution by which the Swedish Parliament could exert more control over the executive branch of government. It was only during the twentieth century that the ombudsman came to provide citizens with a way of fighting against the arbitrariness of bureaucracy. The Office of Ombudsman spread from Sweden to the other Nordic countries (Finland 1919, Denmark 1955, Norway 1963), and then on to Commonwealth countries in the 1960s and the majority of Western democracies in the 1970s and 1980s. It has taken various names: *Defensor del pueblo* in Hispanic countries, *médiateur* in French-speaking countries, and *Provedor de Justiça* in Portuguese-speaking countries. Its success has been such that many ombudsmen have also been created at regional and local political levels, in numerous administrations or specialized parts of the state, and in parts of the private sector, including banks, telecommunications, transports, insurance companies, energy companies, television stations, and newspapers.

The creation of the ombudsman has been the subject of various interpretations. Some have seen it as a political strategy to democratize the administrative work that is continually spreading and appearing opaque and arbitrary to citizens. Others have analyzed it as a political gadget intended to produce greater legitimacy for institutions in crisis. In the particular case of European institutions, some researchers have interpreted the ombudsman as a way for the weak European Parliament in Strasbourg to control the powerful community administrations in Brussels.

Naturally, ombudsmen vary in their status and in the ethical principles that they seek to apply. Their independence, their competence, and their powers to carry out investigations also vary across countries.

The ombudsman is presented as independent in relation to the political and financial powers and the administrative hierarchy. It is presented as affirming its impartiality and as guaranteeing the confidentiality of any information that is brought to its attention. These ethical principles of independence, impartiality, and confidentiality sustain its legitimacy. In practice, however, these ethical principles can prove less clear-cut than one might like, as, for example, when an ombudsman is appointed by the very administration whose activities it is meant to oversee.

Complaints to the ombudsman are generally submitted directly by the citizens, although in some states, such as France and the United Kingdom, complaints must pass through a member of Parliament. As a general rule, ombudsmen cannot investigate complaints until they have been raised with the public agency concerned, because most agencies have internal procedures for handling complaints. The complaint system is flexible, without formal requirements and free of charge. The field of competence of the ombudsman can be broad and related to conflicts with all administrations or narrower and limited to only some of them.

The ombudsman's means of investigation and action can be ample (capacity to introduce legal claims, to carry out surveys on its own initiative, to sanction) or they can be confined to the request of the citizens and the formulation of recommendations. Thus, for example, the ombudsman can give an opinion in the event of injustice caused by maladministration. This concept is not easy to grasp. It covers the questions of delay, incompetence, giving wrong information, arbitrariness, discrimination, and neglect. These criteria must be related to what would have been fair and reasonable in the circumstances of the case.

The effectiveness of the action of the ombudsman is often analyzed in quantitative terms. In all countries one notices the continued increase of its activity since its creation, which surely suggests that it corresponds to a real social need. Nonetheless, it is probably the symbolic dimension of the ombudsmen that is of most

importance. The ombudsman is presented as the "white knight" of democracy against bureaucracy, the defender of the citizen mistreated by blind technocratic machinery. From this point of view, the ombudsman is less a mediator (whose ethic obliges him or her to be impartial) than a defender and an agent of moralization and institutional change. Thus, for example, its decisions set precedents, building up guides to "good practices" and expressing a philosophy of good administration and good governance.

Finally, one can think of the ombudsman as not only a plumber fixing communications between citizens and the administration, but also as playing a genuine role of political control and as a vector of democratic change. The intensity of its impact depends naturally on its status and capacities, as well as on its degree of independence. These variables define the legitimacy that is allocated to the ombudsman in each national or local political and administrative culture.

—*Jacques Faget*

See also Accountability; Bureaucratic Politics Approach; Conflict Mediation; Oversight; Regulation

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OPEN AND CLOSED REGIONALISM

Open regionalism and *closed regionalism* are terms that refer to the degree of outward or inward orientation, respectively, of regional trading agreements to the multilateral trading system. This topic has received much attention in the fields of international political economy (IPE) and economics, particularly due to the sharp increase in the number of new regional organizations formed toward the late 1980s and early 1990s. The debates in these fields have focused on whether these new agreements would act as barriers or catalysts to deeper global economic integration.

Closed Regionalism

Closed regionalism is characterized by trade agreements that lower or eliminate barriers to trade among member states of a regional organization, which are not extended to external countries. Closed regionalism is typically associated with the first wave of regional integration initiatives (or "old regionalism") that started during the 1950s. These initiatives mainly took the form of free trade areas (FTAs), which eliminate internal barriers to trade and customs unions (CUs), which include harmonized external tariffs among member states. Among countries in Africa and Latin America, for instance, FTAs and CUs, such as the Latin American Free Trade Association (LAFTA), were combined with industrial planning to implement a development strategy known as import substituting industrialization (ISI). The ISI strategy called for the deliberate discouragement of imports into the region so that these countries could take advantage of the increased size of the regional market and develop their domestic industries. Many of these agreements were unsustainable for various political and economic reasons and by the end of the 1970s had not continued forward.

Open Regionalism

Open regionalism, by contrast, is more outward oriented to where intraregional trade preferences are extended to countries outside the region in a movement toward greater trade liberalization. Open regionalism is the form taken by the second wave of regional activity (or "new regionalism"), which began in the mid-1980s and sharply increased after the end of the Cold War. While these new regional developments raised concerns that the global trading system was witnessing a repeat of the rise of protectionist blocs prevalent in the first wave of the 1950s, the more open nature of these recent projects has instead shifted the debate toward whether or not these regional trading arrangements are impediments, rather than barriers, to

increased multilateralism. Examples of open regionalism may be found in the Mercado Común del Sur (or Mercosur/Southern Common Market), although with limits, and the Asia Pacific Economic Cooperation (APEC) forum.

Trade Creation and Trade Diversion

One of the central concerns expressed by economists with regard to closed and open regionalism is that of the welfare-oriented effects of trade creation and trade diversion. Jacob Viner, in his seminal work on the topic, *The Customs Union Issue,* defined trade creation as occurring when countries within an FTA or a CU are able to shift production from the highest-cost to the lowest-cost producer within the region as a result of eliminating internal trade barriers. In this instance, it is argued that welfare increases for both those countries in the area and in the world. However, if the lowest-cost producer is not one of the countries within the area, but one outside of it, and the FTA or CU, through its external tariffs, causes production to shift from the lowest-cost to a higher-cost producer within the region, trade diversion occurs along with an associated decline in regional countries' and world welfare.

Regionalism and Multilateralism

Many neoclassical economists have expressed concern over the phenomenon of regionalism with regard to the multilateral trading system. In terms of trade creation and trade diversion, they argue that a multilateral system versus a system comprised of regional trading blocs increases overall welfare through the shifting of production to the lowest-cost producers on a global scale. With regard to the closed regionalism of the 1950s and 1960s, these economists argue that the increases in external trade barriers led to short-term welfare losses due to trade diversion. Furthermore, they argue, protection from external competition may have led to high-cost regional producers not having the incentives for more efficient production.

In the case of open regionalism, however, it appears that through strategic trade initiatives, where regional industries are exposed to external competition while receiving other incentives to produce more efficiently for export, the global trading system is not experiencing the pattern of protectionist trade blocs observed in the first wave of regionalism. While it is unclear for certain, it is argued that a short-term decline in welfare may be experienced as a result of trade diversion within these regions. However, unlike the closed form of regionalism, it is also argued that this new form may be furthering the process of global economic integration and may perhaps lead to an increase in multilateral trade in the near to long-term future.

—Stephen Buzdugan

See also Asia-Pacific Economic Cooperation; Globalization; New Regionalism; Regionalism; Resource Dependency Theory; Substate Regionalism

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OPEN GOVERNMENT

Open government is best regarded as the technique or techniques through which the principles of openness and transparency are given effect. It is now a truism that these principles are essential to the development of governance, which is responsible, accountable, and responsive to citizens. This perception has developed in the light of what some regard as the democratic deficit in national and supranational jurisdictions: Greater transparency has been seen as a corrective to governance that is too complex and remote.

But if there is little dispute about the desirability of the underlying principles, the consensus has often broken down when it comes down to their translation into practice. Aside from anything else, an open government

regime is potentially challenging to established modes of government. It has two principal strands:

1. Greater access to information for citizens. This may be further subdivided into reactive and proactive release of information. The first is typically delivered through Freedom of Information (FOI) laws, which give citizens a right of access, which is subject to exemptions and under the oversight of an independent adjudicator. In parliamentary systems, these rights are often supplemented by the right of elected members to obtain information from the executive branch of government. Proactive release is less commonly subject to legislation. To implement such a regime, a public authority has to exceed its customary obligations to produce policy papers or to meet the requirements of legislators and regulators. The objective is to inform public debate through the release of research, background analysis, and the like—without the need for FOI requests.

2. Greater access to the decision-making process. Good-quality, timely information may be an essential condition for greater openness, but it is not sufficient by itself. Citizens and their proxies must have the opportunity to engage with officials throughout the policy-making process and beyond. Attempts have been made to regulate this strand of open government. For example, the United States introduced statutory rights of access to government meetings—subject to exceptions—through the government in the Sunshine Act of 1976. But it is inherently difficult to put a legislative framework around the policy and implementation processes. The real prize is to encourage behaviors that build a dialogue between citizens and government—in short, to develop a culture of openness in which officials seek to draw citizens into the process without being forced to do so on pain of sanction.

—*Andrew McDonald*

See also Data Protection; Electronic Records; Freedom of Information; Information Access Laws

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Optimal Decision Making

A decision maker is said to behave optimally with respect to a given set of preferences or objectives whenever he or she chooses an alternative that is weakly preferred to (i.e., at least as good as) the other alternatives on the menu of available options. When the relevant objective is easily understood from context—as in the case of a manufacturer who wishes to minimize production costs—the decision maker is often said simply to behave optimally.

Scholarly work on optimal decision making can be usefully divided into two broad and overlapping areas of study. The engineering discipline known variously as decision analysis, management science, or operations research focuses on well-specified problems involving a clear objective and usually adopts an explicitly prescriptive outlook. Within economics, on the other hand, the principle of consumer sovereignty, which states that the social scientist should not impose his or her own tastes or values on the individuals under investigation, has led to a tradition of axiomatic work that links assumptions about preferences with conclusions about the associated optimal behavior, but that, for the most part, remains in the descriptive mode. (Also in this mode there is an enormous amount of literature in psychology documenting and seeking to explain the observed suboptimality of actual human choice behavior in precisely the types of scenarios in which the techniques of decision analysis might be profitably applied.)

As an illustration, consider the problem of choosing whether or not to proceed with a particular business or public policy proposal, such as building a new factory in Malaysia or setting aside land for a state park. Here, management science would explain how to construct the appropriate "decision tree" diagram showing the chains of events that might lead to different possible consequences of the two available options; it would suggest how to assess the costs, benefits, and probabilities relevant to the choice; it would show how to combine all of this information to form estimates of the expected values of the alternatives; and it would recommend proceeding only if the

estimated value of doing so exceeds that of the status quo. Such an analysis would draw upon results from axiomatic choice theory that characterizes normatively justifiable behavior over time and in the presence of uncertainty. And in a "rational choice" model in which the fate of the proposal in question were to be decided by a particular corporate executive or public servant, this agent might be presumed to act according to the decision-analytic prescriptions previously described.

In strategic settings, the appeal of an alternative to a given agent will depend upon the actions taken by one or more other agents. Optimal decision making in situations of this sort is the province of game theory.

—*Christopher J. Tyson*

See also Bounded Rationality; Decision Making; Game Theory; Groupthink; Rational Choice Theory; Revealed Preference; Satisficing Behavior

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OPTIMUM CURRENCY AREAS

Economies form a currency area if they use the same legal tender or have their exchange rates irrevocably fixed. An optimum currency area is a theoretical notion, which suggests extending the size of a currency area to the point where the benefits of using a common currency just outweigh the costs of giving up one's own currency. The literature on what determines the possible benefits and costs flourished until about the mid-1970s and then fell into oblivion.

European monetary integration led to a renaissance of the theory of optimum currency areas (OCA), culminating in the 1999 award of the Nobel Prize to Robert Mundell. His seminal article in 1961 framed the problem of forming a currency area in purely economic terms. It amounts to a cost-benefit analysis of irrevocably fixing the exchange rate. Countries that form a currency area lose, on the one hand, the exchange rate as a presumably effective instrument of adjustment to shocks that affect these economies differently. On the other hand, the member countries of a currency area benefit from lower transaction costs of switching between currencies. The optimum size is reached when the loss from higher adjustment costs are equal to the gains from using fewer currencies.

The benefits of lower currency transaction costs were straightforward and did not arouse much interest, while the determinants of rising adjustment costs became an ever-longer list. Increasing adjustment costs are of less concern, first, if shocks affect the countries or regions in similar ways so that a devaluation or revaluation of the exchange rate would not help. This is the case if the countries in question have a diversified or a similar economic structure. If shocks are asymmetric, however, the costs of forming a currency area can still be manageable if, secondly, other adjustment instruments can substitute for the exchange rate. These other adjustment mechanisms—or "OCA criteria," as they are called by scholars in the field—comprise labor mobility and to a lesser degree capital mobility, flexible prices or monetary wages, and fiscal federalism. Whenever a member of the currency area suffers more from unemployment or inflation as a consequence of a shock, these market mechanisms or government policies would replace exchange-rate changes that otherwise could have led to rising employment (devaluation) or the easing of price pressures (revaluation).

Obviously, no existing currency area is "optimal" in the sense of this theory because none has ever been determined by equating macroeconomic costs and microeconomic benefits. The renaissance of the OCA theory in the 1980s was all the more remarkable, as two developments in economics had questioned two basic assumptions of OCA theory. First, modern conceptualizations of the exchange rate raised doubts in regards to the effectiveness of the exchange rate as a reliable and effective adjustment instrument. In fact, the occurrence of self-fulfilling currency attacks implied that there was no such thing as an irrevocably

fixed exchange rate. Second, the rational expectations revolution in economic methodology suggested that evaluating the various OCA criteria *ex ante* suffers from a fundamental flaw. The Lucas critique of econometric policy evaluation states that rational economic agents anticipate and respond to policies; their behavior and therefore the "structure" of markets cannot be taken as given. This implies that the OCA criteria will change with monetary integration itself; they are "endogenous" and cannot be evaluated *ex ante.*

This latter insight is the core of the "new" theory of optimum currency areas. It explores, for instance, whether economic structures converge or diverge due to intensified trade and increasing competition that comes with more price transparency. In theory, this could give rise to a paradox: If the member economies become more specialized and thus more susceptible to asymmetric shocks, a currency union that satisfied the OCA criteria *ex ante* may become suboptimal *ex post* for the very reason that it has been formed.

The insights of the new OCA theory can be instrumentalized politically. This was arguably what gave this rather simplistic economic theory a new lease on life in the late 1980s when European monetary integration was conceived. If structural characteristics of member countries change with monetary integration, policymakers could argue that labor markets had to become more adjustable and prices and money wages more flexible because there would no longer be an exchange rate that could devalue in order to compensate a loss in competitiveness. The evaluation criteria for an optimum currency area can thus be presented as norms for the currency area to be formed. This turns the original argument on its head. It allowed making an economic case for stirring up the corporatist arrangements in many European member states that were held responsible for high unemployment ever since the 1970s.

However, the theory did not prepare governments for the intricacies of central banking and policy coordination in a monetary union without fiscal federalism. This suggests that it was not its sound economic argument but a political strategy to restructure socioeconomic governance in member states that made

OCA theory so popular in the development of the Economic and Monetary Union (EMU) of Europe.

—*Waltraud Schelkle*

See also European Union; Monetary Union

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ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Created in 1961, the Organisation for Economic Co-operation and Development (OECD) is a forum where advanced industrialized democracies seek to promote cooperative solutions to the world's economic and social problems. To this end, the OECD (a) collects, analyzes, and disseminates data; (b) provides a setting where officials from national governments can meet to exchange ideas and experiences; (c) promulgates codes and standards of best practice across a whole spectrum of policy areas including *inter alia,* the environment, trade, taxation, investment, tourism, energy, employment, and development (member states are expected and nonmember states are encouraged to comply with these directives); (d) undertakes ongoing surveillance and periodic peer review to ensure members are adhering to the OECD's strictures; and (e) facilitates the work of other international organizations, principally the WTO and the G7, through the provision of analytical and ideological support and acting as a venue where states can prenegotiate or resolve issues that are proving intractable in larger multilateral institutions. In recent times, the OECD has shown some ambition to become a standards

enforcer. These intentions have been thwarted by the absence of any coercive instruments available to the OECD and challenged as both illegal and illegitimate.

The OECD was erected on the foundations of its predecessor, the Organisation for European Economic Co-operation (OEEC). The OEEC was founded in 1948 to administer the Marshall Plan and won acclaim for helping to restore the health of the postwar European trading system through dismantling quantitative barriers and providing credit facilities through the European Payments Union (EPU). However, by the late 1950s it was decided that a new transatlantic organization was required where industrialized states could meet on equal terms (as opposed to the donor-recipient structure personified by the OEEC) and which acknowledged the obligations of rich, industrialized countries to developing economies. The European label was dropped, a development dimension was added in the form of the Development Assistance Committee (DAC), and the OECD was inaugurated. As of 2004, the OECD had 30 members. Originally an exclusively transatlantic organization, today the OECD boasts members from all but the African continent. In the 1960s and 1970s, the organization welcomed its first Asian and Australasian members with the accession of Japan (1964), Australia (1971), and New Zealand (1973). A second wave of expansion in the 1990s saw the accession of the first Latin American country, Mexico (1994), a second Asian country, South Korea (1996), and four of the former communist countries of Eastern Europe: the Czech Republic (1995), Hungary (1996), Poland (1996), and the Slovak Republic (2000). Theoretically, membership of the OECD is open to any country committed to the principles of a market economy and pluralistic democracy but in practice membership appears to have been driven by the geostrategic imperatives of U.S. foreign policy.

The bulk of the OECD's work is carried out by a labyrinth of committees and working groups supported by the Secretariat, housed at the organization's Paris headquarters. There are some 200 committees and working groups at the organization composed of officials from national capitals and representatives from permanent delegations to the OECD. Their task is to undertake peer reviews of member state policies to evaluate their performance, encourage improved policy making in the future, and to check compliance with standards and principles agreed on by the OECD. The Secretariat, numbering some 1,670 in 2003, supports the work of committees and working groups by managing the overall peer review process, providing documentation and analysis, catalyzing discussions, and providing institutional memory.

Today, the OECD is facing formidable challenges to its authority. First, the OECD is facing intensified institutional competition from the G7, the European Union (to which 19 of the OECD's members belong), and a proliferation of private think tanks and international meetings, such as the World Economic Forum. These institutions duplicate the roles played by the OECD and mimic the restricted membership, ideological predisposition, and informal approaches pioneered by the organization. This problem is exacerbated because the OECD roams across many different policy areas and lacks clear bureaucratic ownership in national capitals. Second, the absence of a number of major economies, particularly China, India, Indonesia, Russia, South Africa, and Brazil, has undermined the OECD's claims to be the preeminent club where industrialized countries can resolve tensions. Third, the OECD has been tarnished by high-profile policy failures, most notably the abortive attempt to introduce the Multilateral Agreement on Investment (MAI) and the impasse now facing the Harmful Tax Competition Initiative. Critics observe that while OECD countries are economically dominant, representing sixty percent of the world's Gross National Income, they are home to only nineteen percent of the global population, damaging any aspirations it may have to be a genuinely global standards setter. Under the stewardship of Donald Johnston, the OECD Secretary General since 1996, the OECD has embarked on a reform strategy to strengthen its authority and legitimacy. The OECD has streamlined and restructured its committee system to better reflect the changing global environment, sought to strengthen relations with civil society actors via the creation of the Annual Forum, and is presently devising a strategy to enlarge its membership and consolidate relations

with nonmember countries. However, this reform program is beset with contradictions and ambiguities and may be too cosmetic to tackle the problems facing the organization.

—Richard Woodward

See also Corruption; Data Protection; Development Assistance Committee; European Union; Group of 7; Health Care; International Organization; World Trade Organization

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ORGANIZATIONAL CULTURE

Commonly, an organization's culture is defined from an integrative perspective where it is believed to consist of those beliefs, assumptions, values, norms, artifacts, symbols, actions, and language patterns shared by all members. In this view, culture is thought to be an acquired body of knowledge where the common interpretation and understanding of shared meanings among members give the organization its identity and its members a sense of identity. An integrative approach assumes clarity and organization-wide consensus among members and discounts ambiguity.

However, organizational culture can also be viewed from at least two other perspectives. A differentiation perspective takes a more decentered view. The analysis centers not on the whole, but rather on consensus as it is arrived at only within the boundaries of subcultures, which often conflict with each other. Outside the confines of the subcultures, ambiguity and inconsistency exist organization-wide (e.g., where members may say one thing and do another). A fragmentation approach discounts consensus and consistency or inconsistency

as defining characteristics of culture and focuses on ambiguity as the essence of culture. Here, agreement and disagreement are constantly changing and no stable organization-wide or subculture consensus exists.

Understanding and interpreting organizational culture is important as it affects organizational development, productivity, and learning at all levels. The underlying, often taken-for-granted cultural assumptions can both enable and constrain what an organization is able to do.

Culture as Organizational Personality

Organizational culture has been referred to as an organization's psychological assets. It can be viewed as holistic (or more than the sum of its parts), historically determined (a collection of rituals and symbols), socially constructed (or created and preserved by the group who form it), and difficult to change. A culture contains patterns of assumptions that lead to behaviors that work for the organization. Many of these assumptions are underlying, unquestioned, forgotten, and may, for the most part, be unconscious to organization members. Even so, these collective beliefs shape organizational behavior. Therefore, people's actions and preferences may not always be their own, but, rather, are largely influenced by socialization processes based in the culture or subcultures of the organization to which they belong. Behaviors are controlled by the beliefs, norms, values, and assumptions rather than being restrained by formal rules, authority, and the norms of rational behavior. As a result, an organization's "personality" may be more important to performance and motivation than the exercise of rewards and sanctions.

Constructing Organizational Culture

An integrative framework for understanding organizational culture is often constructed to depict three layers of organizational interaction. The outermost layer, and the most visible, consists of cultural symbols and artifacts, such as the language used (jargon), ceremonies, stories, rewards, symbols displayed, heroes remembered, and history recalled. Heroes, real or imagined,

alive or dead, often serve as models for behavior. Also included are the visible organization structures and processes. The middle layer consists of values and beliefs, or what members believe "ought to be" in the work of an organization. These values may be unconscious to those who hold them, often are automatically assumed, seldom discussed, and can only be inferred by the way people act in various circumstances. Ideologies, attitudes, and philosophies are found in this layer as well. Finally, the innermost and deepest level of culture consists of basic assumptions that capture the fundamental notions of how members are to relate to the environment and to each other. They are often taken for granted and are below the level of consciousness for most members of the organization. These basic assumptions, usually invisible to the outsider and taken for granted by the insider, can only be made known through interpretation, which is often imperfect and incomplete. It is thought that at this level the unconscious, taken-for-granted beliefs, perceptions, thoughts, and feelings are the ultimate sources of values and what motivates behavior.

Manifestations of Organizational Culture

Culture can manifest itself in a number of ways. Visible, but often indecipherable, are the behavioral regularities in the way people interact. Examples include the language used, customs and traditions practiced, and rituals employed in a wide variety of situations. Next and also visible are those publicly announced principles and values the group claims to be trying to achieve and the ideologies and broad policies that guide a group's actions. They may represent a formal philosophy presented to employees and stakeholders alike, as well as the implicit rules for getting along in the organization ("the way we do things around here"). Also included in this level is the climate or the feeling conveyed by the group in physical layouts and the way members interact with each other, stakeholders, and outsiders. Less visible manifestations include habits of thinking; shared mental models that guide perceptions, thought, and language used by the group; and shared meanings and symbols that include ideas, feelings, and images that may not be appreciated consciously by members.

Organizational Culture and Change

An organization's culture can be strong or weak, functional or dysfunctional. In an organization with a long history, stories and heroes may more strongly reflect its values. For instance, in organizations with strong cultures, such as the military and others with long traditions, the indoctrination of its members is standard and enduring; values are continuously reinforced in terms of rituals, symbols, and rules or expectations for patterns of behavior. These features of culture are internalized throughout a person's membership in the organization and perhaps beyond. In such organizations, when its members are faced with uncertainty, they can often make decisions without direction and take action consistent with the mission. Conversely, strong cultures can inhibit organizational transformation where greater flexibility and adaptation are required to respond to changes in the external environment.

Organizations need to be agile and able to adjust to the rapid and exceedingly high degrees of technological change in order to maintain their effectiveness. Organizational change may require cultural change. Therefore, recognition and understanding of the patterns of basic underlying assumptions that guide behavior in an organization are essential.

—Richard F. Huff

See also Informal Organization; Leadership; Organizational Field; Organizational Learning; Organization Theory; Professionalism

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ORGANIZATIONAL FIELD

An organizational field can be defined as a social area where organizations interact and take one another into account in their actions. Organizational fields contain organizations that have enduring relationships to each other. While these relationships can be cooperative or hierarchical, most fields have a power structure such that those organizations with the most resources dictate the rules of the game. Organizational fields are governed by shared rules and meanings. Rules define conventions that can be normative or consensual. Actors in organizations have cognitive frameworks that incorporate these shared cultural understandings of the rules and allow them to make sense of the behavior of other organizations in the field.

A stable organizational field can be thought of as a game where players have fixed positions and interact to contest or reproduce a given social order. They signal their intentions to one another and respond in turn. Organizational fields take the substantive forms of industries, markets, regimes, or policy domains. The idea of organizational field has proved useful in political science, sociology, and economics. There are a number of ambiguities in the use of the idea of organizational field. It is often difficult to determine exactly who is and who is not a member of the field. Broad definitions of organizational fields can include organizations that are not directly involved with the activities in the field. Therefore, suppliers, customers, and states may or may not constitute members of a field, depending on the case being studied.

The idea of organizational field originated in organization studies. Scholars were interested in trying to capture the socially constructed nature of organizational environments. This led them to postulate that organizations had "enacted" environments and that groups of organizations came together to form sectors. The idea of organizations forming a field with a certain set of social relationships that created a system of governance based on shared rules and meanings began to emerge in the 1980s.

The dynamics of organizational fields are a matter of great interest. Organizations try to create a field where they can promote the survival of their organization. The formation of organizational fields presupposes that there is an opportunity for such a field to come into existence. Most scholars agree that fields are more likely to emerge when there are organizations with lots of resources, where governments ratify or help organize fields, where there are entrepreneurs who propagate a conception of what the field should be, and where it is possible to build a coalition of organizations to produce a social order.

By definition, radical change in a field would imply that organizations disappear and the social order is transformed. Change usually occurs when there is a crisis in existing field relations where the positions of dominant organizations are no longer easily reproducible. Because there is always a certain amount of uncertainty in fields, it is often hard to see when a field is about to undergo radical transformation. Organizations will continue to defend the old order as long as they can. Changes to fields will often come from challengers or invaders into the field. These organizations propose a new conception of the field, and if they can find sufficient allies, they will transform the rules and relationships in the field.

—Neil Fligstein

See also Organizational Culture; Organizational Learning; Organization Theory; Social Network Theory

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ORGANIZATIONAL LEARNING

Organizational learning is the process by which an organization gains new knowledge about and responds to its environment, goals, and processes. Despite general agreement that organizations can learn and that learning is vital for organizations to survive in dynamic environments, there is little agreement about

several central questions: Who learns, organizations or individuals in organizations? What is the learning process? What is learned?

Organizational learning is not simply the aggregation of individual learning, nor is it something that occurs in the absence of individual learning. Herbert Simon wrote in 1997 that an organization's collective knowledge (both facts and procedures) is composed of two subsets, knowledge in the minds of its individual members and knowledge in its files and records. Learning is how the organization acquires this knowledge. Learning happens when an organization discovers that its actions have led to an intended outcome or when the organization identifies and corrects a mismatch between intended and actual outcomes. In both conceptions, individuals perform the actions that lead to learning, but it is the organization that develops roles, a culture and structure, routines, and values to direct its members' decision making.

Organizational learning can be thought of in a number of ways, depending on how an organization is conceived. If it is thought of as a group, learning is the acquisition of facts through the interaction of individuals performing a task. If it is a collective actor, learning is the development of action plans and the incorporation of information into its files. If an organization is a formal structure, it learns by adapting its roles and responsibilities to shifts in its environment. If it is a culture, learning is a process of socialization or the development of shared norms, values, and decision premises.

Another way to distinguish types of organizational learning is by what is learned. The frequent distinction here is between single-loop and double-loop learning (though the analogy should not be carried too far). Single-loop learning occurs when a mismatch between the intended and actual outcomes is observed and corrected without questioning the assumptions or values that gave rise to the actions and the expected outcomes. A common analogy for this kind of learning is a thermostat that reads air temperature and, if necessary, generates the proper airflow to reestablish the desired equilibrium. The mismatch may occur because a task demanded more time and energy than expected or because performance falls short of a priori

expectations. In response, an organization may learn new facts about the state of the world, new procedures to accomplish the desired task, new methods of communicating about current states of the world, or new methods for coordinating members' actions.

Double-loop learning occurs when the underlying assumptions or values are questioned by the organization. If the thermostat were to ask why it was programmed to maintain a temperature of 70 degrees or why it was programmed to monitor air temperature and not air quality, then it would be engaged in double-loop learning. Double-loop learning leads to new understandings of causal relationships, new norms or values to guide member behavior, and new organizational goals. The process of questioning assumptions may happen because of conflict among individuals and subgroups within the organization or because of pressure from outside the organization.

Many models of organizational learning assume that the process of learning is at least semirational and directed—organizations perceive problems and work to correct them. Some scholars argue that when an organization perceives a disjoint between the current state of the world and its preferred state of the world as a result of some exogenous shock, it searches for ways to adapt its behavior so as to achieve desired states of the world. The search process is probabilistic: The organization starts with likely solutions (related to its current procedures or ones that have worked for similar problems in the past) and continues until it has found a solution that is good enough. Although this perspective might allow for the possibility of adapting goals and aspiration levels, it generally assumes that organizations have essentially fixed preferences.

However, organizational learning may not be as ordered a process as most models assume. Organizations often simultaneously learn about what they want to do (their goals), what is possible for them to do (their performance expectations), and the best ways to achieve their goals. Some organizations may never have even semifixed ideas about their goals, expectations, or methods. Moreover, learning may not be a conscious process; it may just happen. The organization or its members may not consciously choose to

alter their behaviors in response to a perceived problem (if one is perceived at all). Learning may be continuous, in which case the organization is always searching for problems and solutions or incrementally changing its behavior through a process of unconscious adaptation. Or learning may be episodic, in which case the organization learns only when it experiences an intolerable amount of stress. Finally, learning requires interpreting past actions and their outcomes, a process of interpretation that may not lead to clear answers.

—Keith W. Smith

See also Communicative Action; Communicative Rationality; Crisis Management; Norm; Organizational Culture; Organizational Field; Policy Learning; Sensemaking

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ORGANIZATIONAL STRUCTURE

Organizational structure encompasses the relationships of authority and communication, both formal and informal, that exist within an organization, as well as the rules, procedures, routines, norms, and other practices that guide and constrain the behavior of organizational participants. Organizational structures comprise both social structures and rational-legal structures that are independent of any particular social actor. The latter get passed down from one generation to the next, enabling an organization to survive despite changes in participation. The way in which organizational structures are designed is important because

different designs can either facilitate or impede the ability of an organization to pursue its goals. Additionally, organizational structures can be highly dependent upon and influenced by their external environments.

Types of Organizational Structure

Scholars have conceptualized organizational structure in different ways. The most important is the "hierarchy," which is generally characterized by a top-down authority structure, centralized coordination, and vertical communication. There are different views about how relationships are organized within a hierarchy. Max Weber described hierarchies in terms of their command and control functions—one person at the top directs and coordinates everyone below. Herbert Simon, on the other hand, conceptualized the hierarchy as a system of interrelated subsystems organized from top to bottom. In this model, each person at any given level is connected to many people within that level, but relatively fewer people between levels. Aside from the hierarchical model, scholars have also conceptualized organizational structure as: mechanistic (characterized by high task specialization, vertical coordination and control, and management by plan and command), organic (characterized by multitasking, lateral coordination, and facilitative leadership), matrix (characterized by project-oriented teams comprising individuals detailed from other divisions), and M-form (characterized by multiple divisions organized according to the type of output they produce).

Elements of Organizational Structure

Regardless of the form it takes, organizational structure consists of both formal organization (the rules, procedures, and routines that guide and constrain behavior) and informal organization (the patterns of social relationships that exist "outside" the formal structure of the organization). The most important types of social structures within any organization are the authority and communications structures. The former concerns the relationships of authority, both formal and informal, by which organizational leaders

exercise control over other participants. Authority structures are commonly conceived as hierarchies, but they can also take other forms. In some organizations, authority is vested in individuals who that possess highly specialized knowledge; in others, authority may be delegated informally to individuals who occupy no formal position of authority.

Communication structures are principally concerned with the flow of information through an organization. When an organization is functioning optimally, decisionmakers have access to as much of the information as they need to make well-informed decisions. As scholars have observed, however, organizational participants do not always have the motivation or incentives necessary to ensure that information is disseminated in an efficient manner.

Organizational Structure and Rational Decision Making

When an organization's authority and communication structures are working optimally, with the right balance between formal and informal organization, the organization's structure can be said to help individuals approximate rational decision making. Organizational participants are, at best, boundedly rational, with little choice but to make the best decisions possible under conditions of limited cognition and incomplete information. Although complete rationality may not be possible at the individual level, it can be approximated by building rationality into the structure of the organization, using such devices as standard operating procedures, roles, formal rules, and training. Within such a framework, organizational participants are able to make decisions using a variety of means that help them to overcome their human limitations.

Organizational Structure, Uncertainty, and the Environment

Organizational structure also mitigates the effects of uncertainty. According to structural contingency theory, there is no one best way to organize, but not every organizational structure is equally effective. As a result, organizational leaders should give serious thought to the design of their organizations. As uncertainty increases, for example, the amount of information that needs to be processed increases substantially, which necessitates the building of effective communication channels into an organization's structure. Some scholars go even further, arguing that organizations contain multiple interdependent components and organizational structure provides the means through which these interdependencies are coordinated.

Organizational environments can pose the most serious challenges to organizational structure. As resource dependence theorists have argued, the environment is the most important factor influencing an organization's structure. Underlying this assertion is the assumption that organizations are continually fighting to survive. In this view, an organization is only able to survive to the degree that it is able to manage, or adapt to, the demands of outside actors on which the organization depends for resources and support.

Scholars disagree about the extent to which organizational structures facilitate rational adaptation. Population ecology theorists view organizational structure as potentially inhibiting adaptation. They thus describe a type of structural inertia. Inertial forces that make organizations slow to adapt can come from within (e.g., sunk costs, internal political dynamics) or from the environment (e.g., legal restraints, incomplete information, and pressures to maintain legitimacy). Ultimately, those organizations that are not able to compete with other organizations in their environment are "selected" out and die. Not surprisingly, the organizations that survive are those with structures that have been optimized for a particular environment.

In contrast to population ecology, which concerns itself with explaining why so many different organizational structures exist, institutional theory seeks to explain why there is so much homogeneity of organizational forms and practices. Institutionalists typically explain such homogeneity by arguing that organizational structures tend to become similar to each other through a process of isomorphism within a particular organizational field. Competitive isomorphism describes the homogenization that occurs in fields with free and open competition between organizations. Institutional isomorphism, on the other hand,

occurs in fields where there is competition not just for scarce resources, but also for power and legitimacy.

—*Angelo J. Gonzales*

See also Authority; Formal Organization; Institutionalism; Organization Theory; Rationality; Resource Dependency Theory; Structural Contingency Theory

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ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE

The Organization for Security and Cooperation in Europe (OSCE) is the world's largest regional security organization with fifty-five participating states from Europe, Central Asia, and North America. It originates from the 1975 Helsinki Final Act agreement establishing a Conference on Security and Cooperation in Europe (CSCE), which aimed to promote comprehensive security through a three-basket approach. Basket one promoted a system of cooperative security within and between OSCE participating states. Basket two primarily focused on economic dimensions. The third basket related to the human security dimension, specifically human rights, and so established the right of CSCE states to interfere in one another's internal affairs to protect human rights. In

1990, to mark the transition from the Cold War period, the CSCE gained a permanent structure with a small secretariat and formally became the OSCE in 1994. Today, the OSCE is active in the promotion of human rights and the establishment of democratic structures, early warning, conflict prevention, crisis management, and postconflict rehabilitation.

The OSCE has evolved from simply setting the normative standards necessary to fulfill its comprehensive vision of security to an organization with most of its staff engaged in field missions. These missions are designed to deal with specific issues at a local level by building partnerships and dealing with potential conflicts before they spiral out of control. It is claimed that such missions have helped to rebuild civil society in Bosnia and Kosovo, which included fostering security sector reform, ending civil war in Tajikistan, and preventing or limiting conflict in Moldova, Georgia, Macedonia, and Ukraine.

The OSCE faces a difficult future. It is increasingly argued that it duplicates the work of other European institutions, such as the European Union (EU) and the Council of Europe on conflict prevention and human rights, particularly as the EU becomes a security actor. Similarly, NATO's search for a post–Cold War role is leading it into areas where the OSCE is active. NATO and EU enlargement has meant that the OSCE's initial role as a confidence builder between East and West seems irrelevant. Moreover, the OSCE has suffered some organizational problems. Its rotating political leadership has been inconsistent and variable in quality, and it has some superfluous institutions. A lack of consensus among participating states about its precise role has led to unclear or overambitious mission goals being set and subsequently not being achieved. Important members such as Russia appear to have lost interest. Nevertheless, the OSCE has some valuable features that are not duplicated elsewhere. It includes among its members states that are unlikely ever to join the EU or NATO, often in conflict-prone regions like Central Asia. It is also widely trusted, which makes the OSCE a potentially valuable partner for dealing with current security challenges, such as organized crime, people trafficking, terrorism, the illegal arms

trade, and the repression of human rights, where military preemption is unlikely to succeed.

—*Jocelyn Mawdsley*

See also European Governance; European Union; Security

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ORGANIZATION OF AFRICAN UNITY, THE

The Organization of African Unity (OAU) was established by thirty-two independent African states on May 25, 1963, in Addis Ababa, Ethiopia. The formation of the OAU was in response to Pan-Africanist political ideology that came to dominate a decolonizing Africa. The OAU was established to promote African sovereignty and unity through increased cooperation among independent states. This purpose was based upon principles of freedom, equality, justice, understanding, peace, and international cooperation with the United Nations and the Universal Declaration on Human Rights. Membership of the OAU was extended to any independent African state.

The aims and institutions of the OAU were enshrined in the organization's initial charter. Article II states the main objectives of the OAU as: promotion of unity and solidarity; defense of sovereignty and independence; territorial integration; eradication of all forms of colonialism; and political, economic, cultural, transport, diplomatic, health, scientific, educational, and security cooperation. The aims of the organization were to be carried out by four main institutional bodies: the Assembly of Heads of State and Government; the Council of Ministers; the General Secretariat; and the Commission of Mediation,

Conciliation, and Arbitration. Each member state had one vote within the Assembly of Heads of State and Government and the Council of Ministers and decisions were based upon a two-thirds majority vote.

Since its creation, the OAU has faced many institutional difficulties and has failed to respond to changes within Africa and an enlarged membership of fifty-three states. Tensions existed over member-state sovereignty, increased cooperation, and the interpretation of contentious issues such as human rights. Issues of peace and security became undermined by internal conflict and warfare. Despite forming a Committee on the Review of the Charter in 1979 to respond to such changes, the OAU lacked any substantive institutional change concerning efficiency, action, and integration.

The final problem faced by the OAU was the 1994 formation of the African Economic Community (AEC) under the Abuja Treaty that sought to strengthen African economic cooperation, harmonization, and integration. The AEC presented the OAU with the problem of reconciling the political objectives of the postcolonial era with modern economic and development issues. The OAU responded with the 1999 Sirte Summit, "Strengthening OAU Capacity to Enable It to Meet the Challenges of the New Millennium." The declaration of this summit signaled the end of the OAU and the establishment of the principles of an African Union. The implementation of the African Union was discussed at the OAU/AEC summit in Lusaka in 2001 and was finally inaugurated in July 2002. The African Union encompassed the purposes of the OAU and AEC by enshrining the Abuja Treaty as expressed in the Sirte Declaration. In so doing, the central aim of the African Union was increased economic integration and social development that would subsequently result in political unity. The union moved away from the state-centric notions of the OAU to stress the role of governments, business organizations, civil society, and labor unions within the organization.

—*Sophie Rose Harman*

See also African Governance; Economic Community of West African States

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Organization of the Petroleum Exporting Countries

The Organization of the Petroleum Exporting Countries (OPEC) was founded by the Baghdad Conference in September 1960. It is an intergovernmental agency that aims to coordinate oil policies among its members and to ensure a stable, yet regulated, supply of oil to the international market.

OPEC was founded in the wake of the nationalization of oil-producing companies in several developing countries following their political independence. These countries wanted to counter the hegemony of large multinational companies (commonly referred to as the "Seven Sisters") that controlled the oil market and set the international prices of petroleum.

Starting with five founding states, OPEC has continually expanded and currently holds eleven members that control over two-thirds of the global oil reserves. Despite the fact that non-OPEC countries supply over half of the oil traded on the international market, the organization still yields a major influence over the direction of oil prices and is by far the largest regulatory agency in the field of oil production.

The influence of OPEC was dramatically felt during the oil embargo imposed on several Western nations during the 1973 Arab-Israeli War. The embargo, implemented by the Arab member states against countries seen as supporting Israel in the conflict, caused a major supply crisis and a sharp increase in the world's oil prices. Since then, OPEC has played a mitigating role in the oil market by increasing production in the face of high demand and limiting it during periods of oversupply. OPEC policies were remarkably successful in avoiding energy crises and price fluctuations during phases of instability that occurred in oil-producing regions. OPEC stepped in to compensate for the loss of production resulting from the Iran-Iraq War (1980 to 1988), the Second Gulf War (1990), and the American-led invasion of Iraq in 2003.

The major tool used by OPEC to regulate its members' production is through the use of production quotas. Member delegations meet twice a year and set future production policies based on forecasts of global demand and supply. Every OPEC conference sets new production levels that are divided proportionately among the member states.

Commitment to production quotas has not always been consistent, and several OPEC members regularly exceed their quota limitations, especially the smaller producers. Large OPEC members, especially Saudi Arabia, have tended to cut their production in order to compensate for the excessive supply by other members. Crashes in oil prices in the mid-1980s and late 1990s were attributed to the lack of commitment to the quota system.

OPEC members were not always in agreement as to the oil-production and pricing strategies, and disagreements among members often reflected larger political differences. For example, since the 1979 Islamic revolution, Iran has been continually calling for higher prices, which have been resisted by Saudi Arabia and other pro-Western member states. Iraq's invasion of Kuwait in 1990 was partially motivated by Iraq's dissatisfaction with Kuwait's overproduction, which contributed to lowering the international prices of petroleum.

—*Amer Mohsen*

See also Oil Crisis; Third-World Debt

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ORGANIZATION THEORY

Organization theory refers to a large and multidisciplinary body of scholarly work that focuses on understanding organizations. Most of this work has been written by scholars in the disciplines of sociology, business management, and economics. These scholars have focused most of their attention on analyzing and theorizing about business firms and, more recently, associations and nonprofit organizations. Scholars in this field have aimed at developing a general theory of organization and analytical tools that are designed to apply to all types of formal organizations, including those in the public sector.

Organization theory literature is primarily concerned with explaining organizational structure, performance, and survival. Scholars addressing these questions may adopt one of a variety of units of analysis. They may focus on individual organizations, sets of related organizations, or entire populations of organizations. They may also focus on relationships both within and between organizations. A large number of competing theoretical approaches exist. While there is no consensus on how precisely to classify the various theories, seven approaches are especially prominent: structural contingency theory, resource dependence theory, population ecology, economic approaches, sociological institutionalism, network theory, and postmodern and critical approaches.

With regard to the analysis of governance structures and processes, the literature on organization theory offers a set of potentially useful theoretical approaches. It also offers a particular overarching perspective as well. From the vantage point of organization theory, the world consists most fundamentally of organizations and interorganizational relationships. An organizational approach to the study of governance thus focuses on analyzing the organizations and interorganizational relationships on which governance structures are constructed and that animate governance processes. While some scholarship on governance does explicitly adopt an organizational approach, the political scientists that dominate this research area have not engaged extensively with organization theory.

Scholars in the discipline of public administration have tended to narrowly focus on the functioning of government organizations, eschewing a broader engagement with the main body of organization theory.

Development and Scope

Modern organization theory developed within and continues to be anchored in the disciplines of sociology, business management, and economics. Max Weber's pathbreaking analysis of bureaucracy inspired the growth of a major subfield within sociology focusing on formal organizations. In economics and business management, in the early part of the twentieth century, scholars began studying the modern business firm. The goal was partly to understand its role in the economy, but much of the focus was on helping managers run firms more efficiently and effectively. Over time, organization theory emerged as a coherent multidisciplinary field of research. Scholars in this field have consistently aimed at crafting a general theory of organization, a science of organizations that applies equally well to all sorts of formal organizations. A key assumption in the field is that there is no fundamental difference between public and private organizations. However, the sociologists, business school professors, and economists that dominate organization theory have focused most of their empirical research on business firms in the United States. Thus, it is unclear how well these theories apply to public organizations. Partly for this reason, scholars in political science and, to a much lesser extent, public administration have tended to regard organization theory as irrelevant to their research on political processes and government organizations. In recent years, however, research by scholars in these disciplines on social movements, the state, and government administration has begun to engage with organization theory to a greater extent than before.

Key Questions, Units of Analysis, and Debates

Organization theory is focused on understanding how organizations work, why they come to be structured in

particular ways, and why some organizations are more successful than others. Researchers have addressed these questions by employing a variety of units of analysis. One strand of research examines individual organizations—looking, for example, at how internal structure or organizational culture affects performance. Another strand focuses on relationships among organizations, examining interactions either among a small number of organizations or within a specific "field" of mutually interdependent organizations. This view allows one to understand, for example, how powerful organizations shape others within a field and how organizations come to rely on one another. Other research looks at entire populations of organizations, using statistical tools to see how a population changes over time as some organizations flourish and others die. Overall, a large proportion of work in organization theory centers on organizational relationships and the interaction between an individual organization and its external environment.

Three perspectives appear to dominate within organization theory. The rational system perspective focuses on the formal structures of an organization and sees the organization as a group of people who work together to pursue specific goals. The natural system perspective advances the idea that informal and interpersonal structures within an organization are more important than formal structures. People within an organization have multiple interests, and consensus-building or conflictual processes drive organizational action. Last, the open system perspective argues that one cannot look at an individual organization in isolation. In this view, organizations are intertwined with their environments to the extent that the organization-environment boundary is indistinct.

We might also identify three dominant debates or issues within the field of organization theory. The first concerns whether efficiency and the quest for efficiency are the main determinants of organizational structure, performance, and persistence. While some maintain that the most efficient organizations persist and prosper, others argue that organizations can succeed through the use of other strategies. For example, an organization may do well because it is perceived to have great legitimacy or because it has formed alliances with powerful actors. A second debate concerns the degree to which organizations can actively change or co-opt their environment. Does the environment represent a "hard" structure to which organizations must adapt or die, or is the environment malleable, making it possible for organizations to manipulate it? A last debate focuses on the question of whether or not organizations are able to adapt in the face of environmental change. While some research shows that managers can change their organizations in the face of challenges, other research suggests that it is rare for adaptation to be carried out successfully.

Major Theoretical Approaches

A wide variety of competing theoretical approaches have emerged in organization theory. They differ in terms of the unit of analysis that is employed and the perspective that is taken on major debates in the field. While scholars have organized the field in various ways, most would agree that seven theoretical approaches have proven highly influential: structural contingency theory, resource dependence theory, population ecology, economic approaches, sociological institutionalism, network theory, and postmodern and critical approaches.

Structural (or strategic) contingency theory and resource dependence theory can be grouped together under the rubric of the rational adaptation perspective. This view of organizations emerged out of early generations of work, in particular the decision and behavioral theories associated with James G. March and Herbert A. Simon. These focused on decision-making processes in organizations, examining how managers promote the achievement of organizational goals under conditions of bounded rationality. Structural contingency theory centers on the idea that managers can and do adjust their organization's structure to fit the changing demands of the environment. Structure and performance are thus the result of managers' efforts to act strategically to meet environmental contingencies and to minimize the uncertainties faced by their organization. Resource dependence theory shifts the focus more explicitly to how an organization's dependence on its environment for resources shapes

its behavior and structure. Organizations are embedded in a web of interdependencies that must be managed but that cannot be fully controlled. Organizational leaders must focus their attention on managing interdependencies with other organizations by attempting to enhance their power and autonomy.

The population ecology approach represents a reaction to the idea that organizations can adapt to their environment. The focus here is instead on how the environment selects certain organizations—only those that fit into a particular niche can survive and adaptation to the environment is not possible. Organizations rarely change; instead, organizational change occurs within a population as organizations ill suited to an environment die and new, better-adapted organizations emerge. Thus, research using this approach looks at entire populations instead of individual organizations.

Economic approaches in organization theory represent the application to organizational studies of general approaches developed in economics. The two most influential are transaction cost economics and agency theory. In the former, organizations are conceived as structures designed to minimize transaction costs. In the latter, organizations are viewed as sets of contracts between principals and agents. Organizational structure and performance are seen as the results of efforts, given the particular conditions that an organization faces, to reduce transaction costs or make principal-agent relations more efficient. In any specific situation, organizations that have the most efficient ways of dealing with transaction costs or principal-agent relationships will be most successful. A third economic approach, evolutionary theory, focuses on how organizations develop in a path-dependent way, with only incremental change occurring.

Sociological institutional approaches look at how interaction among a set of organizations results in the emergence of a socially constructed "organizational field." Powerful organizations shape the field in critical ways. Indeed, this approach emphasizes how organizations are able to shape (or "enact") their environments. An environment, or the organizational field, encompasses a set of normative understandings, and organizations are driven primarily by the need to enhance their legitimacy by conforming to these understandings. Organizations also seek to decrease the uncertainties that they face. Overall, this approach stresses how political, cultural, and normative processes critically shape organizational structure and behavior.

Network theory examines relationships among people within and across organizations. Researchers collect data on these social ties and (usually) use quantitative techniques to analyze them. The result is a map of relationships that can show, for example, which organizations are most central and what kind of network structures are prominent. Network analysis has tended to be primarily descriptive, but researchers have increasingly tried to show how the character or structure of networks affects interorganizational relationships and processes.

Last, postmodern and critical approaches break with the positivist and scientific orientation of most theorizing about organizations. Both approaches seek to expose the processes of domination that are inherent in organizations. Yet they differ in fairly fundamental ways, and each encompasses diverse strands of thinking. Critical scholars aim, through their research, to create a more just organizational world and to discover how individuals may transcend the domination of organizations. By contrast, postmodern theorists argue that instead of focusing on the search for objective facts and large-scale theories, researchers should instead engage with the messy multiplicity of discourses, identities, and power relations that shape life. Postmodern approaches reject the notion of progress and the advancement of knowledge, arguing that the point of research is to deconstruct conventional wisdoms and approaches.

Another way of organizing the field of organization theory is by substantive research area. For example, coherent bodies of scholarship exist on topics such as organizational learning, organizational psychology, organizational development, and organizational decision making.

Organization Theory and Governance

The literature on organization theory has developed in relative isolation from related research fields found in

the disciplines of political science and public administration. Scholars in these disciplines have tended not to use or engage with this literature. Instead of trying to explain organizational structure and functioning, political scientists have focused on understanding political processes and political outcomes. Moreover, many scholars have viewed public organizations as fundamentally different from private-sector organizations, leading to the development of approaches designed specifically for the analysis of government organizations.

The relatively new focus in a number of disciplines on governance as a perspective and research area has opened up greater possibilities for the use of organization theory in political and administrative analysis. Organization theory offers a particular perspective on governance structures and processes, namely that analysis should focus on the organizations and interorganizational relationships on which governance structures are constructed and that animate governance processes. Because organization theory has aimed at developing approaches suitable for the analysis of all kinds of organizations, it offers the opportunity to analyze the wide variety of organizations that participate in governance within a single framework. Moreover, whereas most studies of governance either focus on political processes or on governance outcomes, organization theory aims at the relatively distinct goal of drawing conclusions about organizational structure, performance, and behavior.

Organization theory is especially relevant to a number of areas of research related to governance, including the behavior of government agencies, the policy-making process, and the various phenomena that link together governmental and nongovernmental actors (such as the contracting out of services and participatory modes of governance). For example, the dynamics of interorganizational relations in emergent governance systems might be fruitfully examined in terms of efforts by individual organizations to manage resource dependencies. Another tack is to look at the development and functioning of organizational fields in particular areas of governance. Last, theories of organizational learning and development can be

applied to advance understanding of the evolution of the organizations involved in governance.

—*Kenneth W. Foster*

See also Contracting Out; Economic Sociology; Formal Organization; High-Reliability Organization; Organizational Culture; Organizational Field; Organizational Structure; Political Party; Problem Structure; Resource Dependency Theory; Sociology of Governance; Structural Contingency Theory

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OUTSOURCING

See CONTRACTING OUT

OVERLOAD

The overload thesis became popular in the 1970s. It offered a diagnosis of the crisis afflicting the advanced liberal democracies at the time. Drawing on

public choice theory, it identified a set of ongoing processes that it suggested had increasingly served to render the advanced liberal democracies "ungovernable." In this context, the concern of the overload theorists was to demonstrate the need for a withdrawal of a monolithic and overbearing state from its stifling regulation of the economy, civil society, and the public sphere. This account proved extremely influential, decisively shaping the manner in which the crisis of the 1970s came to be understood and the nature of the (largely neoliberal) response.

Drawing on rational choice assumptions, the overload thesis identified a self-reinforcing tendency for the politicization of the economy and civil society. Enticed perhaps by the promise of the scientific management of the economy and society offered in particular by Keynesianism, the state of the postwar period came to claim for itself an ever-greater range of responsibilities. In so doing, it sanctioned ever-spiraling social expectations. The state now claimed to bend an ear to all concerns. The result was to reward those organized political interests that were most active and strategic in lobbying the state. This was to provide a powerful incentive for heightened pressure group activity. The unintended consequence, in turn, was to establish a political marketplace in which the parties would vie for votes, yet one lacking the discipline provided by formal market mechanisms.

In such an undisciplined political market, fiscal irresponsibility is rewarded electorally. Political parties seeking only to maximize votes are encouraged to "buy off" a sufficient share of the electorate by promising to accede to the demands of an ever-greater range of interests, thereby raising the "price" of a vote and the stakes of fiscal irresponsibility. Once established, such logic is cumulative—a crisis of overload and ungovernability is inevitable. For the overload theorists, the result was a profound crisis of democracy— government's capacity to respond fell far short of demands placed upon it.

The image was a simple one: A vicious political whirlpool out of whose clutches political parties can only escape at considerable cost to their electoral prospects, but which could not fail to produce economic irresponsibility and political insolvency. The

solution, however politically unpalatable one might think to an electorate that had come to conceive of government as a simple relay for its preferences, was simple: A severe bout of fiscal austerity, tight monetary control, and a programmatic withdrawal of an overloaded, overburdened, yet beleaguered state.

Despite its appeal and influence, the overload thesis contains a series of profound internal contradictions and tensions. On the one hand, its proponents conjure the impression of a cynical and self-serving electorate responsive only to political bribery and looking to the state to satisfy its every whim and desire. Yet this depiction of the electorate as greedy, unprincipled, opportunistic, and, above all, simply too stupid to consider the costs (both economic and political) of their unrealistic expectations, stands in marked contrast to the empirical evidence. This suggests that the principal factor determining success at the polls throughout the postwar period (particularly since the mid 1960s) has been the perceived state of the economy and not the ability of parties to outvie one another through ever-spiraling public expenditure commitments. Once it is considered that reelection is likely to prove conditional upon perceived fiscal probity, the incentive to court interests with promises that cannot be realized seems to evaporate and with it much of the credibility of the overload thesis. Moreover, in its call for a decisive break with the practices that have led, supposedly, to overload and ungovernability and, in particular, in its advocacy of welfare and state retrenchment, the overload theorists appealed to precisely the good sense of the electorate that they had previously dismissed.

The overload thesis also displays a certain disdain for democracy itself. It is, for instance, somewhat unclear whether the crisis of democracy that Micheal Crozier, Samuel Huntington, and Joji Watanuki identify in their report to the Trilateral Commission in 1975 is really a crisis of democracy at all or a fiscal crisis to which their preferred solution is a significant attenuation and curtailment of liberal democracy and its economic contradictions. Given that for them, and indeed for many of the theorists of overload and ungovernability, this is the heart of the problem, it is difficult not to suggest that given the choice between

democracy and governability, most would happily trade the former for the latter.

In one sense, however, such contradictions and tensions are insignificant. To assess the contribution of the overload thesis purely in terms of its intellectual cogency is to ignore altogether its most important contribution—the political debate of the time. The thesis offered a compelling, highly influential, and ultimately persuasive narration of the events of the crisis as it was to develop in the late 1970s. It would steer and mold perceptions not only of the crisis and its culprits and villains but of the necessary response to a condition of political overload. In this, its simplicity, its flexibility, its nostalgia for a deferential past that arguably never existed, and perhaps even its internal contradictions were a significant advantage.

—*Colin Hay*

See also Governability

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OVERSIGHT

Oversight is a broad term used to describe a variety of actions related to management and supervision in accountability relationships. Oversight is often associated with efforts of a congress or parliament to manage agencies that implement policy. The actions that legislatures take in this process, such as investigations and hearings, are referred to as legislative oversight.

This use of oversight is firmly rooted in conceptions of the unitary state, in which power clearly flows in one direction within a bounded institution. In governance, however, more complex accountability relationships are recognized and, consequently, oversight takes on a broader definition. An example of nonstate uses of the term are arrangements for nongovernmental organization (NGO) oversight of working conditions in private firms, which illustrate the wide spectrum of accountability relationships to which the term *oversight* is applied.

Oversight strategies have been parsed into two main forms, police patrol and fire alarm oversight. Police patrol oversight consists of active surveillance by a centralized body to ensure accountability. For example, in principal-agent relationships, police patrol oversight involves the principal actively sampling the agent's actions to detect and deter transgressions. This model has limitations due to the high costs and difficulties of monitoring.

The fire alarm model relies less on active monitoring by a central authority than police patrol oversight and instead opens up channels for information to be passively gathered from third parties that may also be empowered to take their own action. In this model, third parties, such as NGOs, identify problems and either bring the problems to the attention of power holders or seek redress themselves. Fire alarm oversight is more decentralized than police patrol oversight. It allows for, and depends on, action by a multitude of actors. For example, a politician can choose not to review the actions of an agency regularly, but to investigate after its constituents complain about a problem at the agency. Using this strategy, the politician oversees the agency without actively monitoring the agency's action. Fire alarm oversight is more consistent with governance than police patrol oversight, as it deemphasizes the role of the state and focuses on the importance of nonstate actors. Institutions can be designed specifically to engender fire alarm oversight without any intervention by the centralized authority. For example, many environmental policies in the United States have provisions allowing for oversight by nonstate actors, which are also

empowered to take action through the courts after identifying deficiencies in implementation.

Thus in governance, the relatively simple action of oversight, as an effort to supervise and manage, becomes more complex than a simple hierarchical relationship. Oversight takes on a multitude of forms and engages a variety of types of actors in the task of management and supervision.

—Matthew Amengual

See also Accountability; Audit; Ombudsman; Regulation

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PACIFIC ISLANDS FORUM

The Pacific Islands Forum is the main organization of regional governance in the Pacific. It was founded in 1971 as the South Pacific Forum and changed its name to Pacific Islands Forum in 2000. The seven founding members were Australia, the Cook Islands, Fiji, Nauru, New Zealand, Tonga, and Western Samoa. These countries wanted to look at shared issues with a regional perspective, cooperate in areas of political and economic concern, and express their joint political views to the international community. Since 1971, the founding countries have been joined by Niue, Papua New Guinea, Kiribati, Tuvalu, Vanuatu, Solomon Islands, Republic of the Marshall Islands, the Federated States of Micronesia, and Palau. Member countries have to be self-governing or independent states. Pacific island territories on a path to becoming self-governing or independent can be forum observers. Current observers are East Timor, French Polynesia, New Caledonia, and Tokelau. In 2005, the forum decided to introduce a new membership category called associate membership to extend cooperation with nonsovereign Pacific territories.

The forum holds an annual meeting of heads of government. Key areas of discussion are trade and economics, the environment, education, good governance, and security. A Post-Forum Dialogue is held after the heads of government meeting. The Post-Forum Dialogue was established in 1989 and is a meeting of the forum with nonregional parties. The dialogue partners are Canada, China, the European Union, France, India, Indonesia, Japan, Korea, Malaysia, Philippines, the United Kingdom, and the United States. This dialogue is an opportunity for the forum to express their collective views to an international audience.

The forum's administrative arm was established in 1972. It is currently known as the Pacific Islands Forum Secretariat. Previously, it had been named South Pacific Bureau for Economic Cooperation and South Pacific Forum Secretariat. The Pacific Islands Forum Secretariat is based in Suva, Fiji. The governing body of the Secretariat is the Forum Officials' Committee. This committee consists of representatives of all the forum governments. It holds its own annual meeting prior to the heads of government annual meeting. The Secretary General of the Secretariat chairs the Council of Regional Organizations in the Pacific (CROP), which represents ten regional organizations in the Pacific region, including the Secretariat and others such as the South Pacific Tourism Organization, Forum Fisheries Agency, and the University of the South Pacific. CROP primarily aims to ensure that its member organizations collaborate efficiently and effectively without replicating each other's activities.

—Mark Bevir

See also Asia-Pacific Economic Cooperation; Australasian Governance; Regional Governance

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PARETO OPTIMALITY

Pareto optimality is a concept originated by the nineteenth-century marginalist economist Vilfredo Pareto. As it has come to be used throughout economics and political science, it refers to a joint social state in which no single individual's condition can be improved without detracting from one or more other individuals' conditions. In a free market system, the phrase captures the idea that all possible voluntary exchanges of goods between individuals are exhausted. Otherwise, if two individuals' states could be improved, they would trade goods, and the former state could not be considered "optimal."

Deriving as it does from marginalist economics, Pareto optimality is a technical, mathematically defined term that has since found usefulness in philosophical discussions addressing justice. The concept is technical because identifying the state under which an individual's condition may be said to have improved or declined is objectively defined in precise terms. This is achieved by identifying individuals by their preferences over various bundles of commodities, and also by their budget constraints. Because it is presupposed in the model that individuals always prefer more goods to less, any subtraction of one type of asset must be offset by an addition of another type of asset with more value to the agent, if that agent's state has improved. This reflects the standard view that, given original endowments and exact property rights, market transactions optimally improve the overall individually estimated well being of a population

without recourse to nonvoluntary redistribution. Pareto optimality does not assume that individuals have numerically expressed, or cardinal, preferences over commodity bundles. Nor does it specify one superior social state, but rather it refers to numerous possible resource allocations that fit its definition. Most importantly, it is widely acknowledged that even if it is accepted that a Pareto optimal state is superior to a suboptimal state, Pareto optimality provides no indication of the satisfactoriness of the overall resource allocation from a distributive standpoint. A state could be Pareto optimal in which one percent of the population owns ninety-nine percent of the society's resources.

Although originally developed in the context of early twentieth-century neoclassical economics, in which individuals express preferences over personal commodity bundles, Pareto optimality has been restated to have relevance to contemporary social choice and game theory. In the latter, agents have preferences over global end states that specify everyone's status. The strict Pareto condition applied in social choice theory stipulates that if all individuals in a group prefer state *x* to state *y,* then the group may be said to prefer state *x* to state *y.* Another version of Pareto optimality is also used in social choice and game theory to identify as socially preferred state *x* over state *y* for the case in which some number of individuals of a group (at least one) prefer outcome *x* to outcome *y* and none of the remaining members prefer *y.* The latter version does not require that group members unanimously prefer state *x* over state *y* to identify *x* as socially preferred, but permits indifference between the two end states for some subset of the group's members.

Pareto optimality, sometimes referred to as Pareto efficiency, has become a routinely used term in theories of commutative and distributive justice. Although the concept itself contains normative assumptions, it is widely supposed that these assumptions are so minimal that, all other things being equal, a Pareto optimal state is obviously better than any suboptimal state. These assumptions hold that individuals have complete and transitive preferences, that individuals' preferences are indicative of their welfare, that the welfare of a society only depends on the preferences

of its members, and that the intensity with which individuals hold preferences cannot be compared across individuals. In some situations, these assumptions could be construed to suggest that heroin addicts and alcoholics are better off when intoxicated; that a community whose members are individually tired of a hard-fought siege is better off surrendering, and that a society in which many do not have sufficient drinking water, and few have property holdings with large private bodies of water, is better off than one with redistributive public water usage laws. As well, depending on how it is applied in a social choice or game theory context, the Pareto principle may assume a status quo endowment of resources as the starting point from which to evaluate other possible social states.

Commutative justice addresses the adjudication of well-defined rights, whereas distributive justice addresses the distribution of rights. Some theorists endorse the use of Pareto optimality to make a case for commutative justice upholding strict rights to personhood, property, and contract. Since Adam Smith's *Inquiry into the Nature and Causes of the Wealth of Nations,* some economists have argued that exchange in accordance with absolute property rights, without redistribution, results in a socially preferred state. Pareto explicitly argued that a competitive equilibrium based on free market exchange guarantees an optimal allocation of resources. Whereas neoclassical economics assumes private property with budget constraints, social choice and game theory consider choices over social states that may include positions on respecting private property. In the game theoretic prisoner's dilemma model of exchange, which assumes that each has an ever-present incentive to cheat the other, private property rights are irrelevant to individuals' choices of actions: It is assumed that agents will violate property rights when it serves their interest to do so. Using the prisoner's dilemma, an argument for commutative justice is made by appealing to the state of mutual cooperation as Pareto optimal over the state of mutual defection. By this reasoning, applying coercive force to uphold property rights through legal sanctions is in everyone's best interest.

By contrast, in his *Theory of Justice,* John Rawls starts from the premise of rational egoism to make an argument that distributive justice is socially preferred to solely relying on commutative justice. Rawls argues that rational egoists, contemplating the ordering principles of their society at a preconstitutional stage, would not accept the neoclassical Pareto principle as it permits ever-increasing discrepancies of wealth without concern for society's poorest members. His difference principle, which endorses some form of redistribution, was formulated to counter the acceptance of neoclassical Pareto optimality, upholding strict private property rights, as the last statement on a superior distribution of resources in a society. Rawls argued that citizens who have no clear idea of the specific role they will play in society would prefer a society that goes beyond neoclassical Pareto optimality by ensuring that society's least-well-off members benefit to some degree from any social institution predicated on inequalities of opportunity or income.

—*S. M. Amadae*

See also Game Theory; Impossibility Theorem; Prisoner's Dilemma; Rational Choice Theory; Social Choice

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PARTICIPATION

Participation in governance involves the range of formal and informal ways in which members of a political community make their values, interests, and policy

preferences known. The concept of popular participation is primarily a concern for democratic systems, although there is growing recognition that it is a key element in facilitating policy acceptance in other nondemocratic schemes. The concept of participation implies involvement in public decisions, as distinguished from other forms of community involvement. Public decisions are those in which the entire community has a stake in the outcome. Different democratic traditions organize participation in distinct ways in an effort to emphasize certain elements over others. For example, a republican form of government filters citizen participation through representatives, while dialogic democracy relies more heavily on direct involvement. At its core participation is the means by which the *vox de popularis,* or the voice of the people is heard. New forms of governance reinforce the need to examine the underlying assumptions about the roles, expectations, and outcomes of participation in public decisions.

How varied traditions view participation is explained by the tensions between competing values of legitimacy and competency. These components are reflected in the ways and extent to which participation does or does not guide policy formulation and implementation. Although each tradition defines legitimacy and competency in dissimilar ways, there is common agreement that both are important. A government without any form of participation is not valid. Similarly, a government without the capacity to perform its core functions is pointless. To further illustrate these differences of emphasis, it is useful to compare the liberal and participatory traditions to two broad streams of thought in which participation is organized differently.

Liberal and Participatory Traditions

Under the broad umbrella of the liberal tradition is the notion that individuals seek their own private good absent explicit regard for the public well-being. As a result, the role of government is to mediate and build compromises among competing values and interests in an attempt to formulate decisions that serve the whole. This tradition relies upon the wisdom of representatives

elected in open processes. Liberal democratic regimes focus primarily on the procedures of participation, which must be fair and equal. Participation is judged by the extent to which the process was justly administered. In this tradition, citizen rights are supremely important, such as the right to vote and the opportunity to provide input. This makes the design of participatory practices central to good governance. Good participatory procedures ensure that one interest does not have primacy over another. In that goal, participation should be limited but well structured where competition among interests is encouraged. While the outcomes of these processes will produce winners and losers, over time all members of a political community will have the capacity and opportunity to make their voices heard. This system places elected leaders in the position of choosing the wisest course of action. The linkage between competence and elected representatives should not be understated, as some policy choices, such as national security, demand decisive action where deliberation is not feasible. The liberal tradition places a greater value on competent policy as a way to ensure that the interests of the whole are realized.

In contrast, more participatory theories of democracy put faith in the capacity of individuals to reconcile their interests with the public good. The role of government in a more participatory democracy is to educate citizens and create meaningful forums for individual dialog. In this view, some argue that government no longer simply represents citizens, but instead has become a steward of the public process, facilitating the ability of citizens to more effectively engage. The role of citizens focuses on the obligations of participation, as distinguished from rights. Citizens are encouraged to engage in face-to-face conversations out of which discussion and action are born. In this tradition, equity is judged by the extent of ownership and agreement within the process itself. As a result, the design of participatory mechanisms is judged by the extent to which opportunities are expanded and where negotiation over substantive values can occur. Legitimacy is the dominant value inherent in more participatory forms of democratic decision making. Indeed, legitimacy becomes the key difference between more representative or more direct

forms of democracy. Each stream of democratic theory emphasizes degrees of competence and fairness on one hand, and legitimacy and openness on the other. These process values can be seen in the variety of mechanisms by which citizens participate in a democratic community.

Participatory Mechanisms

The process values of competence, fairness, legitimacy, and openness are reflected in five broad mechanisms of popular participation: electoral, group, citizen-government, direct participation, and activism. Activism is a distinct form of participation that seeks to influence decisions and policy outside formal political structures. Each of these participatory mechanisms is explored in the following sections.

Electoral Participation

Electoral participation is a formal mechanism for making preferences known. Voters elect representatives that act as trustees for the public good. Participation through voting generally relies on the capacity of the individual to perform minimal duties, such as registering in order to exercise one's right to vote. Electoral participation is also reflected in the right of citizens to make financial contributions that ensure a successful campaign. This demands little of citizens, who simply influence decisions by showing up or writing a check, albeit in a rather blunt manner. It does not ensure that specific decisions or policies will be favored or adopted. This form of participation reflects the value of procedural fairness by constructing equal rules of campaigns, contributions, and voter eligibility. Despite this emphasis on fairness, electoral participation is ripe with problems in its implementation, both globally and in the United States. Equal access to voting is not universally ensured, as a result of poverty, lack of education, or by blatant limitations of gender or class.

Direct Forms of Participation

In more direct forms of participation, individuals take responsibility for getting personally involved in making policy, running for office, sitting on boards, or by proposing legislation. Direct participation is also reflected in the initiative and referendum processes. While these terms are perhaps unique to the United States, they are important tools for direct participation. Initiative and referendum processes put in place procedures by which citizens can propose and vote on state constitutional amendments. This is a fairly powerful tool of popular participation that has the power to bypass state legislatures in the policy formulation process. Although an important tool for citizens, interest groups have discovered this process as a means to push specific policy agendas, with the expectation of success if well funded. The initiative and referendum processes were a result of the populist movement in which citizens sought to create the mechanism for increased access to governing decisions. These forms of direct participation seek to enhance the legitimacy of the state by opening the political process to control by citizens.

Citizen-Government Interactions

A third broad mechanism for participation is citizen-government interaction. This type of participation is primarily used during the implementation stages of policy, where elected and bureaucratic officials seek the advice of citizens. It is an attempt to ensure participation in specific policies and actions. A variety of mechanisms support this citizen-government interaction. For example, in the United States, the Administrative Procedures Act of 1946 set "notice and comment" requirements that create opportunities for interested parties to participate in formulating and implementing administrative rules. Many other mechanisms support citizen-government engagement as well. For example, public meetings, hearings, citizen surveys, consensus-building processes, and a host of other methods seek to involve the public in decisions. A range of input devices are recognized as being important to citizen-government interaction and are as simple as providing public information or as complex as actively seeking input through face-to-face public meetings. Scholars point to the importance of coproduced policy as meeting both tests of legitimacy and competency because these processes value both citizen and bureaucratic input. While

citizen-government interactions are considered a key element of participation, there are certain risks in this approach. This approach depends upon the capacity of citizens to fully engage in government. Not all citizens are equally prepared in this regard and require the education and the resources to be successful in making their voices heard. In addition, the legitimacy of a governing system is tested as opening citizen-government interaction implies that the government will listen once they've developed the processes to do so. More damage to legitimacy will occur if the superficiality of participation is apparent. Still, the varieties and forms of citizen-government interaction are gaining global interest due to its promise of producing workable and broadly accepted policies. In particular, international development organizations are focused on ways to enhance this type of participation. These engagement activities are increasingly successful in all types of political regimes, ranging from communist China to relatively new regimes in Eastern European Bloc countries.

Group Participation

A fourth means for involvement structures involvement through group participation where individuals feed their preferences through an organization or body that acts as a mediator to express their interests. These groups, often called mediating institutions, act as a buffer between society and the individual, collecting values and preferences while also structuring individual behavior. Neighborhood associations, churches, and local civic organizations are examples of mediating institutions, a concept made popular by Peter Berger and Richard Neuhaus. Group participation is especially important in a more networked type of governing structure, which relies upon the legitimacy of the group to negotiate values. While group participation may allow for more equal representation of disadvantaged voices, this mechanism is also fairly risky. There are three reasons for this: (1) Groups are not equally accountable to all citizens but respond to their own constituencies, (2) groups are not necessarily guided by community principles, and (3) not all community interests are represented by groups. On the other hand, group participation offers the advantage of legitimacy and openness where substantive dialogue and agreement are most likely to occur at a scale large enough to impact policy decisions.

Activism and Dissent

Finally, activism and dissent are a less-commonly recognized mechanism for participation. Activism rejects the need for government to structure involvement. It can take many forms, ranging from benign letters to the editor to radical dissent. These tools are often used in combination with other forms of participation in an attempt to push policies in a desired direction. Activist movements respond to local policy as well as global concerns. For example, international organizations, such as Greenpeace and Amnesty International, use a variety of confrontational and peaceful tactics to influence environmental and human rights abuses, such as distributing publications and conducting demonstrations. But, because global governance also involves big business, activist movements increasingly focus on influencing large corporations, through such esoteric mechanisms as shareholder activism, which use the voting power of shareholders to influence corporate investment and business choices. Higher education has been a center for activism where student-led intellectual and political movements have sought greater influence in political decisions. These movements exist worldwide, from China to Prague and from Seattle to Washington, DC. Engaging in activism, whether peaceful or confrontational, they require that certain freedoms exist. In particular, freedom of speech and a free media are essential tools. The role of the media in providing space for the range of activities described here allows for open expressions of will and allows movements to develop. The Internet has offered new possibilities for providing a vehicle for activism by providing instant and relatively inexpensive access to information. Globally, there is considerable variation in the extent to which the media is free; resulting in more subtle and underground movements. A free media and tolerance of activism allow for greater transparency in government, which is a crucial aspect of openness.

Requirements for Participation

Each of the mechanisms of participation requires that a governing system strive for procedural clarity, openness, competence, and individual liberty. Procedural clarity attempts to create a level ground for competition among interests by ensuring that citizens have equal access to decisions. The openness also attempts to ensure equality of access whereby decisionmakers are accountable for their actions. Competent public officials are also important, as participatory mechanisms are structured and maintained by the work of bureaucratic officials, such as administration of elections, facilitating rulemaking procedures, and hosting public meetings. In this way, competent administrators are stewards of the public trust, teaching and facilitating meaningful involvement. Finally, liberty in the form of freedom of speech and freedom of the press is essential to ensuring popular participation in the affairs of the public.

The concept of participation is tied to notions of citizenship, which tries to deal with the sometimes-competing values of a legitimate and competent government. Participation is also tied to the structures of participation, which are designed to reflect regime values. Who participates and how various schemes account for ensuring the *vox popularis* are essential to democratic decision making.

—*Margaret E. Banyan*

See also Citizenship; Civic Engagement; Civic Republicanism; Dialogic Public Policy; Human Capital; Legitimacy; Liberalism; Participatory Democracy; Public Opinion

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Participatory Democracy

The concept of participatory democracy refers to democratic arrangements and practices that allow for direct individual and collective participation of citizens in public decision making. The origins of the concept in democratic theory can be situated in the 1970s, especially in the work of Carol Pateman and C. B. Macpherson, who developed their ideas as a New Left model of democracy, incorporating some elements of the developmental model of republicanism and libertarian Marxist positions. The core principle of participatory democracy is that people have equal right to liberty and self-development, which can only be achieved in a society that fosters a sense of political efficacy, nurtures a concern for collective problems, and contributes to the formation of a knowledgeable citizenry capable of taking a sustained interest in the governmental process. The key features of participatory democracy include the direct participation of citizens in the regulation of the key institutions of society, including the workplace and the local community. Against this background, the term *participatory democracy* can be used to cover various types

of democratic arrangements, notably associative democracy and deliberative democracy. In associative democracy, citizens exercise self-governance in associations in nonpolitical domains, such as housing, education, and public health. Deliberative democracy is nowadays one of the most influential models in the literature and inspires various experiments in democratic practices, such as citizen juries, round table conferences, and online policy exercises. In this contribution, we focus on the deliberative arrangements, in particular at the local level.

We define democracy as a political system in which the members of the *demos* have an equal effective input into the making of binding decisions. On the basis of this definition, it can be convincingly argued that representative democratic institutions have to be supplemented by arrangements that allow for direct participation of citizens in concrete decision making. The participation should at least include the phases of agenda setting and policy formulation, but could extend to the phases of policy implementation and evaluation as well.

Historical Background

The historical background of the current popularity of the mostly government-initiated practices of participatory democracy can be traced back to the 1990s. Decreasing electoral turnouts, in particular at the local level, triggered many public authorities to counteract the apparently decreasing citizens' trust in government and traditional politics. Local politicians perceived a legitimacy crisis of local government. New forms of political participation had to be offered to the more self-confident citizens. It was also acknowledged that modern citizens possessed valuable local knowledge and experience expertise, which should be mobilized to improve the quality of public policies.

Moreover, representative democracy suffers from several limits and failures. First, in modern network societies, a decentering of collective decision making has taken place. Politics has been relocated to networks of (semi) public agencies, spanning different levels of government, (semi) private organizations, civil societies, and companies. This development has

been designated by the concept of governance, which refers to the management of interaction and cooperation in networks. Governance brings about less formal modes of decision making that become uncoupled from the official institutions of representative democracy. The centrality of the representative democratic institutions has become eroded, and this also means that other channels have to be created for effective citizens' input in collective decision making. Second, there is a growing distance between the lifeworld of citizens and the system of representative democracy, resulting in feelings of alienation of voters toward politicians and voter apathy. There seems to be a severe lack of responsiveness of political decision making toward the citizens' wishes and concerns. An inherent feature of representative democracy, at least in multiparty systems, is the need of making compromises between the political parties, which are going to form the administration. Moreover, during incumbency new issues will come up, which cannot be foreseen in these election programs and were not discussed during the election period. If the citizens perceive these new issues as important, other forms of decision making providing for direct citizens' participation should be considered.

Against this backdrop, a revitalization of representative (local) democracy was envisaged, with new forms of communication and cooperation between public administrators, civil servants, and citizens, and with new roles for the politicians.

Participatory Democracy: Practices

Citizens' participation has several forms. Therefore, many authors make use of a so-called participation ladder in order to distinguish the scope of different kinds of participation and, also importantly, to distinguish forms of participation in which citizens act as co-decisionmakers and forms in which they are merely consulted.

The scope of participation and the amount of potential power of the participants obviously decrease when descending the ladder. One can add different democratic models to this overview. The first three modes of participation are then connected to more participative and deliberative democracy models, the

Table 1   Participation Ladder

Participation Form	Citizens' Roles	Governments' Roles
1. Self-governance	Initiators, self-governance of communities or groups	Supporter (financially or offering facilities)
2. Partnership	Equal partners, coproducing plans and policies	Equal partners, coproducing plans and policies
3. Delegated co-decision making	Delegated co-decision makers, within policy lines previously set by governmental actors.	Main policy makers, leaving lesser abstract decisions to (groups of) citizens
4. Open advice	Advisors, all kinds of problem definitions and potential solutions may come to the fore during the policy-making process	Requesting advice by formulating open questions
5. Consultation	Consultant, advising on rather closed set of questions, formulated by governmental actors	Consulter, asking advice on limited and controlled questions

Source: Adapted from Arnstein, S. R. (1969). A ladder of citizen participation. *Journal of the American Institute of Planners, 35*, 216–224.

fourth and fifth ones with representative democracy. (See Table 1.)

When facilitation of self-steering is the main form of participation, citizens themselves, or groups of citizens, take the initiative. For example, they decide to improve their neighborhood or to build sports facilities in their district. People organize themselves and make plans. They may need some assistance from governmental agencies. Government may give support to the initiative by offering expertise (e.g., how to build those facilities in a safe way), facilities and equipment (e.g., for getting rid of garbage, for cleaning the streets, or offering places for tolerated graffiti), or money. There surely will be some other governmental activity as well; government will still have to check the acceptability of the initiative according to legal and policy criteria. It, too, will have to safeguard the interests of nonparticipating residents and surrounding districts.

When participation takes the form of cooperation, citizens' involvement does not go as far. The initiative may come from citizens or government. They both take an equal share in the decision making as equal partners. Government and sports organizations and/or parents may cooperate in creating sports facilities in the district.

Government may decide to opt for delegation of decision making to citizens. A city may, for instance, create a business zone especially designed for information and communication technology companies. It may already have planned roads, waterways, and the kind and size of buildings in the area. It then may leave the rest to interested parties to build the offices, to consider the appearance of the streets, the facilities, the kind of trees, and so on. All of this is within the guidelines set by the government, though still with a considerable amount of policy discretion for the participants.

This latter example will no longer be the case in those situations when government requests open advice. Citizens no longer are co-decisionmakers, the government makes the decisions according to its own principles and procedures. Nevertheless, citizens play a significant role. They are invited to give whatever advice they want. The government poses a rather open issue and formulates rather open questions. It may, for example, want to restructure a neighborhood. The residents are then invited to give their opinion. Their opinions on the problems and even the perceptions of the problems may prove to be relevant. The same holds for their ideas on solutions. The policy-making governmental agencies will consider all advice and decide which they think relevant. The final decisions are governmental ones.

An even less-significant role citizens play is consultation. In that case, the government formulates concrete plans, elaborated as if the implementation is about to begin. The proposal will be made public, and citizens will be invited to share their thoughts and views. They

may express their opinions as far as they want to, but government is allowed to ignore everything.

Experiences and Evaluations

Governments seem reluctant to introduce radical forms of citizens' participation. Many authorities seem to prefer consultation and open advice, few opt for other forms and acknowledge a bigger say of citizens.

On the other hand, governments sometimes too hastily, and maybe too enthusiastically, decide to let citizens participate in whatever form. Citizen participation needs due consideration. As far as evaluations are available, a number of factors can be formulated that influence the success and failure of participatory policy making. Lessons to be learned are as follows:

1. Setting the stage is important. Governments as well as citizens willing to participate will have to consider the kind of involvement they prefer and which kind is suitable. One of the distinctive decisions to be made is which roles citizens and governments are to play. Setting the stage is a hazardous activity. It is a role for which elected representatives seem to be the more suitable match, that is, members of parliament or regional or local councilors.

2. Openness and access. Participation can only flourish when all participants prevent having hidden agendas. Those who participate have created mutual trust. If there is no trust, it will be hard for everyone to express wishes, to negotiate, and to codecide.

3. Governments will have to express their confidence in the participatory process. If government officials hesitate, or show disinterest, citizens will easily opt out. Participating citizens will have to have the feeling that what they are doing is relevant and useful. Government officials will have to take citizens seriously.

4. Suitable topic. Not every subject is suitable for involving citizens to a large extent. Solving the world's poverty problem may not be the best issue for inviting citizens, whereas improving the neighborhood may.

Future Developments

First of all, one may expect an increasing need for participation. Many people seem to feel alienated, mainly due to ongoing internationalization and globalization. Another effect is that people identify more and more with what appears to be nearby and recognizable. In both cases, stressing participation will be a necessity for the survival of formal democracy.

A second development might be increasing tension between formal representative democracy and participatory democracy. Both democracy models have their decision-making procedures, and they are not the same ones. Representative democracy is based on decision making by representatives, by a political elite mandated to do so by the electorate. Participatory democracy, on the other hand, advocates far-reaching involvement of citizens in the decision-making processes. To put it differently, a struggle is going on between the primacy of politicians and the primacy of the citizenry. On the other hand, the two democracy models can hardly survive without each other; a mutual dependence exists between the two. Without representatives, who will perform the perilous task of safeguarding participation procedures such as openness and access? And without participation, what will compensate for the inherent imperfections of representation? A new balance between representation and participation will have to be found.

Finally, because citizens' ability to participate in an adequate way may be questioned, empowerment of citizens might be a final development. In some cities this has already happened. Citizens were offered training in order to enable them to understand the complexity of decision making in the modern world.

—Linze Schaap and Arthur Edwards

See also Civil Society; Collaborative Planning; Communication; Communicative Action; Communicative Rationality; Deliberative Democracy; Democratic Theory; Dialogic Public Policy; Local Governance; Participation; Pluralist Democracy

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PATH DEPENDENCE

Path dependence is an approach to understanding how organizations, institutions, or technologies become "locked in" to particular choices as a result of their structural properties or beliefs and values. Path dependence begins with a straightforward assertion that "history matters" in studies of governance and then attempts to explain exactly how history matters through studies of the means through which constraints on normal behavior in organizational life appear and the form that these constraints take. It has been used to study how the QWERTY keyboard became dominant (despite its suboptimality in terms of typing speed on today's computers) through how studies of policy change in health care and welfare systems.

Path dependence is most often used as a concept by studies based around the historical institutionalist approach to political science, with its attendant focus on how institutions come to constrain organizational life. It has become a key concept to explain why institutions in political life don't change as much as we might expect if adopting, for example, a rational choice approach to human agency would suggest any continuity results from careful calculation of the costs and benefits faced in a particular decision-making process. Instead, path dependence tends to suggest

that policymakers work within a series of more limited assumptions about their world, learning less frequently and being rather more cautious.

In common with social learning approaches to policy (both share the common heritage of historical institutionalism), studies of path dependence demonstrate that governance processes are often subject to considerable amounts of inertia. Several recent studies of changes in the welfare state suggest that change can only be effected in exceptional situations in embedded welfare regimes. Studies of how technologies become path dependent suggest that "externalities" resulting from supplier and customer preference can lead to the dominance of one particular video recorder over another, even where the technology that "loses" might be superior.

A singular problem with uses of path dependence comes in its careless use—it can often appear in studies as a mere assertion that "history matters" in a particular case with little attempt to explain why or how. In order for the concept to have some theoretical credibility, a number of authors have suggested that it might be based around a particular form of technological and institutional development that has particular defining features.

For a path-dependent system to be in place, three elements need to be present. First, there is the need to demonstrate that at the creation of the institution or technology we are analyzing, a contingency or series of contingencies occurred that led to the selection of one outcome over another, which, given another set of initial conditions, might have led to another outcome having been selected instead. In other words, there is a strong element of contingency in the model— chance can end up as a deciding factor. Second, we need to demonstrate how, after a particular technology or organization form has appeared, feedback mechanisms appear to allow it to become insulated to some extent from change. These feedback mechanisms may be positive (where mechanisms lead to, for example, greater dominance from advocates of the path dependent organization or technology) or negative (where mechanisms interfere with attempts at change from alternative organizations or technologies). We should

note that the precise feedback mechanisms involved in path dependence are subject to some controversy. Paul Pierson appears to suggest that path dependence is about positive feedback mechanisms only, following the hard science of the subject in original contributions by Kenneth Arthur and W. Brian Arrow. But other writers appear more relaxed, accepting the possibility of both positive and negative feedback mechanisms when the approach is adapted to the study of political systems.

Feedback mechanisms "lock in" the system under investigation along a particular path and might be either cognitive in form, in which policymakers come to see the world only through the view of a particular idea, ignoring elements that do not conform to it, or else institutional, where the structural properties of institutions constrain actors within them so that they are unable to act in particular ways, even if they are not subject to the cognitive limitations as previously suggested. This is not to suggest that path dependent institutions are stupid—they may be extremely sophisticated in their behavior, but only within defined behavior limits. Path dependence suggests that human behavior has limits, both cognitive and institutional, which have profound implications for the way that governance operates.

Finally, a model of path dependence must specify how change is possible, given the feedback mechanisms identified in the second stage of the analysis that have come to dominate. In cases where historical analysis is being pursued, case analysis will show how change has been effected from a situation where a path dependency no longer exists, or, where the case is more contemporary, the analyst might examine the system under investigation for contradictions or problems that might eventually lead to the establishment of a new policy or technology pathway.

Path dependence is an illuminating and powerful means of analyzing policy continuity and change, but its careless use can lead to bland assertions about the importance of history. Equally, critics of the approach are often concerned that it is somewhat incompatible with forms of institutional analysis based around rational choice approaches. This need not be a problem because, as has been previously noted, one of the key features of path dependence is its discomfort with rationalistic assumptions of behavior and the suggestion that much of human behavior is rather less reflexive than this.

—Ian Greener

See also Complexity; New Institutionalism; Social Learning

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PATRIMONIALISM

Patrimonialism is a term used to designate a form of political organization. It is more often used in the Latin-based languages (e.g., French, Italian) than in English. The key focus in the model is the extent to which legitimate authority is based primarily on personal power exercised by the ruler, either directly or indirectly. The ruler may act alone or as a member of a powerful elite group or oligarchy. The ruler is not viewed as a tyrant. The structure of the Roman Catholic Church today is still patrimonial. Direct rule involves the ruler and a few key members of the ruler's household or staff maintaining personal control over every aspect of governance. If rule is indirect, there may be an intellectual or moral elite of priests or office holders as well as a military. The priestly group

may invoke deity for the leader. The king, sultan, maharaja or other ruler is able to make independent decisions on an ad hoc basis, with little if any checks and balances. No individual or group is powerful enough to oppose the ruler consistently without, in turn, becoming the new patrimonial ruler. The ruler is recognized as the chief landholder and, in the extreme case, all of the land and its people are his domain. The legal authority of the ruler is largely unchallenged; there is no recognized body of case law or formal law, but there may be notions of etiquette and honor.

The term *patrimonialism* is often used in conjunction with patriarchy, since the earliest form of governance in small groups may have been patriarchal. There is a relationship of personal dependence between an official and the ruler, so that the ideology is one of a large extended family. The idea of an early matriarchal society—as distinguished from matrilineal descent—is largely discredited. A "Big Man" chiefdom system is characteristic of many indigenous peoples and transition from patriarchy to patrimony is probably common historically around the world. As the size of the organizational structure switches from an extended family to a larger geographical area, particularly in agriculturally based civilizations, we move to the kind of patrimonialism that was probably characteristic of many early agrarian civilizations based on irrigation systems.

The relevance of the term *patrimonialism* for the study of governance and domination was popularized by Karl Ludwig von Haller (1768–1854), a Swiss conservative from Berne who was an opponent of the French Revolution. Haller attacked the ancient regime but, like Edmund Burke, was also opposed to Romanticism and violent revolutionary change. Haller argues that the state can and should be viewed as the patrimonium of the ruler. In his *Patrimonialstaat* concept, the prince is responsible only to God and natural law. Max Weber picked up on the term in 1922, modified it significantly, rejected the natural law argument, and uses it as a label for his Ideal Type Model (ITM) of Traditional Authority (*Herrschaft*). No doubt the fact that many European thinkers would have associated the term with a conservative stance may have helped Weber make his argument clear.

Weber describes forms of patrimonialism. Patrimonial-prebendalism is the more traditional form; it involves a ruler who practices indirect rule and uses officials. Those office holders are maintained by their prebends. Prebends are essentially premodern bureaucratic offices characterized by the payment of a tribute or labor to the office holder. The Anglican Church still utilizes the term. A prebend is like a stipend, but it is rarely a cash payment. A prebend is always held simply on the basis of the ruler's whim or grace. It can be revoked at any time and it cannot be inherited. Patrimonial feudalism is the more exceptional type because it involves the existence of an order of fief holders, mostly landed nobles and members of the clergy. They constitute a feudal network that has some power separate from the ruler. The key difference between a prebend and a fief is that a fief can be inherited. With primogeniture, it is the first legitimate son who becomes the lord, although women can hold feudal rights if there are no male heirs. Weber argues that the prebendal and the feudal forms of patrimonialism tend to oscillate, with those rulers who are able to maintain a highly centralized form of rule able to withstand the centrifugal forces of a more feudal system. Centripetal force is exercised by the ruler and the ruler's retinue traveling throughout the domain. In feudal settings, the ruler's domain often becomes more circumscribed, but it may still be considerable. Some writers simply posit a difference between patrimonial and feudal forms, but Weber's theory acknowledges the deep similarity between prebendal and feudal aspects of patrimonialism. Norman Jacobs has interpreted classical Indian society as patrimonial rather than feudal, but has also argued that the Marxist notion of an Asiatic Mode of Production does not fit the Indic case.

Patrimonialism is a Weberian model based on comparative-historical idealization that can help avoid various arguments about uniqueness (*Sonderwegen*) and at the same time avoid transcultural and transhistorical dialectical materialist arguments about inevitable evolutionary paths. As an ITM, it helps avoid some of the errors of Marxist work on a more narrow view of feudalism and the Eurocentric notion of a specifically Asiatic Mode of Production. The

crucial distinction between the use of the term *patrimonialism* and contemporary terms, such as *totalitarianism* (and *authoritarianism*), is that the patrimonial form tends to be associated with traditional, premodern, precapitalist societies. But aspects of both the arbitrary use of power by rulers and also the employment of mercenaries and retainers can be found again in contemporary totalitarian societies. Similarly, contemporary patron-client systems are often remnants of earlier patrimonial clientism. Whether or not it is useful to speak of nation-states in the twenty-first century as having elements of neopatrimonialism is disputed.

—Johannes Iemke Bakker

See also Authoritarianism; Leadership; Power; Sociology of Governance

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PEACE PROCESS

In the broadest and simplest practical terms, a peace process can be understood as an effort made by interested parties to achieve a lasting solution to a conflict. In stronger moral terms, it is an undertaking made to replace the psychologically and socially debilitating effects of destructive, bloody, human interaction with the creative benefits of all that civilized behavior has to offer. But what is peace, what are the necessary elements of such a process, who are the interested parties, and what must they do to achieve a lasting solution?

If peace is understood as merely an absence of war, then a military or security solution may be all that is required to implement a peace process. In this most narrow definition of peace, a tyrant could undertake a peace process by imposing his or her will on a society through repressive and draconian measures. Although security measures may be a necessary element of a peace process, establishing peace in the modern world of international norms requires the establishment of a society in which the citizens can enjoy the protection and freedom afforded to them by humanitarian and human rights law.

Peace, then, can be understood as both good governance and an absence of war, and a peace process must seek to achieve these ends through a combination of security measures and a program of social and political reform. These might include a peacekeeping force, policing in compliance with international standards, and the establishment of democratic institutions that can deliver rights and freedoms to all sections of society, with particular reference to those people or communities who previously resorted to violence in an attempt to obtain political or social justice. Such peacekeeping measures, of course, are almost everything from the application of economic, social, and cultural rights without discrimination to the right to life, freedom from torture, an effective criminal justice system, and a constitution that delivers political equitability, perhaps through some form of power sharing.

In practice, the interested parties to a peace process may be limited to those who will be economically or politically advantaged through the establishment of peace. This would hopefully include the parties to the conflict themselves; states neighboring the conflict with historical, ethnic, or economic ties; and other international players with a regional, global political, or economic strategic interest. In principle, however,

the interested parties should also include those states with regional and global responsibilities for the maintenance of peace and the application of human rights with regard to the parties in conflict. This, of course, is almost everyone from the aggrieved citizen and victim of the conflict to his or her state, the state's immediate neighbors, and relevant regional and global intergovernmental organizations (IGOs). However, given the limited effectiveness of these IGOs, an array of nongovernmental organizations (NGOs) can also be expected to be interested parties and participants in any peace process.

So, in principle, everyone should do everything they possibly can to advance a peace process by leading parties in conflict away from violence to good governance and all that it implies. In deeply divided societies, this can include bottom-up peace-building activities aimed at improved community relations and reconciliation, such as interschool activities, common history texts, interfaith education, integrated schools and contact groups for children, youths, trade and professional organizations, and so forth. From the top-down, such peace-building activities must be supported by the state with guidance and material support from experienced NGOs and IGOs. But "top-down, bottom-up" is in practice a false dichotomy, as each requires the support of the other to be truly effective.

The very top the United Nations (UN) system has a number of agencies to work on different aspects of a peace process. Similarly, many of these functions can be undertaken by regional organizations, such as the European Union and the Organization for Security and Cooperation in Europe (OSCE) in the European theater. The relevant NGOs are too numerous to mention here, and many of them are created on an ad hoc basis to work on a specific peace process, particularly at the domestic level.

Ultimately, the state or states in conflict must take on board the political guidance and material support that is offered by the international community. If this is not done and there are gross violations of human rights, such as genocide, or if the conflict threatens its neighbors or provides, perhaps as a failed state, a base for international terrorism, then an intervention (legal or otherwise) might be expected. If sanctioned by the international community, such an intervention is arguably part of a peace process. Unilateral action is more problematic, as it may be considered aggression in law or in practice.

Restrictions on effective remedial action, particularly those imposed by a lack of security or the vagaries of the political attention of the international community and the limited resources of IGOs and NGOs, will often condemn peace processes to cycles of relative peace and recurrent violence. A systems approach to social, cultural, and political phenomena would predict little else for a conflict deeply embedded in all aspects of life. However, if the system can be overwhelmed by working on all aspects of a conflict together, then a rigorous, joined up government approach to conflict prevention and management has the greatest possible potential for success.

One cornerstone of any successful peace process is agreement, which in turn implies successful negotiations. This aspect of the peace process has five essential criteria: the protagonists are willing to negotiate in good faith, the key actors are included, negotiations address the central issues in the dispute, force is not used to achieve an objective, and the negotiators are committed to a sustained process. To these five criteria we might add the imperative of consensus building achieved by including the people in the decision-making process. In this circumstance, the prospects for long-term stability are greatly enhanced.

The Northern Ireland peace process, over many years, gradually took on board many of the most desirable characteristics of peace processes as briefly reviewed here, so that, in the end, it was successful. But most peace processes fail because the conditions for favorable interests and positive action cannot be met. Additionally conflict and the requirements of conflict management have now gone global in the post-9/11 world of the war on terrorism. Events on one side of the planet impact on and, in turn, are affected by events on the other side of the planet. Perhaps, if all the lessons of successful peace processes are now applied internationally, such complex problems can be solved. But, at present, no such concerted effort has been made by those states with

sufficient power and influence to make the necessary difference.

—Colin Irwin

See also Crisis Management; Ethnonationalism; Failed State; Humanitarian Intervention; Human Rights; Negotiation; Second-Track Diplomacy; Security Community; Terrorism; United Nations; United Nations Security Council

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PERFORMANCE MEASUREMENT

Despite the prominence of performance measurement, there is no single universally accepted definition for measuring the performance of governments and public organizations. Performance measurement has been described as a process for the monitoring, assessing, and reporting of accomplishments to assist better management, but it can also include the broader notions of productivity, economy, efficiency, effectiveness, impact, quality, timeliness, and safety. Performance measurement can be directed toward either individual or collective performance or a combination of both.

The origins of performance measurement date to the early twentieth century when ideas about scientific management and specialization were documented by Frederick Taylor and operationalized by Henry Ford. These ideas were extended to the public sector as a means of improving the administrative efficiency of government. By the 1980s, performance measurement had become an embedded aspect of public-sector management. Many developments within performance measurement have been driven by the results orientation of new public management and have impacted on the way public goods and services are delivered by the state.

Why Measure Performance?

Governments seek to measure performance for a range of reasons—managerial, organizational, political, and for public accountability. They can measure performance on an ad hoc basis or as a part of a larger ongoing evaluation regime. Performance measures can be used to improve the internal management of organizations through the setting of benchmarks and indicators. They can generate the information necessary to assess whether an organization's goals and objectives are being obtained and the level of resources being consumed by an organization's activities. In particular, performance measures can inform managers about the resources used to deliver services, the quantity of services provided, and the achievement of goals and objectives.

Performance measurement can also improve lines of communication within individual organizations and between the various apparatuses of the state. In circumstances where actors are unlikely to share information or experiences, performance measures can be vital in facilitating dialogue and cooperation. Such cooperation can assist governments to overcome horizontal or whole-of-government service delivery problems, facilitate strategic planning, and encourage long-term policy making. Alternatively, performance ratings can facilitate competition between various providers and create behaviors that mirror the benefits of the market. Enhanced competitiveness can be a vital element in ensuring that public programs are delivered in the most efficient and cost effective manner.

In some instances, a dedicated proportion of appropriated budgets may be earmarked for mandated performance assessments that form the basis of future political decision making. Politicians have also embraced performance measures as a basis for decision making, as a way of demonstrating value for money and to enable them to assess the effectiveness and impact of public programs.

Finally, performance measurement addresses an external accountability function, providing transparency

and allowing for programs to be evaluated. Results reporting plays a crucial role in informing constituents about the use of public resources and in providing an assessment of public activity. Furthermore, performance measurement can offer a more complete picture of program performance than can be achieved through traditional information provision (e.g., budgets or financial statements). In some countries, performance measurement is even mandated by legislation. For example, federal government organizations in the United States are legally bound by the *Government Performance and Results Act of 1993* to provide Congress with performance information on an annual basis.

Types of Performance Measures

Performance measures typically provide governments and their constituencies with information on outcomes, outputs, and quality. Composites of these measures can be integrated to provide a holistic evaluation of public-sector activity.

Outcome measures indicate the overall effectiveness of organizational activities to achieve desired goals. These measures seek to ask whether an organization is doing the right thing in relation to its stated goals and objectives.

Output measures inform governments and stakeholders about the efficiency and effectiveness of an organization's activities. These results focus on products and deliverables from particular organizations or programs. Typically, they are target driven and can be used to assess optimal performance—both financial and nonfinancial indicators are reported.

Quality measures, by comparison, tend to focus on whether the activities of an agency meet the requirements of its clients and stakeholders. Quality measures tend to focus on satisfaction (meeting client expectations), timeliness (an indication as to whether goods and services can be delivered on time and in accordance with the expectations of clients and stakeholders), and safety (indications as to whether organizational activities impact on the health of employees, customers, and the physical environment), but can also include notions of durability, longevity, reliability, customization, and availability.

Critical Issues in Performance Measurement

The critical issues in performance measurement can be distilled into four categories based on the themes of measurability, complexity, judgment, and distortion. First, many important aspects of human or organizational activity are often not measurable or extremely difficult to measure. Often what is measured is largely a consequence of what is easily quantifiable or able to be counted. Aspects of public activity, such as defense readiness, community well-being, and a more just society, are just a few of the numerous examples where reliable measurement is problematic if not impossible.

Second, measuring performance can be complex and produce contradictory information. There is often a lack of consensus on what should be measured, which, in some instances, leads to the development of costly and time-consuming performance measurement regimes. The complexity of human activity can also offer paradoxical advice to organizational managers and decisionmakers undermining the value of performance measures. For example, assessing the role of senior civil servants in policy development may reveal little about how they use their time and whether their activities contribute to better policy making.

Third, performance measurement can show some dimensions of individual or organizational activity, but offers little indication as to how performance information can or should be used. The use of performance measurement for decision making is often a matter of judgment that bears little significance to the content of the information collected. For example, recent research on budgetary decision making has continually demonstrated the limited impact of performance information on the allocative functions of governments, despite its prominence in the budgetary process.

Fourth, the act of measuring performance can distort the activities of individuals and organizations. It can narrow the scope of behavior over time by focusing on what is counted and what is attempted by individuals and organizations. The more tangible aspects

of public activity (such as community service obligations) tend to be overlooked in favor of activities that can be more readily measured and identified. Such distortion undermines the usefulness of performance measures as a tool of contemporary governance.

—Alexander Gash and John Wanna

See also Benchmarking; Efficiency; Government Performance and Results Act; Institutional Performance; New Public Management; Transparency

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PHYSICAL CAPITAL

The term *capital* is used to refer to a factor of production within economics, one of three primary building blocks (along with land and labor), that in combination can be used to produce goods and services. Although suggesting homogeneity, capital as a term has no fixed conceptual definition, and different schools of economic thought through classical and neoclassical economics have defined it differently. Physical capital is a subset of capital, with other subsets including financial or money and the recently developed human, social, and knowledge capital. However, this subdivision does not result in making physical capital a homogeneous substance, and both its definition and measurement remain problematic.

Since the birth of capitalism and mechanized production, physical capital has been considered a stock of capital goods. Economic production functions, which model production processes using factor inputs, assume this definition. National accounting statistics, however, subtly alter the definition to one of produced assets, which do not necessarily have to be factors of production. A nation's physical capital or capital stock consists of fixed capital assets. The Organisation for Economic Co-operation and Development (OECD) suggests that most countries use a derivation of the United Nations System of National Accounts (SNA) to determine which sorts of goods to include in the fixed capital stock. According to the OECD, the goods included are durable (if lasting longer than one year), tangible (not patents and copyrights), fixed (mobile equipment excluded, but inventories and work in progress included), and reproducible (natural forests and land and mineral deposits are excluded). This provides a relatively clear definition, but means, for example, that items such as housing stock and artistic originals may be included, in contradiction to the economic definition.

Both definitions of physical capital suffer from a problem of measurement. Joan Robinson first raised the problem of how heterogeneous physical capital stock was to be measured in 1954. She argued that a physical measure is impossible if we are dealing with different goods, and a price or monetary measure invokes circular reasoning. This is because the theoretical price of a capital good is a measure of its total future profitability in current money. Yet profits are determined by the quantity of capital used in production; therefore, the quantity of capital cannot be determined by the amount of profit generated without circular reasoning. This is highly problematic for aggregate measures of physical capital, as well as for economic theories that depend upon them as inputs. National statistics ignore the problem by using average historical purchasing prices to calculate quantity of capital. Price is treated as an exogenous variable, independent of future profitability and therefore

quantity of capital. Textbook economic theories also ignore the problem when invoking aggregate production functions. More radical approaches, utilizing institutional and evolutionary methods, reject the reduction of production to quantifiable factor inputs and therefore challenge not only the definition and measurement of physical capital, but also how the concept is deployed.

—*Paul C. Lewis*

See also Human Capital; Political Economy; Social Capital

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PLANNING

Planning is the rational pursuit of goals by actions. Planning normally involves either explicitly or implicitly the following stages: identification of goals, objectives, and targets; development and evaluation of alternative strategies to achieve goals; identification of the preferred strategy; implementation; monitoring; and adjustment of plans based on monitoring results.

Within this broad definition there are many variations of planning. Before reviewing variations, it should be cautioned that the large number of planning types and inconsistencies in terminology preclude developing a comprehensive typology. However, it is useful to organize discussion of planning typology around four themes: the scope of decision-making strategies, political responsibility for planning processes, mechanisms for planning implementation, and the subject matter of planning.

Decision-Making Strategies

Commonly identified decision-making strategies in planning include rational, comprehensive, systems, incremental, and strategic. The rational comprehensive model of planning proposes consideration of all goals and all ends for achieving goals. Ends are assessed for all possible consequences and the ends are chosen that maximize social welfare. The founding assumption of comprehensive planning is the ability of experts to use rational scientific analysis to identify and implement appropriate actions to achieve the public interest. Comprehensive planning is based in part on systems theory, which views society as being comprised of interdependent components whose relationship and behavior can be understood and modeled. The modeling of the system can identify key levers of control that can be used to affect system behavior and achieve desired outcomes. An example is monetary and fiscal policy, which can be used to affect economic performance.

Critics of comprehensive planning suggest it is naïve and counterproductive to attempt comprehensiveness. Goals are too diverse and conflicting, and systems are too complex to understand or manage. A more realistic model, according to some, is incremental planning. Incremental planning focuses on short-term problem solving based on considering only limited ends and limited means. Choices are made by agreement among competing political interests as opposed to rational methods of evaluation.

Most empirical analysis of planning concludes that incremental planning is one of the most commonly used models. However, criticisms of incremental planning are that it ignores interdependencies and responds to problems instead of preventing problems. Consequently, incremental planning is not very effective. A third planning strategy that attempts to combine some of the benefits of the comprehensive model while recognizing the constraints is strategic planning. Strategic planning tries to provide a comprehensive framework focusing on the large, key issues.

A vision is created of the desirable future, the environment is scanned to identify major trends, and a strategy is devised for achieving the desired outcome. The strategic plan provides the framework that identifies key priorities and issues that require more intensive comprehensive planning to address.

Political Responsibility for Planning

A second feature distinguishing types of planning is political responsibility for decision making. Commonly identified models of political responsibility for planning include technocratic, advocacy, mediation, collaborative, and postmodern structuralist.

Technocratic planning delegates planning control to experts that use scientific analysis to prepare plans. In its most extreme form, technocratic planning gives experts control over the setting of goals and the preparation of means to achieve goals. For example, providing basic public services, such a clean drinking water, setting pollution emission standards, and setting allowable harvest levels for natural resources, are often viewed as decisions that should be made by independent experts above politics. In the 1960s, however, this more extreme model of technocratic planning came under increasing criticism for its failure to acknowledge that planning attempts to achieve goals that are based on the values of citizens, not the values of experts. Decisions by experts, such as building freeways through poor neighborhoods, building urban renewal projects that displace the poor, and setting resource harvesting rates for forests that failed to protect other environmental values, illustrated the political nature of planning. It was increasingly acknowledged that planning goals should be articulated through a democratic process, not expert judgment. Under this less-extreme form of technocratic planning, experts are relegated to evaluating appropriate means to achieve goals that are provided by democratic processes. Democratic processes for determining goals include direction from politicians as well as direct consultation with affected citizens.

The acceptance of the value-based, goals-oriented nature of planning stimulated development of new models designed to integrate citizen preferences into the planning process. It was soon recognized that citizen involvement should not be restricted to just setting goals, but should include the evaluation of means. This led to the development of various methods to involve citizens in planning, such as providing information, obtaining feedback through open houses, public meetings, and ongoing consultation by using citizen advisory committees. Several new models of planning emerged from this effort: advocacy planning, mediation planning, and collaborative planning.

Advocacy planning is based on different interest groups having their own experts to prepare plans and advocate on behalf of their clients in the same way as lawyers do in a courtroom. Advocacy planning assumes that planning is an inherently interest-based process in which decisions reflect the preferences of different groups. By having stakeholders and their experts argue the merits of their respective plans in an open public forum, advocacy planning can improve planning outcomes by ensuring consideration of all interests.

The criticism of advocacy planning is that it assumes that planning experts that are advocating on behalf their clients will affect the decision. However, advocacy planning does not suggest how the decision will be made among these competing planning interests. By default, advocacy planning assumes that the decision can still be made by the same powerful interests that are able to ignore the rational arguments of competing experts.

Mediation and collaborative planning try to address this deficiency of advocacy planning by proposing consensus-based decision making achieved by face-to-face negotiation among competing interest groups, often with the aid of professional facilitators. The difference between mediation planning and collaborative planning is that mediation planning normally reacts to an existing conflict among stakeholders, while collaborative planning is normally proactive by creating a consensus-based mediation process at the start of a planning process. By delegating responsibility for planning to stakeholders who reach decisions by consensus, mediation and collaborative planning can ensure that plans reflect the interests of all parties. Collaboration also generates more

creative options through interactive dialogue among stakeholders. Consequently, plans developed by collaboration are more likely to be in the public interest. Plans developed by consensus are more likely to be implemented because they have the support of all stakeholders that helped develop the plan. Mediation and collaborative planning also develop skills, knowledge, and better relationships among stakeholders, which make future planning easier and more effective.

Mediation and collaborative planning also pose challenges. Effective use of mediation and collaborative planning requires that those controlling planning are willing to delegate power to other stakeholders, that there are well-organized stakeholder groups that cover the spectrum of competing interests, and stakeholders are able to reach a consensus decision. These conditions are not always met. Defenders of collaborative planning emphasize that while failure to meet these conditions can reduce effectiveness, collaboration is still more effective under imperfect conditions than alternative models of planning. For example, collaboration that does not reach consensus will still result in better decisions by improving understanding of relevant interests.

Postmodern, structuralist planning is more a theory of how society functions as opposed to a normative theory of how planning should be done. Although there is wide variation in the postmodern planning theories, there are several common themes. According to postmodern structuralists, there is no objective knowledge, no value-neutral techniques for determining what is in the public interest, and little opportunity to rationally choose how society will develop. Instead, outcomes are largely controlled by independent structural forces beyond rational control or by the needs of the most powerful interests in society. In this model, rational planning to achieve the public interest does not exist.

Planning Implementation

A third dimension to planning typologies is the way that plans are implemented. Planning implementation strategies can be categorized along a spectrum from indicative, to market, and to regulatory, depending on the intensity of implementation. Indicative planning is based on providing information to decisionmakers to allow them the freedom to make informed, rational choices. No compulsion is present. For example, environmental plans may inform the public of emissions of various types of automobiles in the hope that they choose lower-emitting vehicles. Market-based implementation alters relative prices of goods and services to implement plans. For example, taxes may be reduced on low-polluting automobiles to encourage consumers to buy more relative to high-polluting vehicles. Again there is no compulsion. Regulatory implementation uses laws and enforcement to mandate outcomes. For example, laws can be passed that prohibit automobile emissions beyond a certain level. Regulatory planning is sometimes referred to as command planning.

Subject Matter of Planning

A fourth dimension to planning typologies is the subject matter of what is being planned. Planning is divided by both spatial and functional characteristics. Common spatial divisions of planning include neighborhood, city, region, and national. Planning at these different levels is usually based on political jurisdictions. Common functional divisions include social, economic, environmental, land use, transportation, and public infrastructure. Within these broad divisions there are numerous categories. Social planning, for example, can be broken down into numerous subcategories, such as health, day care, education, social services, and so on. In the comprehensive planning model, the attempt is made to coordinate all the different spatial and functional categories of planning to achieve consistency.

A recent international trend in planning is the emergence of sustainability planning. Sustainability is defined as meeting the needs of the current generation without sacrificing the needs of future generations. The interest in sustainability planning is increasing with the growing awareness of broad environmental trends such as global warming that challenge the integrity of the earth's ecological systems. Sustainability planning is ushering in a new era of comprehensive, international

planning based on the recognition of interdependencies between national systems. Many countries have committed in international agreements to prepare sustainable development strategies that integrate social, economic, and environmental objectives.

Conclusion

In sum, planning has a common theme: the attempt to achieve goals by rational implementation of strategies. Within this broad theme there is significant variation in the meaning of planning. This variation can best be understood as a multidimensional matrix organized around themes of decision-making strategies, political responsibility, implementation strategies, and spatial and functional subject matter. The emphasis on planning type within this typology varies with time, circumstance, and the dominant ideology of the society. Current trends point to increasing emphasis on collaborative planning and international and national sustainability planning to preserve integrity of ecological systems. While the future of planning as a rational attempt by humans to affect their future is assured, the specific planning styles that will dominate remain uncertain.

—*Thomas Gunton*

See also Collaborative Planning; Dirigisme; Strategic Planning; Urban and Regional Planning

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PLURALISM

Understood most broadly, pluralism is a belief in more than one thing or a tendency to be, to hold, or to do more than one thing. As applied to political systems, pluralism recognizes the existence of multiple, often overlapping, and potentially conflicting characteristics within a political community. The central concern of pluralism in a democratic society is how public decisions are to be made and action taken given the multiplicity of, and likely conflict between, legitimate interests. Pluralism stands in contrast to monism, which claims the possibility of a unity of theory and practice running from epistemology and ontology all the way down through specific instrumental policy proposals and decisions.

Political Pluralism

Several related strands of pluralist thought have emerged as the focus of intellectual development over the last one hundred years. In the United States, the works of David Truman and Robert Dahl represent one of the primary perspectives associated with the related concepts of political pluralism, pluralist democracy and interest group pluralism. The foundations of political pluralism can be found in the works of Harold Laski and G. D. H. Cole, who moved pluralism and its understanding of the state away from the abstract and idealized treatment in philosophy to a more concrete, instrumental analysis that recognized corporations and associations as independent formations and interest sets. Having embraced the move of pluralism out of philosophy, Truman's work made a further shift, in this case away from the dominant focus on descriptions of institutions and structures that characterized the study of American political processes at the time, and focused instead on developing an understanding of how interest groups shaped political and policy activities. Pluralist theorists of this vein sought to locate the stability of the political system in the interactions of the local, immediate, and small, consistent with the perspectives articulated by Alexis de Tocqueville. Political pluralism argues individual rights and interests are protected by an ongoing process of negotiation and renegotiation between interests such that no single group holds the dominant power position, power is always shifting, and individuals can influence policy making through being active in one of these power groups. In this way, Truman moved away from both the politics of social class and the large-scale political projects of the Left, as well as

the notion of inclusive or unitary interest in favor of the bargaining of competitive interest groups as the source of public policy.

Dahl further contributed to the development of political pluralism by including conflict in his analysis. Starting from the position that the existence of conflict is unavoidable, he works to develop an understanding of how political communities respond to and resolve that conflict. Dahl identified the problem of conflict as a central one in the debates over the writing and ratification of the Constitution. Looking to James Madison's *Federalist 10,* he identified the source of conflict in the diverse interests of those in the political community. One of the fundamental questions thus becomes, what are the means of resolving conflicts in a way that will enable community to be possible? That is, what are the structures and processes by which the diverse interests of factions can be successfully negotiated? To answer this question, Dahl recounted the debate between aristocratic and democratic forms of government and notes that while there are difficult challenges associated with democratic forms of government, it is a better response than aristocratic forms. Once democracy is selected, a balance between the dangers of faction and the need for the consent of the governed must be achieved. The dangers of faction, whether minority or majority factions, cannot be limited simply through the exercise of self-restraint. Instead, drawing again on Madison, Dahl looked to the creation of processes through which the consent of the political community can be established. Establishing the consent of all is important because of its consistency with personal freedom, human dignity, and respect, as well as being a means of enhancing the durability of the political system. The political processes that emerge represent a model of pluralism. Rather than relying on a single center of sovereign power, pluralism demands that there be many centers of power, none of which is or can be wholly sovereign. Although in the United States, "the people" are the source of legitimate sovereignty, from the perspective of American pluralism, even the people should never be an absolute sovereign. Moreover, no part of the people, even a majority, should be absolutely sovereign. The existence of

multiple centers of power, none of which is wholly sovereign, will help—or may in fact be necessary—to secure the consent of all and to settle conflict between interests without resorting to coercion or outright violence. The basic concept is the idea of setting power against power as a means of ensuring that it will be tamed, civilized, controlled, and limited to decent human purposes, reducing the use of power and coercion to the lowest possible level. Further, because all interests, even the smallest minorities, can contribute to decisions and, in some cases, can even have the opportunity to veto solutions they strongly oppose, the consent of all can be established in the long run. Last, because ongoing negotiation between interests and centers of power is necessary for decision making, leaders will develop requisite capacity to deal with conflict to the mutual benefit of all involved in conflict without the use of coercive power.

Gabriel Almond and Sidney Verba extended the work on political pluralism by shifting the focus of their analysis away from the institutions and processes of government and instead highlight the importance of the broader political culture within which the processes take place. For them, democracy requires a particular kind of political culture that is tied not only to the formal institutions of governance, but also to the experience of community and social and family life—interests generated outside of politics. Building on theses elements, a pluralistic culture shaped by communication and persuasion emerges. This culture is one that elevates consensus and diversity and is one that allows for the possibility of change, but moderates that change, recognizing that too much politics can be dangerous.

The same processes operate at the agency and interagency level as well. There are likely to be overlapping missions between agencies as well as multiple purposes within agencies. These dynamics are expressed in the presence or representation of multiple and competing social, political, and economic interests. The result is pluralist competition or negotiation in and across agencies.

This political conception of pluralism explains how interest groups translate individual concerns into political action and eventually public policy. Interest

groups represent and give voice to actors and provide a means of influencing political elites. Memberships in multiple interest groups and divided loyalties lead to compromise and integration of proposed actions. Liberal democracy is well suited to the wide range of interests emerging from a pluralist system without leading to political instability. In addition to retaining stability, pluralism supports the legitimacy of the state, which is both authoritative and responsible and simultaneously requires influential and deferential citizens. Interest group politics or pluralism helps the state act in a consumerist environment consistent with the post–World War II period of economic growth and moderate social reform.

Value Pluralism

In addition to political or interest group oriented pluralism, others, including Isaiah Berlin and John Rawls, have conceived concepts of value pluralism that also influence the principles and practice of government in a liberal democracy. Isaiah Berlin developed an understanding of value pluralism wherein values are conceived of as human creations or social constructs, as opposed to universalistic entities to be deduced or derived from nature. Despite the claim that values are social constructs, they are, according to Berlin, objective in that they are facts about the people who hold them. Therefore, belief in certain values is an objective reality of human nature. Value pluralism emerges from the argument that each value compels particular actions by virtue of its own requirements, rather than on the basis of some other, universal value. As such, there is no common or universal measure for evaluation or judgment between two or more values.

To Berlin's notion of value pluralism is added his conception of negative and positive liberty. Negative liberty is understood as freedom from constraints, while positive liberty is understood as the freedom to pursue ends as an autonomous actor rather than being dependent on others. The connection between value pluralism and liberty is the critical importance of choice to both. The ability to choose between values and the courses of action they imply is at the core of the connection between value pluralism and liberty.

The implication is that there is no single or best way to live, but rather, governance and social processes are oriented toward maintaining a balance of values—preserving individual liberty while at the same time recognizing the need, for example, to in some cases restrict that liberty in order to promote justice or equity. For Berlin, concepts of value pluralism and liberty are central to both his understanding of the nature of human agency and the governance processes required to protect human agents.

Value pluralism is also a central element of John Rawls's conception of justice and his shift in the understanding of justice from metaphysical to political. That is, in modern democratic societies, diverse and incommensurable notions of the good (values) are an empirical fact. The fact is not a law of nature, but rather is relative to individual policies and specific social institutions. It is possible in these conditions to establish universal social agreement only through the use of coercive power by the state. A commitment to both noncoercion and individual liberty is inherent in the first component principle of Rawls's theory of justice—each person has equal right to the most extensive liberty compatible with a similar liberty for others. This, along with the difference principle would, according to Rawls, be accepted from the perspective of the "original position" under the veil of ignorance. In combining these elements into his political conception of justice, value pluralism becomes a driving factor in the governance processes and ultimately, the decisions and actions of political communities.

Cultural Pluralism

Although the concept of political pluralism developed in the United States largely moved political inquiry away from a concern with class and power, these concerns do figure into some understandings of cultural pluralism. The literature on cultural pluralism tends to describe the conditions in which two or more cultures come into contact with one another, typically within the boundaries of a single political entity. This work tends to examine the extent of multiculturalism or cultural diversity as well as the social divisions and

resource inequities that manifest between groups. Some strands of cultural pluralist study have continued to focus specifically on the issues of class and power and their relationship to issues of democracy and governance. For example, in addition to examining the relationships between cultures within a single political community, J. S. Furnivall's description of cultural pluralism detailed the conditions of instability, inequity, and uncertainty that often characterized colonial situations. M. G. Smith extended the examination of power such that contemporary understandings of cultural pluralism include attention to both the degree of differentiation between groups and the allocation of status, resources, and ultimately, power among subgroups. As such, these accounts of cultural pluralism often imply a redistribution of political and economic resources in a way that is consistent with liberal elements of the political and value pluralism previously described.

Postmodernism and Pluralism

Structuralist and neo-Marxist perspectives that emerged in the 1970s criticized the version of American pluralism that emerged in the 1950s and 1960s as being concerned with superficial behavior rather than pervasive or deep structures, lacking rigorous theoretical or paradigmatic grounding, and generally being a complacent form of liberalism. Perhaps ironically, postmodern critiques of structuralist perspectives have returned to some attributes of pluralism—ever-changing groups of citizens that form, separate, and reform in new ways, emphasis on increasing individual liberty and freedom of choice. The denial of universal truth claims, monism, and the affirmation of heterogeneity and difference are recurrent themes in postmodern discourse. For example, while Michel Foucault never claimed to be a pluralist, his exploration of power and governance processes revealed some of these pluralist characteristics. Foucault moved from a modernist examination of the question of what power is, to an analysis of what functions the state serves. In doing so, power becomes a microlevel phenomenon that permeates both official institutional settings as well as social relations. His

notion of governmentality revealed the existence of multiple and distinct modes of pluralization of modern government. That is, in contrast to unified or monistic theories of the state, Foucault argued for the existence of many processes by which the state and society interact. This analysis is consistent with the emphasis on individual liberty and freedom of choice in that it suggests plural avenues of resistance and contestation.

Criticisms of Pluralism

A number of criticisms have been leveled at pluralism and its connections to liberalism. One criticism is the assessment that the extent of the competition between competing interests may be more apparent than real, as can be seen in the existence of long-standing, stable political coalitions and the practice of logrolling. A further critique is that public agencies often operate as interest groups in their own right. Doing so creates tension between the agency's function of policy implementation on the one hand and its efforts directed toward securing resources on the other hand. A related concern is the possibility of agency capture, or the possibilities that public organizations with regulatory responsibilities become unduly influenced by the interests they are supposed to regulate. Another criticism is that political executives have become dominant in the agenda-setting process, further reducing the extent of negotiation between interest groups.

Marxist critics point out that social class essentially vanished from the political pluralist discourse, despite evidence that those dominant interests that proceeded through the pluralist process to become operationalized in public policy were strongly influenced by economic interests. In other words, in liberal, capitalist democracies, the state does not merely provide a neutral framework within which the plurality of interests vie for position on a level playing field. So while consumerist attributes of pluralism suggest that individual preferences, interests, and their pursuit largely fall outside the political system, Marxists argue that the state privileges forms of private property or capital acquisition such that the interests of business are necessarily granted a position of advantage in the struggle between interests.

While even some advocates of political pluralism acknowledge discomfort with the economic inequities and political failings of pluralism in the late twentieth century, they neither develop a theory of value that would enable a critical analysis of various distributions of economic and political power nor do they articulate the sort of structural reorganization championed by Marxists. It can be argued that the Madisonian position, which posits that the passions of the masses are held in check by apathy or deference to either elites or the rules of the game, has become untenable. At the same time, the claim that economic elites are constrained by internalized democratic values, political institutions, periodic elections, and overlapping interest groups has similarly collapsed. These claims began to fail with the mass political involvement and activity of the civil rights, antiwar, feminist, and other political movements in the 1960s and 1970s, as well as the changing economic conditions of the late Cold War period. In the aftermath of the fall of the iron curtain and with the growing emphasis on global capitalism, Marxist critiques appear to have lost some of their currency in the popular political discourse, though they have yet to be replaced in that broader political discourse by postmodern or poststructuralist approaches.

—*Eric K. Austin*

See also Association; Civil Society; Interest Group; Liberalism; Marxism; Multiculturalism; Pluralist Democracy; Polyarchy; State Capture

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PLURALIST DEMOCRACY

As a concept, pluralist democracy is highly relativistic, ranging from a potentially broadly defined condition to a narrowly defined, nearly corporatist model. Arguably, both conditions or states could be said to be pluralist within an overarching democratic political system.

In theory, the United States' model of pluralist democracy is built on the founders' desire to simultaneously promote the rights of citizens to organize into factional interests while also preventing individual citizen liberty from falling prey to factional influence; in essence, an attempt to find a middle ground between the absolutism of monarchy and what was seen as potentially deleterious and chaotic majoritarianism. Nevertheless, the existence of faction, and hence pluralist democracy, was seen as a natural and essential element in free society, consistent with human nature and the desire to express differences.

Scholars have repeatedly addressed the human tendency to promote group interests, at times at the expense of individual rights and liberties. Diversity of perspective was looked upon as being an important element in the maintenance of democratic pluralism and one that required constant monitoring and consideration. Issues of diversity and scope of participation are seen as particularly important to the protection and maintenance of civil liberties in a pluralist democracy. Simultaneously, there must be some shared values in pluralist democracy, an acceptance of institutions and

the recognition of individual rights. Diversity was of particular interest to late nineteenth- and also twentieth-century scholars such as William James, who focused on individual diversity in relation to participation in the public dialogue, while other scholars have focused on the elevation of the individual in relation to participation in organizational life, public and private.

The issue of diversity has continually plagued pluralist democracy. Looked upon from a broadly defined view, the greater the number of positions represented in a pluralist democratic process, the more likely that a diverse set of perspectives are being represented and expressed, but scholars are careful to point out that even though there is a great number of positions represented or expressed does not mean that the positions are equally represented, expressed, heard, or acted upon. In a dynamic model of pluralist democracy and over several iterations of the democratic decision-making process, outcomes may not represent the diversity assumed to exist. In a narrowly defined view where very few interests exist, pluralist democracy is likely to lack the diversity of viewpoint that James and others believed to be so critical to public dialogue.

Recent historical events and scholarly treatments have shown that the problem of diversity promotion with pluralist democratic dialogue tends to be endemic in both established democratic nations as well as newly emerging democratic regimes in Africa, Asia, the Americas, Europe, and the Middle East. Group-based identity may serve as a limiting factor in shaping the potential to engage in dialogue. Depending upon the nature of groups, it is possible that an orthodoxy of positions may be fostered at the expense of the very diversity of viewpoints within democratic dialogue that may be desired or desirable.

A second dilemma that has been of concern to scholars has been the true nature of democratic pluralism. As pluralism requires a proper respect for the diversity of citizens, the status of racial and ethnic minorities, as well as the status of women and the economically underprivileged and socially disenfranchised, is of particular concern to the linking of pluralist theory with practice. Robert Dahl, for instance, argues that two of the basic requirements

for a pluralist democracy are: consent and political equality, neither of which were or are available to all citizens or denizens; but Dahl goes further in pointing out that pluralist democracy exists on a continuum between authoritarianism and pure democracy—he refers to this status as polyarchy, challenging theorists and practitioners to consider pluralism along a range rather than as an absolute concept. In essence, this second dilemma revolves around the issue of social pluralism, not only the variant of positions but also a focus on the individuals (particularly, their socialization and exposure to pluralist traditions) that hold these positions.

Concern with the underprivileged and disenfranchised is one of the major differences between a simply pluralistic condition and democratic pluralistic tradition—the former is more likely to be described as an atomistic condition, while in theory the latter is concerned with a basic set of principles that govern human rights above and beyond differences in preferences and viewpoint—socially or economically. An understanding of basic principles governing human rights, however, remains a central part of the dialogue about pluralist democracy, particularly when sociocultural, racial, gender, and economic barriers establish biased visions of consent. Furthermore, political equality has been shown through social scientific research to be directly related to social equality. Dahl's two basic requirements may be ideals that cannot be reached, serving rather as possible benchmarks to be pursued ad infinitum, directly feeding into the third major dilemma discussed in the following paragraphs.

In many ways related to concerns of social pluralism is the nature of collective acceptance of basic principles, namely, the locus of agreement in relation to conflict. According to William Galston, there is an inherent conflict between value pluralism and the concept of individual freedom. John Gray, for instance, argues that negative freedom—that is, an individual's right to disassociate from others and from the values of others—is inversely related to the promotion of value pluralism. In essence, Gray is arguing for a liberal democracy in which public action is governed by the pursuit of individual freedom, a movement away from the values of Dahl's polyarchy, which focuses to

a greater extent on groups. Galston argues that while there is a moral bottom, a locus of basic value premises is not relativistic—beyond this there is an emphasis on diversity of shared values and beliefs governing pluralist democracy, processes, and outcomes. Yet, other scholars reinforce the need to remain cognizant of the primacy of the individual and his or her needs.

The proper balance between individual rights, the promotion or acceptance of pluralistic conflicts, and Dahl's concerns for cooperation remains a central concern as the concept of pluralist democracy evolves and as the conditions within and surrounding nation-states change. In recent decades, for instance, Germany faced the likely long-term challenge of reunification. Political traditions and values in former East Germany differed significantly from West Germany, influencing views on individual rights, pluralist conflict, and the nature of cooperative enterprise through the political process.

In more recent studies, pluralism has evolved in terms of its meanings and emphasis. There is a growing need to focus on its complexity in order to fully realize its meaning and lasting importance. Scholars have increasingly emphasized the need to explore the full meaning of pluralist conflict, dialogue, compromise, and cooperation through the use of nontraditional methods of participation. Through the exploration of meaning, it is believed that pluralist processes will be more inclusive, emphasizing group and individual notions of political and social justice.

The scope and meaning of pluralism in the late twentieth and early twenty-first centuries has, at times, led to a greater focus on the structural inequalities in society created by early conceptions of pluralism. Neopluralism places greater emphasis on substantive outcomes, focusing more on class and distributions of wealth and power. Neopluralism also questions the prerequisite for (and value of) capitalist liberal democracy in the promotion of promised substantive pluralist outcomes. The identity of individuals and groups, therefore, is focused to areas outside of traditional concerns, with more generally constructed measures of racial, ethnic, gender, and economic-based measures of diversity.

Until quite recently, classical liberal traditions within the pluralist democracy dialogue were built on the notion of the individual operating within a pluralist democracy. As individuals, consent was centered on individual rights and liberties within the political process. The neopluralist argument was dismissed or countered with a marketplace metaphor in tandem with a conception of the individual actor rationally operating within the political sphere. Pursuing individual self-interest within a set of governing principles regarding individual rights and liberties was seen as the best way to maintain the system and to promote unbiased outcomes.

In the early twenty-first century, both neopluralist and classical liberal traditions related to pluralist democracy have, to some degree, floundered on the shoals of the political and social realities of fundamentalism in its multifarious forms. Aspects of the neopluralist tradition are provided some support through the recognition of racial, ethnic, and gender-based measures rather than simply considering the individual and individual rights bereft of such considerations—in essence, the concept of the individual separated from the aforementioned factors is entirely incomplete and the promotion of pluralist democracy without such consideration is likely rendered useless. Simultaneously, aspects of the classical liberal tradition within the pluralist democracy dialogue critique an overemphasis on grouping factors in the consideration of liberal democracy. Scholars within the classical liberal tradition find that neopluralist emphases may actually promote skewed distributions of power and effectively weaken individual consent by focusing on grouping factors rather than on individual choices and association within a pluralist tradition.

The current status of pluralist democracy is challenged by two different sets of forces. In one sense, there is a rapidly accelerating movement away from particular notions of collective action assumed by scholars for quite some time—in essence, the model built on the assumption that individuals from across the spectrum of a broadly defined society with similar possibly secular (in the broadest sense of the word) interests would form groups to pursue individual and collective interests through the democratic process.

Technology and a greater emphasis on private market-based solutions within a commodified environment form the foundation of individually based solutions, rather than collective action through democratic pluralism. Therefore, pluralism is left to promote the interests of two general groups: often-powerful economic interests that benefit directly from a corporatist or quasi-corporatist relationship with government; and sociocultural-based cause groups that often promote what may be viewed as almost unbending principles rather than relative preference sets to be considered in relation to other preference sets. The latter two conditions within the pluralist tradition—perhaps of greater concern to scholars in the tradition of Theodore Lowi—effectively limit the basic assumption of diversity, instead promoting a potentially pernicious (in terms of pluralist democratic tradition as discussed thus far) and secondary force—a form of economic, social, and political fundamentalism, a term alluded to previously.

A final challenge to democratic pluralism is that it is possibly not as natural a concept as theorists have often assumed, as seen in the case of many newly emerging nation-states. With the end of the Cold War and the dissolution of the Soviet Union, many nations in Eastern Europe and in Central Asia have entered into the democratic pluralism dialogue in a period of political, social, and economic change. The issue of individual rights was often not part of the political or social lexicon. A concept that is not recognized or understood may not be easily employed. Certain assumptions about the relationship between the individual and government must be considered and consented to before democratic pluralism can be applied in any form. Democratic pluralism may not be natural. Rather, it may be seen as simply a more desirable approach in lieu of alternative and possibly undesirable arrangements.

Much of the work and consideration of democratic pluralism has been done within the context of particular social, economic, and political conditions: current challenges are, to a lesser degree, concerned with its meaning and, to a much larger degree, concerned with its applicability or even legitimacy built on evidence or assumptions regarding desirability. Pluralism—in an unvarnished sense—tends to be based in the pursuit of individual or group "wants," while democratic pluralism tends to imply the pursuit of "wants" in the context of "obligations," the meaning of which may be either narrow or expansive; the latter proves to make a discussion of democratic pluralism much more complex than a discussion of pluralism per se. Democratic pluralism will likely continue to evolve as challenges to its meaning and applicability arise, or it may face potential marginalization in a changing world.

—*Christopher A. Simon*

See also Association; Democratic Theory; Marxism; Participatory Democracy; Pluralism

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POLICY ANALYSIS

Policy analysis is primarily concerned with the consideration of a number of different policy alternatives that are expected to produce different policy consequences or outputs, varying the quality or quantity

of policy output for a given amount of resources to be used. Policy analysis requires careful systematic and empirical study. Policy analysis focuses on all aspects of the policy process, from the early stages of policy adoption and formulation to the implementation and evaluation of public policies.

The complexities of policy analysis have contributed to the development and growth of policy science, which applies the variety of theories and tools of hard sciences (e.g., biology and chemistry), social sciences (e.g., sociology, psychology, and anthropology), and humanities (e.g., history and philosophy) in an effort to better understand all aspects of human society, its problems, and the solutions to those problems. Policy analysis is important in a modern complex society because public policy is so vast, public problems are sophisticated and are often interconnected, and public policies have tremendous social, economic, and political implications. Additionally, public policy is a dynamic process, operating under changing social, political, and economic conditions. Policy analysis helps us to understand how social, economic, and political conditions change and how public policies must evolve in order to meet the changing needs of a changing society.

Public policy analysis is an integral part of the policy-making process, from the initial stages of decision making to the evaluation of public policies that are implemented. Policy analysis requires an interdisciplinary approach—a solid understanding of the theoretical developments within a variety of science and social scientific disciplines and the practical applications of the information available. In that sense, public policy analysis helps us to bridge the gap between developing an understanding of what government ought or ought not do and what government does or does not do. Policy analysis is involved in determining who will get what, when, and how.

As government grows and policy challenges become more numerous, more complex, and more interrelated, policy analysis plays a larger role in making certain that decisions in one policy area are consistent or at least compatible with decisions made in other policy areas. Government development and growth tends to parallel population growth and the heterogeneity of needs associated with a diverse population. Therefore, policy analysis must also seek to overcome the complexities of consumer needs, yet advance equal policy outcomes.

Policy analysis first plays a role in policy formulation. When a proposed policy is first considered by elected officials, it is often difficult to frame the policy issue in a way that is tangible and understandable. Policy analysts help define the proposed policy and outline the goals for the policy. In the policy process, elected officials often consider a number of different policies; again, it proves difficult to compare these alternatives without a thorough analysis of their similarities and differences. Policy analysts approach this second part of the analysis process carefully, comparing the expected outcomes to estimated costs. Many public policies are designed to solve both current and future problems. While policy is often designed to deal with contemporary issues, it must be able to adapt to future needs. Policy analysts attempt to forecast future needs based on past and present conditions. Policy outcomes can be found in a variety of different forms—tangible outputs and less tangible outputs for which the impacts are more difficult to measure. In many cases, it is difficult to determine if the policy itself resulted in desired change or other exogenous or external factors were the most direct cause. Nevertheless, it is important to determine if policy is responsible for the desired change—otherwise, there would be no need for the policy. Policy analysts often use theoretically grounded statistical models to determine if the policy will have the desired impact. In a final stage of policy analysis, analysts collate the information gathered to determine which policy alternative will best meet present and future needs.

There are two types of empirical analysis: qualitative studies and quantitative studies. Qualitative studies involve a variety of different tools. Some qualitative studies involve archival analysis, studying policy history and determining what has been done in the past to solve certain policy problems. Qualitative studies might also involve personal interviews, asking individuals to describe in words a variety of issues surrounding the policy process—from policy agendas to formulation, implementation, and evaluation. Interviews with

policymakers and with the clientele being served by a particular policy may provide valuable information about policy goals, processes, and outcomes.

Archival analysis is particularly important in public policy analysis. Through studies of policy history—what was done in the past, why it was done, and how much it cost—policy analysts can learn important lessons from earlier times and apply these lessons to current or future problems and goals. A new policy goal may sound highly innovative and cost effective and promise to meet worthy goals; but archival research may illustrate the hidden costs and pitfalls that might result in policy failure. Accounting for the hidden costs and steering clear of potential problems might result in a different understanding of the policy innovation and improve the possibility of success.

Personal interviews are also an important method of improving current public policy and building better policies in the future. Public policy is formulated and implemented by professionals working in government, oftentimes for an entire career. Through their individual experiences in particular policy areas, the experiences of elected and appointed officials become key policy artifacts. When these individuals leave government service, their experience and wisdom are often lost. It has been said that the best way to see into the future is to understand the past. With a diminished understanding of the past, younger government officials may find themselves traveling in uncharted waters, having to establish a sense of what government can and can not do through public policy. One way to alleviate some potential policy fumbling is to document the informal lessons or experiences of senior elected and appointed officials. Personal interviews are perhaps the most effective method of accomplishing this goal, largely because a personal interview technique will allow for greater flexibility in information collection.

Quantitative studies are also of tremendous value to policy analysts in their continual efforts to address important policy issues. Quantitative analysis involves the use of numbers to describe phenomena. The analysis of numbers can simplify the study of public policy, in large part because numbers have assigned values that may have a more universal meaning. In the

strictest sense, monetary values are often understood by all individuals who encounter them. Other numerical values have meanings that are more ephemeral and often socially constructed, a function of a particular set of values that may or may not change over time. Increasingly, government policy analysts use quantitative tools to shape public policy. Qualitative methods, while potentially quite valuable, require significant amounts of time and resources, and data collected cannot be easily accessed and uniformly stored. Due to the growing data storage and processing capabilities in society, numbers can be more readily collected and stored and are readily accessible and transportable.

Cost-benefit analysis is one of the most common forms of policy analysis. Such analysis requires that the analyst have a solid understanding of both economic theory and statistics. Cost-benefit analysis is primarily concerned with comparing the amount of expected or known benefits produced from a particular policy choice with the expected or known costs associated with that choice. Of the two elements of the equation, the determination of costs is often more easily computed. Costs are most often measured in monetary terms—labor and supplies are easily converted to dollar costs. While there are always hidden costs associated with any policy decision, those costs can be estimated given previous experiences in prior public policy endeavors. Opportunity costs—the costs associated with choosing a particular policy over an alternative policy—can also be estimated.

Benefit calculation is oftentimes a difficult endeavor. In order to complete the cost-benefit calculation, benefits must be assigned a numeric value; most frequently the numeric value is made in monetary terms. Yet, most aspects of public policy benefit are not easily measured in monetary terms. Individual clientele of a policy and individual officials fulfilling policy goals have a tremendous influence on the quality of a policy outcome or output; but, the calculation of a benefit is often measured and aggregated in a manner that fails to capture those nuances.

Despite limitations in estimation, benefits must be measured in monetary or unit output terms for a cost-benefit calculation to proceed. Policymakers may determine benefit estimates through survey research

by asking clientele of a policy to indicate how the public policy has impacted their lives. Policymakers also view the benefit in terms of the output of a policy, that is, the number of individuals that were served. In higher education policy, for instance, policymakers will conduct surveys of alumni to determine the impact of their higher education experience on their salary level and to also inquire about their positive and negative experiences at the university or college. Additionally, policymakers will conduct a headcount of the number of student credit hours generated and the number of university or college graduates to measure policy output and equate it to a benefit.

Of course, the determination of cost-benefit ratios is not a one-time event. Public policy is dynamic and requires that policymakers adjust policy to changing conditions and needs. When change of policy direction or emphasis occurs, it usually requires increased resource expenditures. For example, if a public school's administrators determine that many of the students' reading disabilities are impeding their general progress in school, it might be necessary to increase resources devoted to reading programs. The goal would be to increase benefit as a result of increased expenditure on a particular facet of a public policy. The increased benefit is called a marginal benefit, while the increased cost is known as a marginal cost. In cost-benefit analysis, it is important marginal increases in cost that are justifiable in terms of increased benefits. If a benefit does not increase at a rate greater than cost increases, then the marginal policy changes are economically inefficient.

The dynamic quality of public policy is also considered in a procedure known as discounting. The value of a particular resource (e.g., money) does not remain the same over time. For example, money that is not spent may grow in value, simply by gaining interest or investment value. Once money is spent for a particular policy, that interest or investment value potential is lost. The longer money remains invested, the greater potential value can be generated. Therefore, current resources frequently have greater potential value than resources collected or retained in future years—not all money is equal once time is factored into analysis. The discounting procedure allows policymakers to compare monetary values on an equal basis, thereby making the cost-benefit analyses more accurate in terms of both present and future costs associated with a policy.

The ability to conduct accurate and complete cost-benefit analyses is often hampered by a variety of other factors that play a role in public policy. Policy risk is always a factor in cost-benefit analysis. When one chooses to move or not to move in a particular policy direction, there is the risk of policy failures. Those risks might mean that resources that were spent with good intentions never produced an expected benefit; thus, policy efficiency might be nil or at the very best deemed inefficient. Oftentimes, the risks of failure are so great that policymakers avoid potential political ire by simply not choosing to take on high-risk (yet, potentially valuable) policy goals.

Existing public policy often carries with it a lower level of risk than newer public policies. Frequently, there are unforeseen indirect start-up costs associated with new policies. Additionally, public policies are often vague and require the establishment of rules and procedures for day-to-day operations. These costs of implementation cannot always be determined before a public policy is put into place; but they must be factored into cursory cost-benefit analysis to determine the feasibility of a particular prospective public policy.

Whether government is considering a new direction for public policy or simply implementing existing policy, the changing nature of society's needs must be continually monitored. People migrate, economic and social conditions change, and the nature of public problems continually evolves. Demographic data helps policy analysts determine if social and economic change is occurring in an equitable manner. Demographic analysis played an important part in documenting the rise of economic and social inequality that arose in the post–World War II era. While the analyses were interpreted by political conservatives and liberals in different ways, the findings themselves played an important role in developing public policies intended to remedy the inequities, the impacts of which could be studied in future demographic analysis.

Policy analysts use decision theory to plan for contingencies that arise in policy formulation and implementation. Decision theory is an attempt to

explore all possible contingencies extant in a particular policy. The approach is especially useful after a particular policy has been adopted by government. Following policy adoption, the details of policy practice must be explored in full. For the most part, policy adoption means that a particular set of general policy goals have been recognized as being a function of government. Government agencies in charge of meeting those goals frequently must determine how to deal with a variety of alternative decisions that will have to be made and what outcomes (and the value of those outcomes) are likely from each of those decisions. Decision theory involves determining the probability that various events will occur and factoring that probability into decision analysis.

Policy analysts may use experimentation to cost-effectively "test" public policy alternatives. Experiments are one the most effective methods of determining a causal connection between the presence of a public policy and particular outcomes. The use of policy experiments may face ethical challenges: Denying a policy benefit to those outside of the experiment may be harmful. Conversely, subjecting individuals to a bad policy may also face ethical challenges.

The outcomes of public policy analysis are highly varied. In one sense, policy analysis provides elected and nonelected government decisionmakers the opportunity to develop a greater understanding of a policy problem and possible solutions. Through policy analysis, it is possible to gain a greater understanding of the projected costs and possible benefits that will emerge from the adoption of a particular policy alternative. Decisionmakers often seek the most economical alternative possible—the alternative that offers the most in the way of benefit and the least in the way of cost. Government is asked to deal with a number of policy goals with limited resources; therefore, it is wise to stretch tax dollars. Policy analysis can help decisionmakers make more rational decisions.

—*Christopher A. Simon*

See also Cost-Benefit Analysis; Evidence-Based Policy; Governability; Groupthink; Policy Cycle; Policy Implementation; Policy Learning; Policy Predictability; Program Evaluation

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POLICY CYCLE

Like astronomy (solar cycles), biochemistry (DNA sequences), or economics (Kondratiev cycles), political scientists also use cyclical reasoning. In the field of policy analysis, a cycle refers to the set of constituent phases of a policy. These elements follow one another according to an invariable order and recur in accordance with the renewal of public policies. The concept of policy cycle is an intellectual tool that constitutes neither a method nor a theory. This means that the choice of the theoretical point of view is crucial because it determines the form and the substance of policy cycles.

Features of Policy Cycles

From an ontological perspective, a policy cycle is made up of three complementary characteristics. First, it is linear in the sense that its different steps are chronologically consecutive. These stages act as categories that constitute the whole policy. They are jointly exhaustive and mutually exclusive. Their evolution is ruled by a relation of necessity and not by a causality effect. Second, a policy cycle is recurrent because it repeats itself when a policy is implemented. Thus, the end of a cycle is always the beginning of another cycle. This feedback capacity engenders the emergence of policy loops that are free from temporal and spatial contingencies. The analysis of policy cycles fits all types of public policies (social, industrial, etc.) irrespective of their context and allows these patterns to be compared by structural homology. Third, policy cycles have the same properties as fractals. Theoretically, the elements of a policy cycle can be infinitely divided into subelements. In practice, the only limit to this division lies in the analysis of the individual interests of the agents.

The policy cycle concept has three advantages. First of all, its linear feature imposes a certain order beyond the chaos of raw data. As it orders and organizes facts into hierarchies, it becomes a useful analytical tool. Second, recurrence facilitates the constitution of similar stages, which are the first step before elaborating unities of comparison. Finally, its fractal nature allows research to go beyond the conception of public policies as defined by the law. This sociological dimension allows the decision process black box to be opened. However, the qualities of the policy cycles model can also restrict analysis if they are considered from a rigid position. Actually, an excessively linear study can quickly become a teleological analysis. Indeed, a mechanistic vision of cycles introduces a metaphysical bias into the analysis. In the same way, the repetition of stages can create an illusion of homogeneity and overlook the specificity of local public policy implementation. Last, the division of cycles into stages and substages can favor the study of the form to the detriment of the substance by focusing on the structuring of the phases.

Related Concepts

Policy cycles are one of the first analytical tools of policy studies. Their nature is intimately connected to the context during which they emerged. Created in the 1950s in the United States by Harold D. Lasswell, policy cycles were durably influenced by the seminal works of the dominant functionalist and behaviorist authors of that time. This explains the universal vocation of the initial cyclical analysis. This innovation had great success in the academic community and led to an increase in cyclical analysis but also to a fragmentation of the original model. Some authors favored the openness of the cycle vis-à-vis the environment by integrating several peripheral agents at the risk of losing consistency, while others preferred considering a restrictive core of decisionmakers to keep more coherence to their work. Despite the vast quantity of literature regarding policy cycles, there is a relative consensus to consider the taxonomy of Charles O. Jones as the standard model. He divides a policy cycle into five phases: agenda setting, policy formulation,

decision implementation, policy evaluation, and policy termination. This division is open to criticism. Nevertheless, it is relatively balanced and it permits the inclusion of nongovernmental actors in the agenda setting and implementation stages while maintaining sufficient coherence by limiting the study of governance processes through time and space.

Policy cycles are closely related to the method of sequential analysis of public policies. This framework is usually opposed to the cognitive analysis developed some years later. However, the stages of the policy cycle are just an abstract ideal type, whereas the sequences of the sequential analysis are an empirical representation of reality. Beyond this confusion, the sequences differ from the stages by their dependency with regard to the context because a sequence only makes sense in a given situation. It follows that a sequence is not linear because every change alters its path; it is not recurrent either because of its irreversibility; and it is not fractal because there cannot be two identical sequences.

The Paradox of Policy Cycles

The recent evolution of the concept of policy cycles is paradoxical. On one hand, after a long intellectual sedimentation process, this notion has become a deep-rooted part of the collective consciousness of policy researchers. On the other hand, few authors still explicitly use this concept, as it is often considered to be an old-fashioned idea just as sequential analysis has been labeled. In fact, recent literature demonstrates that a large number of defenders of the cognitive approach still have recourse to the notion of policy cycle in a latent way by focusing on one of the key concepts such as agenda setting, policy formulation, and others.

—Jean-Baptiste Harguindéguy

See also Policy Analysis; Policy Development; Policy Implementation; Policy Learning

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POLICY DEVELOPMENT

Policy development can be defined as a process that consists of the identification of public issues, the transformation of these issues into political problems through the governmental agenda, and the elaboration of solutions to resolve these problems. Policy development constitutes the core of the activity of governments and the first step before the implementation stage of laws and regulations and their evaluation. Despite this simple definition, the concept of policy development is an extremely complex political process that relates to general issues of state governance. From the moment of the recognition of public needs and the solving of these needs, many externalities can occur. The policy development process frequently meets three related problems: identification of the general context of application, identification of main actors, and identification of rationality patterns that rule the interactions.

Policy Development in Context

The notion of policy development is intimately linked to the stages approach of public policies. This approach is crossed by many debates on the number of stages constituting the concept of policy development. Harold D. Lasswell, in 1956, was the first to elaborate such a distinction. His dichotomy was based on seven stages (intelligence, promotion, prescription, invocation, application, termination and appraisal). Nevertheless, the most frequently adopted scheme was defined by Charles O. Jones in 1970. This scheme is based on five stages with their own logics of action: agenda setting, which consists of the integration of a public issue by a political agenda; program development, when a problem is converted into a policy; program implementation, when government physically organizes the solving of the problem; program evaluation, which is an a posteriori analysis of the whole process; program termination, which supposes the end of the process and the beginning of another policy development.

The principal interest of these analyses is to introduce an order into a chaotic situation by dividing policy development and implementation into clear and logical stages. In reality, each policy involves frequent feedbacks and reformulation of political issues during its development. That is why many authors prefer an explanation of policy development in terms of cognitive process, focusing on the collective elaboration and diffusion of interpretations of policy issues.

Related Concepts

Notions such as policy cycle or implementation are related to the concept of policy development. However, the latter conserves its own identity vis-à-vis the former. The main difference between the notions of policy development and policy cycle is that a cycle is an analytical tool of public policies that proposes a complete view of the policy process. In turn, the notion of policy development only constitutes the beginning, the first stages of the whole process. For example, drawing on the model defined by Charles O. Jones, this means that the addition of the stages of policy development, implementation, evaluation, and termination constitute a whole policy cycle.

This also means that the concept of policy development depends on the analytical framework adopted to study the evolution of state governance. As an essentially descriptive notion, policy development is interpreted in different ways by state theorists. Thirty years ago, it was commonly assumed that the most important actors of policy development were those who worked for public institutions. Elected people, civil servants and state experts were more legitimate to act at the global level than the rest of society. However, this elitist conception of policy making has been under attack since the 1970s. Many authors demonstrated that the

erosion of borders between state and civil society allowed the involvement of a growing number of actors into the policy development process. Pluralists stressed the integration of many participants, such as private advocates, companies, lobbies, and media. A new perspective was opened up during the 1980s through the success of the literature dedicated to the study of policy networks in policy making. Beyond the opposition between elitism and pluralism, policy networks analysts focus on the links between public and private actors (horizontal dimension) at different tiers of governance (vertical dimension).

The Ambiguity of Policy Development

As a descriptive concept of public policies, policy development is also highly dependent on the theoretical framework adopted by researchers. Rational-comprehensive models have dominated the analysis of public policies for thirty years by assuming that policy making consisted of identifying all possible solutions to a problem and selecting the best alternative. The introduction of the model of bounded rationality allowed research to reintroduce contingency into the analysis. In this case, policy makers are supposed to act in an incremental way instead of choosing the best solution. Policy developers only try to satisfy their electors by selecting the first alternative that suits the largest number of people because of time and information constraints. At the opposite side of the continuum, constructivist authors state that rationality largely depends on the context. As a social construction of reality, policy development is produced by (and produces) interactions. Then, the outcomes of policy development become more difficult to predict.

—*Jean-Baptiste Harguindéguy*

See also Bureaucratic Politics Approach; Civic Capacity; Governance; Neighborhood Association; Policy Cycle; Policy Implementation; Program Evaluation

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POLICY IMPLEMENTATION

Concisely defined, policy implementation is what occurs after a legislature has acted and a bill becomes law. Legislatures typically are unable to consider all that must be undertaken when they envisage a program or initiative and so rely on implementers (or administrators) to flesh out the details once a statute has been enacted. Those particulars are often heavily freighted with political portent or carry with them far-ranging responsibility to develop new technologies, invent or refine approaches to problems, or mediate important conflicts. For example, when the National Environmental Policy Act was created in 1970, it was expected to work with industry to develop technologies to limit and hopefully to remediate air and water pollution. But there was no consensus in industry or among experts, as it began its task, concerning which technologies to employ or whether certain technologies out of those available were more effective than others. Similarly, the Department of Health and Human Services was charged by law (Section 504 of The Rehabilitation Act of 1973) with securing access to public transportation for the wheelchair bound (among other things)—a process that took some twenty years, cost millions of dollars in litigation-related fees, and involved multiple federal agencies, state and local governments, and the nation's courts as these entities wrangled over what constituted a most practicable technology and what manner of cost was reasonable to impose for this purpose. These examples illustrate the importance of this phase of the policy process and suggest the centrality of administrators to policy outcomes. Plainly put,

actual outcomes for citizens are often determined during program implementation.

Policy implementation is indeed a critical phase of the nation's public policy process and one that is necessarily political as administrators use their discretion to make important choices that often have significant consequences for those receiving services or who are otherwise affected by public programs. Implementation decisionmakers work to make statutory pronouncements real for the populations affected. If a program for the shut-in poor is created, for example, that choice demands that the implementing agency take necessary steps to locate targeted individuals in affected jurisdictions, decide how to contact them—whether to send a letter to potential participants, at what grade level to write that note, whether the message should be sent only in English or in other languages—and so on. Alternately, perhaps it would be more effective to send Boy Scouts and Girl Scouts to knock on the doors of those potentially eligible to provide them information about the new program? These implementer choices make the difference in who is served and how they are assisted. Choices that affect service quality, equity, and effectiveness are the everyday stuff of policy implementation. Importantly, these decisions are typically made with only general guidance from lawmakers who often cannot foresee important program concerns or who otherwise wish to be absolved of responsibility for addressing them. Their nearly unavoidable exercise of discretion makes administrators ready targets for lawmakers that often blame implementers for policy outcomes, even when it is arguable that poor policy design or other factors well within the purview of the legislators were the proximate cause of a less-than-ideal outcome. Hurricane Katrina may provide an example, as many in Congress moved to blame the Federal Emergency Management Agency (FEMA) as well as state and local authorities for the ineffective response to the disaster, even as some experts are contending that legislative decisions not to provide the necessary funds for levee upkeep and repair allowed the breaching to occur in the first place. Whatever the appropriate explanation or combination of explanations in this instance, the broader point is

that implementation agents operate in a regime structure of separated powers and often find themselves held responsible for all dimensions of policy outcomes regardless of whether they could reasonably have been expected to control those results. Because they work for three different political masters (congressional, executive, and judicial), implementers have little formal recourse to complain about this state of affairs. Their place, in short, within our regime framework is paradoxical—administrators are critical, but their efforts are unlikely often to be rewarded, much less revered.

The self-conscious study of policy implementation is said to date to the early 1970s, although, like much else related to this subfield of inquiry in political science and public administration, that argument is contested. Indeed, there is little about this terrain that has gone unchallenged, including whether the field of inquiry itself remains relevant. It is emblematic of this literature that some scholars have recently declared its demise, even as others have suggested its apogee. One way to consider such a restless intellectual landscape is to chart it against the phenomena that it examines. This brief essay does so around three critical challenges and a number of concerns that arise naturally from them, dubbed the three C's: Context, Contentiousness, and Constraints. These categories are not parsimonious. Nor do they constitute a theory or analytic framework by which to describe policy implementation dynamics or the range of tools governments employ to implement programs. Instead, these categories serve to point to many of the core concerns confronting both analysts and agents of implementation.

Inevitably, policy implementation processes and outcomes are shaped by the broader political economy in which they are ensconced. The emergence of the self-conscious study of policy implementation began in earnest even as the women's and civil rights movements were at or near their peak and the tide of neoliberal claims concerning the proper role and reach of government was also rising. The ascendancy of the latter in particular is neatly symbolized by former President Ronald Reagan's famous declaration in his first inaugural address that governmental intervention

was not a solution. While the women's and civil rights movements sought equitable representation in government and governance, that trend was accompanied by a broader political mobilization of disaffection. That is, American governance was increasingly characterized by demands for action from these and other groups, but those concerns were often met by profound skepticism of the efficacy of government and a companion call that it be replaced (or avoided whenever possible) via action through civil society institutions or for-profit entities. Overall, the pace of government growth has not changed markedly during this period, but a majority of the citizenry has, nonetheless, supported claims that its government's actions on behalf of the public weal are likely to prove insufficient or worse unless implemented in partnership with for-profit or nonprofit institutions or otherwise left to nonstate actors. This skepticism is not new in U.S. culture or politics. Americans have always been chary of their national government's reach and authority and have always demanded that their agents implement programs through the states or other entities whenever possible. Nonetheless, the general population has shown a growing unwillingness to countenance direct national service provision, even as demands for government action have grown.

One primary consequence of this shift in the public zeitgeist is that government action by contract has become ubiquitous during these decades at both levels of the federal system, as has government by implicit partnerships, such as the uneasy and shifting alliance in medical care insurance provision between public and private providers. Even defense, that most classic of public goods, is now the province of large contracts to for-profit providers that provide everything from onboard weapons systems expertise for the nation's nuclear attack submarines to food service and motor vehicle maintenance for its troops in the field. None of this is good or bad per se, but it certainly implies a much more complex administrative responsibility for those who must write and oversee the contracts that animate these relationships. This also is true for those who must manage them when they often lack any real capacity to replace the service provider or to deliver services in its stead when it falters.

In addition to these concerns, it is clear that it is innately more difficult for government officials to implement a policy through other actors than it is to do so themselves. And so a paradox has emerged during this period: A conflicted citizenry continues to demand public services but often deeply mistrusts its elected agents' capacity to deliver on those claims. Accordingly, government is now more enmeshed than ever in for-profit and nonprofit sectors as it seeks to deliver many public programs through such intermediaries and across political-economic lines. That is, the aims of neoliberalism notwithstanding, government is now larger and more interconnected with all sectors of society despite two decades of policy making that have declared it a noxious weed that must be controlled. The paradox is profound. Rube Goldberg could not have devised such a complex set of relationships by which to seek to secure public aims, as have the nation's policymakers during this period of particular disquiet over the reach of government. A skeptical social and political context has created implementation structures of enormous complexity that, paradoxically, now affect a larger sphere of society than ever before.

That fact points to the second "C" of implementation studies, contentiousness. Implementation analysts have had to grapple with the reality that much public action in our era can only occur when managers and leaders successfully find ways to reach across organizational, political (as in nation to states or states to localities), or sectoral lines (as in public entity to nonprofit or for-profit organization), or all of these at once. This reality has demanded that researchers confront the fact that organizational actors are hardly autonomous and the equally cruel reality that their parent organizations and governments are not either. Efforts to understand how and why cooperation or coordination occurs in interorganizational implementation structures have resulted in large subliteratures concerning exchange and transaction dynamics, as well as trust and boundary spanning. This imperative suggests that to deliver services in the indirect ways we have adopted is virtually to guarantee conflicts during policy implementation, even when political leaders broadly agree on policy aims. That fact implies, in turn, that these must somehow be

managed effectively, if not overcome, in order for services to reach their intended targets. Policy implementers must be master conflict mediators and managers, as well as being superbly adept at understanding what incentives will yield sufficient alignment across organizational lines so as to secure a modicum of effective action. And, to be successful, they often must accomplish this feat at multiple analytic scales: individual, organizational, interorganizational, and sectoral.

Therefore, conflict might be regarded as a central constraint, the third "C" of implementation studies, on both how the nation has chosen to implement many of its policies and on efforts by analysts to understand and model those dynamics. But this nation has also imposed another double-barreled sort of constraint on its would-be implementers. It has, at once, sharply limited the resources available for many public programs, even as it has raised public expectations concerning the possibility of those initiatives. That is, elected leaders have often mobilized majorities to the polls with the argument that significant change would occur with the passage of proposed legislation or policies, even as those self-same leaders, aware of the unpopularity of taxes and the public's general skepticism of the efficacy of public action (a paradox to be sure), have severely limited resources for implementation of those programs. The result is an odd conflation of difficulties for policy implementers. Not only is the operating environment innately difficult due to its structural and social complexity, but those challenges also are compounded by the reality of often-continuously inadequate resources as against political claims. The resulting scenario is one in which implementers confront daunting obstacles to action, let alone to effective action, and they must pursue those efforts with thin political support.

This discussion suggests several conclusions. First, its critics notwithstanding, policy implementation studies are a necessary field of inquiry. They must be if researchers are to chart how the public is seeking to conduct its affairs and why, as well as to understand more fully how it might better affect that business. Such work continues apace. Second, understanding the relationship of the administrative challenges

endemic to these processes demands an understanding of broader contextual, or even cultural, trends and forces. Third, that finding implies that if scholars are to develop even an adequate descriptive theory of policy implementation (none now exists), it must be contextually driven—at whatever relevant analytic scale is selected for examination. Finally, complex network governance structures demand peculiarly gifted managers and leaders, individuals with strong intellectual imaginations and equally vigorous conflict management capacities, and these gifted people must find the incentives to work with others across organizational and sectoral spaces literally to make our implementation structures act. We not only need theory to describe what these talented people must do, but we also need well-conceived and challenging college- and graduate-level curricula that will help to equip them to address these difficult responsibilities.

—*Max Stephenson, Jr.*

See also Policy Analysis; Policy Cycle; Policy Development; Policy Learning; Policy Network; Policy Predictability; Policy Style; Policy Transfer

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POLICY LEARNING

Policy learning consists of a process of acquiring knowledge, skills, habits, or tendencies through the experience of policy making. The concept of learning

was transferred from the field of cognitive psychology to policy analysis during the 1970s. In a context of bounded rationality, this notion implicates an implicit capacity of learning by policymakers and goes beyond the mechanistic-behavioral vision of public policy that limited the action of participants to the couple stimuli/reaction. Thus, policy making is more an incremental process than a series of radical shifts.

Policy Learning in Context

One of the first authors to use the notion of policy learning was Hugh Heclo (in 1974). In his book on social policies in Great Britain and Sweden, he demonstrated that politics also integrates an intellectual dimension and cannot be reduced to conflicts of power. Actors try to reduce the context of uncertainty through a learning process and the integration of policy advocacy. The latter allows reusing and modifying past routines and experiences with respect to a new situation.

The concept of policy learning varies in intensity through space and time. On the one hand, the policy learning process involves four dimensions. The first one consists of the introduction of new information, the second is a new interpretation of past policies, the third can be the involvement of new ideas, and the last one is based on a change of policy context. On the other hand, learning also leads one to take into account the time dimension. Learning can involve short-term or long-term modifications. These changes depend on the capability of adaptation of policymakers to a new context. As said before, this continuous adaptation makes policy making an incremental process ruled by marginal adjustments with respect to external pressures.

Related Concepts

The concept of policy learning differs from the notions of political inheritance. The former defines the capacities of transformation of actors. It is an essentially active concept that stresses the free will (even if limited) of participants and the possibility to adopt an alternative route among different available options. In turn, political inheritance (or policy legacy)

refers to pressures exerted by context on policymakers. In this second case, participants act in a passive way. They are totally constrained and have no margins of action. They have only one course to choose; no alternatives are available.

In the same way, policy learning and policy transfer—or lesson drawing—share a common background. Both concepts refer to the selection and the adaptation of the best solutions to public issues in a context of informational asymmetry. Nevertheless, policy transfer (from another government or to another government) is just a modality of policy learning that relates to a larger process.

The Ambiguity of Policy Learning

The notion of policy learning is a theoretical tool of analysis that is strongly linked to a cognitivist vision of public policies. It is based on two related interrogations: the question of actors involved in the learning process and the question of levels of learning. First, the identity of policy learners is not always clearly defined. Elected people, civil servants, and state experts are at the core of the learning process. By accumulating experience under the pressure of political events (at the domestic and international levels), these actors progressively change the structure of state policies. However, this elitist vision contrasts with the pluralist approach, which includes new participants such as trade unions, associations, lobbies, companies, and media. Since the 1980s, the thinking about policy learning also includes research on policy networks and has demonstrated the interaction between public and private sectors at different tiers of governance. From this point of view, learning is a changing process involving common thinking on the past and future, and where the state is just another (even if fundamental) part of the whole.

Second, the level of policy learning is a decisive feature of works on cognitive aspects of public policies. Many authors make a distinction between technical and global changes imposed by learning. Nevertheless, many scholars now assume that both technological and ideological changes can occur. Drawing on the 1987 work of Paul A. Sabatier, many

authors have argued that the cognitive core of policies is more difficult to modify than the periphery. In the case of the economic policy shift that occurred in the United Kingdom between 1970 and 1989, Peter A. Hall suggested in 1993 that this change is produced in three steps. A first change concerns the level of objectives of economic tools. After that, a second change occurs at the level of macroeconomic instruments themselves. Finally, a third change completely modifies the economic paradigm. The first and second changes effectively respond to a process of policy learning where state actors modify their behaviors with respect to a changing environment. However, the third change refers to the monopolization of the head of the state by a neoliberal coalition, and the successive replacement of Keynesian policies by the monetarist *doxa*. The limits of the notion of policy learning are based on this use of power. The learning thesis is valid as far as a coalition can maintain power by adapting to circumstances. Nevertheless, policy learning models have had difficulties in explaining the replacement of the actors themselves.

—*Jean-Baptiste Harguindéguy*

See also Advocacy Networks; Incrementalism; New Institutionalism; Organizational Learning; Policy Analysis; Policy Cycle; Policy Implementation; Policy Network; Policy Style; Policy Transfer; Social Learning

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POLICY NETWORK

Policy networks consist of governmental and societal actors whose interactions with one another give rise to policies. Typically, these actors are linked through informal practices as well as formal institutions, or even instead of such institutions. Typically, they are interdependent; they can secure the outcomes for which they hope only by collaborating with one another. Policy networks can vary widely, however. At one extreme, we find "policy communities." Policy communities have a limited number of participant groups, with some others being deliberately excluded. The participants share broad values, beliefs, and preferences. They usually meet frequently, with all of them interacting closely on any topic related to the policy area. All of them have significant resources or power, so their interactions consist of institutionalized forms of negotiation and bargaining. They are usually organized hierarchically so the leaders can secure the acquiescence of the members in whatever policies are agreed upon. At the other extreme, we find "issue networks." Issue networks typically have far more participants. The participants disagree with one another so conflict, not consensus, is the norm. They also have unequal levels of power and widely varying degrees of access, so their interactions are often primarily consultative.

Concepts such as policy network, policy community, and issue network all refer to government links with other state and societal actors. Other related concepts include epistemic communities, iron triangles, and policy subsystems. All these concepts can be situated within a broader research program of network analysis, which can be found throughout the social sciences. Network analysis has been used to discuss diverse phenomena, including the information revolution, technological innovation, and urban villages. Policy network analysis is the species of network analysis most relevant to governance. It emphasizes how networks decide which issues will be included and excluded from the policy agenda, shape the behavior of actors, privilege certain interests, and even substitute private forms of government for public accountability.

Governance as Networks

Accounts of governance often concentrate on policy networks. Governance has been described as rule by and through networks. Indeed, governance has become the most widely accepted term for describing the patterns of government or rule that arise from the interactions of multiple organizations within networks. One common account of governance emphasizes its contemporary nature. In this view, governance has arisen with a recent proliferation of networks. There has been a shift in the organization of the state from hierarchy—the bureaucracies of the traditional welfare state—by way of the market reforms of the New Right to a contemporary era of networks. The role of the state has changed from making policy decisions to coordinating the delivery of services. The state has become increasingly dependent on other actors; perhaps it can get its way only through negotiations with other actors in all sorts of networks. In this view, governance through networks constitutes an alternative to hierarchies and markets as a way of allocating resources and securing coordination. Networks rely on trust and cooperation, whereas hierarchies rely on administrative orders, and markets rely on price competition. Networks are characterized by diplomacy, reciprocity, and interdependence.

Equally, we might take governance through networks to be a ubiquitous pattern of rule. The allegedly special characteristics of networks also appear, we might suggest, in hierarchies and markets. The rules and commands of a bureaucracy do not have a fixed form; rather they are constantly interpreted and made afresh through the creative activity of individuals. Similarly, the operation of markets depends on the contingent beliefs and interactions of interdependent producers and consumers that rely on trust and diplomacy, as well as economic rationality, to make their decisions. In this view, once we stop reifying hierarchies and markets, we find that many allegedly unique features of governance through networks are actually ubiquitous. Power and administrative rationality are always dispersed among diverse practices, technologies, and networks.

A concept of governance by and through networks draws on themes from the earlier literature on policy networks. One such theme is networks as interorganizational analysis. The predominantly European literature on interorganizational analysis emphasizes the structural relationship between political institutions as opposed to the interpersonal relations between individuals within those institutions. These structural relations are taken to be the crucial element in any given policy network. The focal organization of the network tries to manage the more dependent organizations using diverse strategies, while the other organizations use similar strategies to attempt to manage each other and the focal one. Therefore, a network consists of numerous overlapping relationships, each of which depends to a greater or lesser degree on the others. This concept of an interorganizational network has been used to describe and analyze interactions among diverse political actors, including parties, ministries, unions, business associations, and interest groups.

The concept of governance by and through networks also draws on earlier studies of networks as interest intermediation. The predominantly American literature on interest intermediation is part of a broader tradition of pluralism that has devoted much attention to subgovernments. Pluralists disaggregated the study of policy making into subsystems within which bureaucrats, members of Congress and their staff, and the representatives of interest groups interacted with one another. These clusters of individuals were said to make most of the routine decisions in any given area of policy. Typically, the pluralists concentrated on a few elite groups who had especially close ties to government and who often excluded other groups from access. In this view, government confronts innumerable interest groups. Some groups are considered to be extreme and unrealistic; they are kept away from the policy process. Others are deemed significant and responsible; they become insiders upon whom government relies to ensure its policies work appropriately. Over time, the interactions between government and the insiders become institutionalized. An "iron triangle" develops between the central agency, the Congressional Committee, and the elite interest group; they develop an almost symbiotic relationship to one another.

Although concepts of governance draw on the earlier literature on policy networks, they also transform

important aspects of this literature. Earlier studies of policy networks typically concentrated on analyzing relations of power around the central state. In contrast, concepts of governance are often tied to the idea of a decline in the power of the central state. Accounts of governance usually focus on the boundary between state and civil society rather than on policy making in specific areas. They explore the increasing diffusion of state power and authority to other organizations. *Governance* is a broader term than *government* because it points to the diverse ways public services are delivered by any combination of public, private, and voluntary sector organizations. Similarly, concepts of governance often invoke international factors that contributed to the decline in the power of the central state. Whereas earlier studies of policy networks concentrated most commonly on policy making in national policy sectors, concepts of governance are more likely to point outward to transnational networks. However, this last difference is perhaps not that great; after all, transnational policy networks have long been recognized as a feature of policy making, especially in the European Union.

Network Theory

There has been considerable debate about policy network analysis. Some critics complain that the concept of a network is little more than a metaphorical description; it does not do explanatory work. At times, they also complain that the approach fails to adequately specify causal relationships between the characteristics of a network and policy outcomes; it lacks, in particular, a microtheory capable of accounting for change over time. We might distinguish four approaches to network theory, each of which offers a different response to such criticisms. These approaches, each of which appears to some degree in studies of governance, are: power dependence, rational choice, dialectical, and decentered.

The power dependence approach unpacks policy networks as made up of resource-dependent organizations. Their relationships are such that any organization depends on others for resources that they thus have to exchange to achieve their goals. Each organization

within the network deploys its resources, whether these are financial, political, or informational, in order to maximize its influence on outcomes. Although one might suggest that the relationships between organizations thus resemble a game rooted in trust and regulated by rules, advocates of the power dependence approach rarely explain outcomes by reference to rational behavior within a game. Instead, they explain differences in outcomes in a network and variations between networks by reference to the distribution of resources and the bargaining skills of participants.

Rational choice approaches to policy networks have flourished, in particular, in the work of Renate Mayntz, Fritz Scharpf, and their colleagues at the Max-Planck Institut für Gesellschaftsforschung. Scharpf explains how policy networks operate in terms of an actor-centered institutionalism that combines rational choice with the new institutionalism. Networks are institutional settings in which public and private actors interact. They consist of rules that structure the opportunities for actors to realize their preferences. Actors adopt strategies to maximize their satisfaction and their resources within the context of such rules. It is arguable that this rational choice approach differs from the power dependence approach mainly in the extent to which it uses formal game theory to analyze and explain rule-governed networks.

Advocates of a dialectical approach to policy networks oppose the methodological individualism associated with the rational choice one. They argue that network structures and the agents within them have a mutually determining effect upon one another. At the microlevel, networks are comprised of strategically calculating subjects whose actions shape network characteristics and policy outcomes. However, the beliefs and interests of these actors are products of the macrolevel nature of the relevant networks and their contexts. These macrolevel factors are understood, in turn, to be ones of power and structure—terms that often carry a Marxist echo—rather than rules of a neutral game.

Decentered theory shifts our attention to the social construction of policy networks. It eschews the search for generality, correlations, and models found among

the other approaches. Policy networks are seen as the contingent products of the actions of diverse individuals, where these individuals might act on different beliefs and understandings informed by conflicting traditions. At the microlevel, we can explore networks in terms of the behavior of a host of everyday policymakers—citizens and junior public servants as well as politicians, senior bureaucrats, and members of interest groups. At an aggregate level, we can explain the behavior of clusters of everyday policymakers by reference to the traditions and dilemmas that inform their webs of belief. Change within networks arises because people change their patterns of action in response to various dilemmas.

Networks as Reform

The study of policy networks has contributed to the transformation of contemporary governance. Networks are no longer a metaphor for changes in government or a site for theoretical debate; they have become a live issue in public-sector reform.

Some strands of network analysis emphasize the virtues of networks as a form of organization. Networks are said to be flexible and responsive: They are proposed as a response to the problems of coordination and control associated with hierarchies. They are also said to promote innovation and dynamism: They are proposed as ways of promoting competitive advantage within the new knowledge-based economy. Many elite political actors have accepted these claims on behalf of networks. At times, they have attempted to reform the public sector to encourage networks and partnerships in grand visions of holistic governance or joined-up governance. Public-sector bodies are supposed to collaborate within quality networks to better deliver services and tackle problems that cut across traditional functional divisions. They are also supposed to form partnerships with private and voluntary bodies to gain access to resources and to encourage greater diversity and flexibility in the delivery of policies.

Just as policy network analysis has inspired public-sector reforms, so it has informed strategies for managing the products of such reforms. Indeed, recognition of the ways networks constrain the state's

ability to act has fueled research on how the state can manage policy networks effectively. We might distinguish between three approaches to network management in the public sector: the instrumental, the interactive, and the institutional. The instrumental approach to network management is a top-down form of steering. It concentrates on ways in which government can exercise its legitimate authority. As such, it typically presumes a governmental department to be the focal organization within a network. The central state is then to devise and impose tools that foster integration in and between policy networks and so enable the state to better attain its objectives. One problem with this instrumental approach is, of course, that it relies on government being able to exercise effective control when the whole study of networks and governance has exposed the ever-present problem of control deficits. The interactive approach to network management moves away from hierarchic modes of control. It presumes the mutual dependence of actors in networks: Collective action depends on cooperation, with goals and strategies developing out of mutual learning. Management thus requires negotiation and diplomacy; there is a need to understand others' objectives and build relations of trust with them. Chief executive officers in the public sector are urged to develop interpersonal, communication, and listening skills. This interactive approach is often costly; cooperation is time consuming, objectives can be blurred, and outcomes can be delayed. The institutional approach to network management focuses on the rules and structures against the background of which interactions take place. Management strategies seek to change relationships between actors, the distribution of resources, the rules of the game, and even values and perceptions. The aim is incremental changes in incentives and cultures. One problem with this approach is that institutions and their cultures are notoriously resistant to change.

Governance in and through networks is a complex pattern of rule, and the complexity is such that no management strategy is likely to be fully effective. Any widely accepted strategy is thus liable to appear striking only in its banality. The successful management of policy networks requires one to communicate

well, to be creative, to use interpersonal skills, and to create incentives.

—*Mark Bevir*

See also Bottom-Up Approach; Collaborative Governance; Differentiated Polity; Interdependence; Network; Policy Implementation; Policy Learning; Political Exchange; Social Network Theory

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POLICY PREDICTABILITY

The policy field represents two diametrically opposite views about the predictability of policy. One approach to this topic is rooted in the belief that policy developments can be viewed as a science, where a rational process of deliberation and analysis leads one to gather information that seeks to address social, political, or economic problems. The opposite approach emphasizes the unpredictability and uncertainty of both the political processes as well as the range of actors with multiple values that are a part of the decision-making process.

The scientific approach to this topic seeks to analyze decisions and situations that produce specific policy outcomes. There are various lenses that have been used in this analysis, including attention to the stages of the policy process (usually defined as agenda setting, formulation, adoption, implementation, and evaluation), economic approaches that involve the calculation of benefits to the participants in the process (who are expected to maximize their interests), and the values and agendas of the participants in the decision-making process. These and other lenses have been employed, to respond to crisis situations and also to prevent problems and anticipate decisions.

The early stage of the policy analysis field rests on this set of assumptions. Policy analysts in the 1960s usually attempted to pursue objective and rational solutions to policy problems and find ways to employ market metaphors and public choice theories in this search. The classic model of policy making employed by rational actor policy analysts calls on individuals to identify objectives, devise alternative courses of action to achieve these objectives, predict the consequences of each alternative, and select an option that best achieves the objectives.

The alternative approach to this topic rests on a model of political reasoning that assumes that organizations and institutions make decisions in a chaotic and unplanned manner. For some, this decision-making process approaches anarchy, and these commentators are unable to specify the institutions or even the processes that lead to decisions. Others are willing to define the agendas, ideas, institutions, and processes that lead to decisions within a constantly changing environment. John Kingdon has identified three streams that interplay to produce policy outcomes—problems, policies, and politics. His analysis begins with the assumption that policy ideas come from multiple and unpredictable sources, which then are tossed into a messy and complex policy process. He notes that the three streams only come together when a "policy window" is opened, providing a limited opportunity for various participants in the three streams to present their agendas.

Deborah Stone emphasized a related approach. She notes that policy comes out of a political environment that defines people in and out of a conflict. She notes that issues are designed to attract support and to forge alliances. Like Kingdon, she noted that the relationship

between ideas and alliances is constantly changing and problems are never really solved.

These two views about policy predictability have such diverse approaches and assumptions that it is extremely difficult to define a middle ground on which policy participants can engage with one another.

—Beryl A. Radin

See also Policy Analysis; Policy Implementation; Policy Style; Public Choice Theory

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POLICY STYLE

More than two decades ago, Arnold Heidenheimer posed a fundamental question to comparative policy analysts. He noted that there are many discrete differences in the way in which nations handle the various challenges facing them, but asked to what extent can these habits and experiences be subsumed under consistent national models of policy making (and) are these models applied similarly in most policy areas or do the various sectors develop their own policy-making characteristics? These questions address the issues raised in Theodore J. Lowi's still-seminal 1964 article in which he suggested that different types of policy promote different types of political activity. He maintained that the link between policy and politics is clear and that distributive policies are patronage policies that produce a dependence relationship between the agency and clients. Regulatory policies and redistributive policies produce politics that are a great deal more conflictual and tend much more to encourage an autonomous, aggressive, and healthily competitive relationship between government and the individual.

Countries tend to regulate, say pollution, in much the same way (style) as they regulate other policy sectors. Lennart Lundqvist noted the differing regulatory styles of pollution control in the United States and Sweden, arguing that undisturbed by citizens' suits and court orders, the Swedish administrators could engage in negotiations with polluters to find an acceptable formula for policy implementation. France also differs from the United States in its regulatory style; what appears highly suspect in the United States because of susceptibility to undue influence is viewed in France as the unavoidable integration of relevant interests in the formulation of results.

These observations suggest that there is indeed a French, a German, or a British "way of doing things" that can override differences in policies.

National Policy Styles

An alternative to viewing policies as determining politics is to attempt to identify national procedural patterns. Thus, nations often develop standard operating procedures for making public policy that may have strong dampening effects on cross-sectoral differences. It is argued that we need to move our focus from decisions to systems of decisions.

Rather than address the question of the differences in the politics produced by different types of policies, it is possibly more important for the study of comparative public policy to ask whether it is possible to identify national characteristics of policy processes. If nations have a characteristic set of standard operating procedures for public policy making, what we term *policy styles,* then it might prove possible to predict how they will respond to a given problem.

Since the original formulation of the concept of policy style in 1982 there has been much debate about its utility in comparative public policy. On one hand, it is seen as not a new concept at all, but merely another variant of (vague) cultural explanations—like culture, a "residual" category. On the other hand, it is seen as a theory in the sense that it has predictive value—once a national style has been identified, one can predict outcomes in particular policy situations. At worst, it is merely "armchair generalizations," and, at best, a "systematic comparative tool." In fact, concepts are neither true nor false: They are more or less useful.

The original concept of policy style was extremely simple. Indeed, the simplicity might explain why policy style is still often used by empirical researchers. In the original typology of policy styles, it was suggested that it is useful to describe policy processes according to two main factors. The first factor is a government's approach to problem solving. Some governments have appeared to adopt an anticipatory/active attitude toward societal problems, while others have seemed to adopt an essentially reactive approach to problem solving. The second main factor is a government's relationship to other actors in the policy-making and implementing process. For example, how do governments deal with the interest groups in society? Is government accommodating and concerned about reaching a consensus with organized groups, or is it more inclined toward imposing decisions notwithstanding opposition from groups?

These two factors should at least be generally accepted as central aspects of the policy system in any one country, even if readers would see other factors of equal importance. Certainly, it would be easy to justify extending the list because selecting only two factors may fail to capture the richness, complexity, and diversity of policy processes. For example, it is argued that degrees of centralization, openness, and deliberation should be added as central features of a policy process. However, simplicity has the advantage of increasing the heuristic value of the typology in comparative terms; one should avoid a country-specific typology if it is to be used for comparative analysis. A country's policy style is therefore defined as the interaction between the government's approach to problem solving and the relationship between government and other actors in the policy process.

Such a definition enables societies to be categorized into four basic policy styles:

1. Some societies seem to be located in a category that we might see as emphasizing consensus and a reactive attitude to problem solving.

2. Others appear to be located in a category also stressing consensus but with a set of normative values that emphasize an anticipatory or active approach to problem solving.

3. Others are seemingly less concerned with consensus but see the role of the state as being rather active and willing to impose policy in the face of opposition from organized interests.

4. A fourth category is where governments are increasingly reactive rather than anticipatory in their approach to problem solving, and if any policy change is to be achieved, it has to be enforced against the resistance of at least some organized groups.

By concentrating on two main factors in the policy process, a simple basic typology of policy styles, as shown in Figure 1, produced what we term *policy styles*.

Sweden might reasonably be seen as having been (for most of the post–World War II period until the early 1990s) located in the upper-left quadrant of the figure because it placed great emphasis on policy innovation and an anticipatory style, yet emphasized the need to reach consensus. France might be seen as much more inclined toward an active policy style in which solutions are often imposed against resistance—neatly captured in the French saying that if you want to drain a swamp, you do not first consult the frogs! Great Britain, in sharp contrast, may be best characterized (for most of the post–World War II period until Margaret Thatcher's election in 1979) as having a policy style that has placed great emphasis on bargaining in the context of a reactive approach to problem solving. Germany, in the postwar period, also
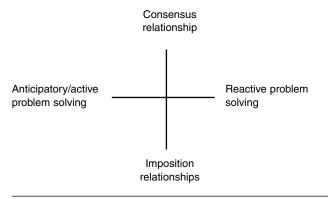
Figure 1   National Policy Styles

emphasized an active policy style to be achieved through consensus. In the late 1970s, however, policy became more reactive, as the active policy style posed problems to consensus building, especially in the energy sector.

Thus, the policy style concept does not imply total stability of standard operating procedures, although it was assumed that styles were strongly embedded and "sticky." However, under certain circumstances, policy could be determined via a different style if necessary. More importantly, under certain circumstances, the predominant national policy style might itself change over time. As pressures for more participation developed from the mid-1960s onward, and as more interest groups emerged, there seemed to have been a tendency for most societies to be increasingly reactive rather than anticipatory and for policy change to be blocked because of the difficulty of reaching consensus. As the problems of reaching consensus increased, so-called "reform deficits" developed. Essentially, the gradual shift toward a more reactive policy style eventually weakened the capacity of governments as problem solving institutions. At various times, governments decided to tackle some of these reform deficits and to adopt a more impositional policy style. In Europe, Margaret Thatcher's administration was the classic example of a shift in policy style. The irony of her government was that it was elected on a slogan of having less government but became one of the most interventionist governments of the postwar period, often imposing tough reforms on hitherto powerful interests. Other countries seemed to follow suit sooner or later.

Conclusion

The history of the policy style concept has been rather odd. It was certainly simple indeed, hence the jibe that is was merely armchair generalizations. Yet it had a degree of plausibility about it. As travelers, we do know that nations have easily recognized "styles" of various kinds, such as architecture, food, and clothing. Looking back, the criticized simplicity of policy style perhaps was what nowadays is often seen as a virtue. To use the current fashionable jargon, it was parsimonious. It was

also flexible enough to become a generic concept, which allowed researchers to select their own set of variables, from which a national style could be constructed. Thus, it is not uncommon for authors to use the term *policy style* without any reference to the original work. For example, Colin Bennett's excellent review of the policy convergence literature floats the idea that, in addition to the convergence of actual policies, there might be a convergence of policy style, a more diffuse notion signifying the process by which policy responses are formulated (consensual or conflictual, incremental or rational, anticipatory or reactive, corporatist or pluralist, etc.). His use of policy style is close to the original formulation, without actually citing it. Other authors have found the basic concept of style useful, but use different variables to capture the essence of the style and apply it to particular sectors, such as legal regulation. We leave it to the reader to decide whether the enduring attraction of the policy style concept is likely to be fatal or whether we are likely to see bigger and better versions of policy style in the future.

—*Jeremy Richardson*

See also Policy Implementation; Policy Learning; Policy Predictability; Policy Transfer

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POLICY TRANSFER

The term *policy transfer* covers processes through which the framework of political, institutional, and cognitive actions are used or readjusted for the development of action frameworks within other political systems, often foreign.

Analysis in terms of policy transfer is increasingly observed as a matter of analysis and discussion at the level of studies on public policies, international relations, as well as at the level of administrative and legal spheres. A model of public action and a concept for analysis, today policy transfer is a more highly relevant object of analysis dealing with major questions such as globalization and convergence.

A Framework for Analyzing a Variety of Processes

A large number of terms are used to qualify processes of transfer: policy transfer, lesson drawing, legal transplantation, policy learning, and institutional transfer, to name a few. If each of these expressions represents a particular analytical approach, each emphasizing different institutional issues, actors, or various degrees of obligations, they all aim to describe the same phenomenon and participate in the understanding of various fields of governance. From these different perspectives it is possible to determine some elements of definition, each of which are potential research subjects.

First, it is essential not to reduce policy transfer only to ideas or political objectives, but to also to consider the exchange of instruments, practices, and programs of governance between "exporter" and "importer" systems.

Second, the dynamics of transfer cover several forms: direct and total transfer of a model, a process of opening up to an external idea, and hybridization of various models.

Third, policy transfers can be voluntary, forced, or totally imposed. These different mechanisms of legal obligation or imposition are essential to the understanding of such processes.

Finally, the link between policy transfer and success or failure represents an important dimension. Taking into account the cases where the transfer of solutions or models failed also enables one to reveal the transfer mechanisms by focusing particularly upon factors that facilitate or block transfer.

One of the main interests of this concept is certainly its flexibility, which allows research to describe a wide range of phenomena. Through analyzing the various degrees and methods of transfer, this concept enables one to understand the mixtures present in certain models. Concerning the question of mechanisms of obligation, it can also establish a continuum between cases where the model is wanted and cases where the model is imposed from outside.

The Agents: Policy Transfer and Organizational Analysis

Understanding the processes of policy transfer means retracing the logical progression (cognitive interactions) and the social progression (social interactions) of recipes exchange and policy-making ideas. The objective is to question the manner in which exchanges or the circulation of some political solutions occurs between different systems or levels of action.

The study of actors, their strategies, and their resources provides an essential tool of understanding. Agents participate in processes of construction, legitimation, and distribution, which lie at the origin of the dynamics of import-export. In the case of social policies transfer between the United States and Great Britain (in the mid-1980s), several types of facilitating factors were identified. If the existence of a common

language and a shared ideology constitute facilitating factors, they are not sufficient to explain the dynamics of exchange. Personal relations and the essential role played by some think tanks or policy entrepreneurs showed the importance of social interactions.

International actors or national representatives circulate different models of public action between institutions and therefore spread values and discourse that open the way to transfers.

Literature that studies transfers strongly insists on the necessity of making precise sociological analyses of the actors and the role of socialization (regional, international institutions, political parties, governmental or nongovernmental institutions, pressure groups). Such research enables one to understand the mechanisms of policy making and why and how some systems come to be set up as models. Taking into account the actors' representations and perceptions also plays an important role both to explain policy formulation and to study the results of policy transfer (success or failure). By studying the methods and instruments that support the exchange of ideas and information, it is possible to show the manner in which the promotion of a common language occurs that leads to the emergence of common definitions of policy-making's meaning.

Finally, policy transfer can raise two questions about current governance that constitute important research areas based on this concept: convergence and the technicity of policy making.

Any transfer process leads to adjustment and adaptation phenomena, depending on the institutional and political configurations where it is applied. Policy transfer does not necessarily imply convergence between exporter and importer systems. In some cases, renationalization processes occur where the transferred model is influenced by the national environment and readjusted accordingly, because of reception, translation, and appropriation mechanisms. This question also introduces the issue of domination between policy systems.

Through the processes of policy transfer, it is also possible to identify a phenomenon of policy-making's depoliticization. Instrumentalization of governance's categories can lead to a shifting from a political

approach to a highly technical approach. The consequence of this trend is to evacuate the divergent political interests that could constitute obstacles to transfer. Processes of policy transfer thus contribute to a logic of rationalization of public action, thereby meeting the expectations of what many practitioners qualify as good governance.

—*Antoine Mégie*

See also Benchmarking; Good Governance; Policy Implementation; Policy Learning; Policy Style

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POLITICAL BUSINESS CYCLE

Political business cycle generally refers to the fluctuation of economic activity that results from an external intervention of political actors. Mainly, it is used to describe the stimulation of the economy just prior to an election in order to improve prospects of the incumbent government getting reelected.

It is assumed that expansionary monetary and fiscal policies have politically popular consequences in the short run, such as falling unemployment, economic growth, and benefits from government spending on public services. However, the same policies, especially if pursued to excess, are found to have unpleasant consequences in the long term, such as accelerating inflation and damaging the foreign trade balance. Thus, they can harm the long-term growth potential of the economy. Thought to be rational actors with short-term horizons of calculation, the politicians will pursue popular expansionary monetary and fiscal policies

immediately before an election. However, being aware of adverse effects of expansionary policies, they will not intend to keep these measures after they get elected. Thus, after the election is over, the politicians will reverse course, which may include cutting spending, slowing the growth of money supply, and allowing interest rates to rise. As a result, the regular holding of elections will produce cyclical fluctuation of economic activity because of recurring patterns of government stimulus and restraint in order to induce an artificial boom in the election time.

Politicians' rational preference of short-term political concerns over macroeconomic calculation in economic policymaking is assumed to have consequences on the general monetary and fiscal policy setting as well. The politicians will try to drive up the natural or equilibrium rate of employment. Thus, the rate of inflation and interest rates will be higher than they need to be.

Likewise, there is a political cycle found in welfare regimes. Accordingly, the state officials will tend to make the welfare system more generous in the pre-election period, restoring restraint and incentives to work afterward.

Moreover, nondemocratic leaders also have incentives to allocate budgets and credits to their strategic partners. But without regular elections, they will have few reasons to engage in opportunistic manipulations of fiscal or monetary policies. However, their time horizons may be shortened by immediate threats to survival, such as war. In general, theorists of the political business cycle believe that democratic politicians will manage monetary and fiscal policy less responsibly than the nondemocratic leaders or politicians in the regimes with less political competition.

Explaining the Political Business Cycle

The theories of political business cycle are based on several assumptions. First, it is generally agreed by the economists that there is a short-term trade-off between the level of utilization and employment in the economy and the rate of inflation. Second, it is assumed that politicians are rational actors, prioritizing their short-term political objectives. In the run-up to elections, they will trade inflation for lower levels of unemployment. Third, the people referring to the political business cycle often think that there is a single best policy solution in a given situation that is in the general interest. This solution leads to a natural equilibrium between inflation and unemployment. Very often, the understanding of such equilibrium is counterinflational.

There are two streams of theories in the political business cycle literature. First, partisan theories stress the difference of fiscal and monetary preferences between parties. While Leftist parties are expected to boost real economic activity (employment), the Rightist parties are thought to focus on fighting inflation. Second, the political business cycle models concentrate on the manipulation of policy instruments by politicians who seek to get reelected.

There are four basic models of the political business cycle found in recent scholarly discourse: William D. Nordhaus's model of the political business cycle; the model of a rational political business cycle of Torsten Persson and Guido Tabellini; Douglas Hibbs's partisan theory; and Alberto Alesina's rational partisan theory. Despite numerous attempts to establish their existence, the empirical evidence of political business cycles remains rather equivocal.

Political Business Cycle, Institutional Design, and Depoliticization of Monetary Policy

According to the theorists of political business cycle, the political competition systematically affects fiscal and monetary policies in a way that is adverse to the general economic well-being. Governments have policy preferences that are inconsistent with the needs of the economy; therefore, they cannot be trusted to deliver appropriate monetary and fiscal policy. If policy credibility is to be achieved, the public authorities need to be able to make a monetary and fiscal precommitment independently of political competition. This entails an institutionally guaranteed depoliticization of monetary policy. This can be achieved by an independent central bank constitutionally mandated to deliver a specific inflation target. This is assumed to

deliver monetary and fiscal policies appropriate to the conjuncture, for example keeping a natural rate of unemployment. Independent central banks have been relatively rare until the past decade. More recently, advanced capitalist states have tended to increase the autonomy of the central bank and depoliticize monetary policy. This has also become an integral part of the developmental panacea of the Washington Consensus.

The trend of depoliticizing monetary policy by making central banks independent of political struggle raises serious concerns about public accountability of respective policymakers. Some people think that this may pose a threat to democracy as it limits the scope of policy that can be pursued by publicly accountable politicians.

—*Jan Drahokoupil*

See also Business Cycle; Keynesianism; Monetary Policy; State; State-Society Relations; Unemployment; Washington Consensus

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POLITICAL COMMUNICATION

Political communication is concerned with the role of communication within the political process. Consequently, the development of new forms of mass media at the turn of the twentieth century foreshadowed significant changes in the study and practice of this phenomenon. This was also the period when there

was significant growth in adult literacy as well as a major expansion of the electoral franchise among the most advanced industrial societies. The arrival of (near) universal suffrage alerted political elites to the limitations of their traditional interpersonal forms of address and of the increasing need for them to be able to address a much enlarged, more heterogeneous public. Political communication through different media then became the norm for campaigns that increasing went beyond simply trying to inform or publicize an issue or candidature to seeking to engage and persuade a mass audience.

Pioneering theorists with an interest in political communication recognized that sometimes emotive imagery would increasingly become prominent in what passed for public debate as competing politicians particularly sought to attract the attention and support of the large numbers of new voters. The resulting forms of address were far removed from the kind of rational debate that many critical theorists argue is a central component of a healthy functioning public sphere. The debasement and "refeudalization" of the latter took place with the rapid growth of commercially driven forms of communication, such as advertising and public relations.

Contemporary public intellectuals active in interwar politics were among those keen to welcome and explore the potential interplay between mass media and mass democracy. It is no coincidence that the 1920s saw the publication of important books with major relevance to the development of strategic communication including Charles Higham's on advertising and Walter Lippmann's treatise on public opinion, which promoted the desirability of elites manufacturing consent. Similar sentiments underpinned Edward Bernays's popularization of the concept and practice of public relations as a means of influencing mass opinion through the solicitation of favorable coverage from a range of news media outlets with large audiences.

Lippmann and his fellow practitioners and theorists of political communication held to patrician notions of an essentially benevolent party and media elites managing debate and influencing the popular will. Their complacency was seriously challenged by the destruction of many European democracies during the

1930s. The Nazi takeover, in particular, was conceived of as a response to economic and civil crises but also as the result of a concerted campaign that demonstrated the power of mass propaganda. The perceived success of this debauched strategy contributed to a belief in the "hypodermic needle" model, which suggested an influential media coexisted with a largely passive, suggestible audience. The idea of this strong effect was reinforced by other, more-discreet and less-disturbing incidents, such as Orson Welles's notorious 1938 broadcast of *War of the Worlds,* in which he caused panic in the rural Midwest with his all-too-vivid radio dramatization.

The strong effects model encouraged the pioneering work of early political communication scholarship involving Harold Lasswell and his colleagues at the Institute of Propaganda Analysis. Their attempt to develop typologies of the different kinds of manipulative activity was superseded by Paul Lazarsfeld and others' attempts at researching the relationship between media consumption and voter participation. These and other studies led to the forging of an influential limited effects consensus that argued the primary influence of the media over voters was reinforcement not change.

The inherent difficulties in accounting for the impact or not of different forms of political communication shaped postwar research and led to the flourishing of other debates as to the relationship between politicians, voters, and media. Most obviously, there were attempts to conceptualize a more sophisticated understanding of how audiences actually read, watched, and listened to politics and how they perceived and responded to events and personalities through their exposure to news coverage, campaigns, or other messages. Consequently, there were moves to identify other less-general effects and how different groups of citizens and voters responded to communications and especially those tailored to them by electoral strategists. Some of this work came to the plausible conclusion that those with less formal education and little interest in politics, but who were also above-average media consumers (especially of television) were more susceptible to being influenced by campaigning.

A discernible trend among researchers toward going beyond the "voter persuasion paradigm" led to the revisiting of debates begun in earnest by Lippmann and others during the interwar years as to the strategic role and function of political communication in a democracy. Much work was devoted to understanding how media and campaigns attempted to set the agenda or frame issues in a way that was presumed to have an impact on public understanding. Unlike other subjects, these functions were perceived to be important because for many citizens politics was still a remote topic of only periodic interest to them.

Neoliberalism has had an obvious impact on the public and private sphere if judged by the rise of rapacious consumerism and the significant growth in the size and reach of the marketing industry. Democratic debate has not been immune to these trends, and there has been a notable marketization of political communication apparent in the excessive attention now devoted to electoral advertisers (image makers), public relations consultants (spin doctors), and opinion researchers (pollsters). Although each of these actors has long played a role in various campaigns, the growing influence of these electoral professionals toward the end of the twentieth century had a major impact on the organization of parties, the state, and interest groups. It is then no coincidence that the most image-aware and marketing-conscious creations, such as the New Democrats and New Labour, were born out of a response to defeats by New Right opponents who pioneered the more integrated use of the communication techniques that they eventually copied. Central to this approach is an excessive focus on a few target voters at the expense of all others, which helps resolve the apparent paradox as to why turnouts are falling in spite of the use of the most supposedly professional political communications.

—Dominic Wring

See also Communication; Communicative Action; Interpretive Theory; Media Freedom; Translation

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POLITICAL ECONOMY

Political economy has never been more central, nor has it been seen to be more central, to the nature and trajectory of the reform of governance (at whatever level) than it is today. That this is so is due largely to the influence of a set of powerful processes that have tended simply to be termed *globalization*. Globalization, however understood, is invariably seen to pose significant governance challenges. These relate to the need for and nature of institutions of governance at the international level capable of regulating and steering the process of globalization itself just as much as they do to the imperatives unleashed at the domestic and other levels by the largely untamed and unguided process of globalization. In this way, debates about the reform of existing institutions of governance and about the need to develop genuinely new transnational institutions of governance are linked—by a common concern to negotiate and, to some extent, to manage the process of globalization. Political economy lies at the heart of these debates; indeed, the political economy of governance has largely become synonymous with these debates. For, in so far as globalization is seen to unleash a powerful set of constraints on policy-making latitude and autonomy at the regional, domestic, and local levels, these constraints are principally seen to be economic in nature. Similarly,

in so far as globalization is seen to call forth the need for new and genuinely transnational institutions of governance, this is largely because of the anticipated environmental and political consequences of an unconstrained global market.

Given this, it is perhaps unremarkable that there is no topic in the contemporary literature on governance, public administration, and public policy more contested or controversial than the impact of globalization. The balance of opinion would certainly suggest that there is a strong *prima facie* case for seeing globalization and the capacity for governance itself as antagonistic—the extent of globalization, for many, being an index of the retrenchment of public policy, at least at the national level. A variety of more or less plausible mechanisms for this tension between globalization and the public nature of governance can be pointed to. In particular, globalization is seen to challenge the deliberative nature of (domestic) public policy by summoning a series of nonnegotiable, external, and largely economic imperatives that must be appeased in a technically proficient manner if good economic performance is to be maintained, whatever the cost in terms of democratic accountability. Chief among these is that of competitiveness. The reform of governance institutions is now seen to be circumscribed and increasingly driven directly by considerations of competitiveness. In an era of ever-more-intense global competition, each and every reform of an institution of governance must either arise directly out of a consideration of the imperatives of competitiveness or be exposed to an exacting audit in terms of its potential contribution to such competitiveness. It is only if potential reforms to governance institutions can be demonstrated as competitiveness enhancing or, at worst, neutral with respect to competitiveness that they can seriously be contemplated. Is it any wonder that Philip G. Cerny should talk of the emergence of a competition state in place of the welfare state of the postwar period?

Similarly, globalization is seen as the enemy of domestic governance, public or otherwise, in the sense that it is seen to dictate policy choices while itself being beyond the capacity of domestic political actors to control. Yet none of this is uncontested. In

this overview of the political economy of contemporary governance, the aim is to unpack the notion of globalization, considering the diverse ways in which globalization might be seen as antithetical to public governance before turning to a review of the empirical evidence and the debate that it has generated. The conclusion suggests that although globalization and public governance can be seen as antithetical in a variety of respects, this is less a consequence of the direct and necessary constraints imposed by the political economy of globalization than it is a consequence of more political and contingent factors. I also suggest that if globalization is antithetical to governance, public governance especially, then this is only at the domestic level; arguably it merely reinforces the need for effective and democratic governance at the transnational level. If it is problematic or at least premature to suggest that the public and democratic character of domestic governance is a casualty of globalization, it is no less problematic to overlook the opportunities and need for governance at the transnational level that globalization generates.

In most conventional treatments, globalization and public governance at the domestic level are counterposed. Invariably, in such accounts, globalization is seen to intensify the competitive struggle among nations for global market share, driving states to subordinate public policy considerations to economic imperatives, thereby exposing their public sectors to an exacting "competitive audit." Yet, however familiar, this is by no means the only mechanism by which globalization might be seen as in tension with domestic public governance. Indeed, at least four rather different sources of such tension might be identified:

1. Globalization is held to necessitate a certain privatization and technicization of governance, rendering it less publicly accountable. Here, it is the distinctly public character of domestic governance that is potentially seen as a casualty of globalization. By virtue of time-space compression and the complex interdependencies that ensue, globalization is seen to render policy deliberations so technical and involved as to necessitate significant changes in the conduct—and notably the legitimation—of public policy. In the face

of the speculative dynamics unleashed by financial market integration, for instance, it is argued that monetary policy must be removed from political control and rendered both predictable and rules bounded rather than discretionary. Globalization, and the complexities and interdependencies that are seen to characterize it, are here associated with powerful tendencies to the depoliticization, privatization, and technicization of macroeconomic governance. If valid, this is an important development, for it implies that in a context of globalization, such institutions cannot be held to account publicly (and, hence, democratically) to the extent to which we have become accustomed. Such claims rest on the notion of a significant and perhaps growing trade-off, in a context characterized by complex interdependencies, between effectiveness and accountability in public policy, and that we should resolve any such trade-off in terms of the former. It is suggestive, moreover, of a potentially troubling explanation for the growing and widely identified lack of trust in public officials and associated discontent and disengagement with formal politics.

2. Globalization is seen to necessitate an internalization by the state of the preferences of capital and an associated squeezing of the "fiscal space" for public policy. We move from governance for the people to governance for accumulation. This is perhaps the most conventional sense in which globalization is seen to be antithetical to public policy. As will be discussed in more detail, the mechanism invoked here is relatively simple. Globalization is treated as synonymous with the mobility of capital. In order to retain high levels of investment, on which economic growth and high levels of employment are predicated, states must increasingly provide an investment climate conducive to profit maximization or, more to the point, conducive to the anticipation by potential investors of profit maximization. Their regimes of governance must, in short, internalize the preferences of capital. Such preferences are conventionally assumed to be, for a lightly regulated marketplace, relatively free from public policy interventions and characterized by low levels of taxation. The mobility of capital is seen,

both directly and indirectly, to exert strong downward pressures on public policy—directly, because globalization enhances the effective bargaining power of capital and capital is seen to exert a strong preference for market mechanisms, as opposed to public regulation; and indirectly, because globalization effectively squeezes the fiscal base out of which public policy is funded.

3. More generally, globalization is seen to diminish the capacity for governance of the nation-state, resulting in a displacement of functions from public to quasi-public bodies (such as independent central banks) and from national to transnational institutions (such as those associated with the process of European integration and, more obviously, global institutions such as the IMF, the WTO, and the World Bank). Clearly this third sense in which globalization and governance capacity at the national level are seen to be antithetical is not unrelated to the points already discussed—indeed the displacement of functions from public to quasi-public bodies almost directly parallels the privatization and technicization of economic governance previously discussed. Yet the emphasis is, again, slightly different. Here commentators highlight what they identify as an increasing disparity between the level at which policy problems emerge and must effectively be dealt with and the still predominantly national/domestic character of the institutions from which such responses are initially sought. In short, they note, in a context of globalization, the nation-state's increasing lack of fitness for purpose. Of course, to identify a proliferation of global/transnational problems that the nation-state is not well placed to deal with is not necessarily to point to a shortfall in governance capacity, especially if the global/transnational policy-making capacity is enhanced in parallel with the proliferation of problems at this level. Yet, it is the gap between the pace at which the problems proliferate and the governance capacity increases that prompts contemporary concerns. Invariably, it seems, global problems have failed to prompt coordinated global solutions—environmental degradation providing an ever-more-alarming case in point. As this already serves to indicate, many of our most pressing contemporary challenges are to devise

effective and democratic institutions of global governance—an effective policy-making capacity for dealing with problems of global public policy.

4. Globalization is seen as driving a process of convergence, thereby diminishing both variations between states in public policy and the significance of variations in public policy as variables in the explanation of comparative performance. Questions of convergence, divergence, or continued diversity have provided a key focus for students of governance in an era of globalization, provoking considerable controversy. In most conventional accounts, for reasons already discussed, globalization is seen to promote convergence, as governance regimes have been revised to internalize the preferences of capital. Yet in recent years, a rather more institutionally differentiated view has developed. This so-called varieties of capitalism perspective predicts dual rather than simple convergence. It sees globalization as an agent of convergence, but suggests that it is likely to have different impacts on coordinated and liberal market economies, reinforcing rather than undermining their distinctiveness. Yet even in this more subtle, differentiated, and increasingly influential perspective, globalization heavily circumscribes the space for and nature of governance regimes. In liberal market economies, for instance, it essentially imposes market-conforming governance, raising questions again about the extent to which public policy can be held publicly and democratically accountable.

As this already serves to indicate, the dominant themes in the existing literature all point to an adversarial relationship between globalization and governance—in which the former is seen to select strongly for the depoliticization, privatization, and technicization of the latter. Yet before rushing to endorse such a pessimistic conclusion, it is important to acknowledge that most of the themes of the literature already discussed rest on strong assumptions as to the nature, extent, and consequences of globalization. Whether acknowledged as such, these are unavoidably empirical claims and, moreover, empirical claims that do not always stand up to a close consideration of the available evidence.

Indeed, although the contemporary period is invariably referred to as one of globalization, and although globalization is invariably seen as placing stringent constraints on the size of the public sector, in aggregate terms, states consume a larger share of global GDP than at any previous point in their history. Of course, such evidence is not in itself sufficient to refute the globalization thesis, nor is it especially difficult to see how the globalization thesis might accommodate such ostensibly unsupportive data. Yet it certainly suggests the importance of a rather more detailed consideration of the empirical evidence than characterizes much (though by no means all) of the current literature. The frequently hyperbolic nature of much of the globalization debate and its tendency to extrapolate wildly from anecdotal illustrations where empirical evidence is appealed to at all necessitates a more thorough empirical review.

The Impact of Globalization

In the political economy of governance, globalization is seen to summon four separate sources of external imperatives. Each is seen to have significant governance implications.

1. Trade—the free mobility of goods leads to pressures to enhance economic competitiveness.

2. Foreign direct investment—the free mobility of investment capital (and, in many accounts, already-invested capital) leads to pressures to enhance and retain "locational competitiveness."

3. Finance—the free mobility of virtual or digital capital leads to an essentially constant audit by international investors of monetary and fiscal policies and the institutions (for instance, independent central banks) responsible for their delivery.

4. Environment and the global commons—the mobility of pollutants and the global nature of risks with high consequences leads to the need to pool sovereignty in institutions of effective global governance.

In what follows, each mechanism is considered in assessing the plausibility of the assumptions and the evidential basis for both the assumptions and the consequences inferred from them to discern the likely consequences for public policy arising from each.

Trade Integration

Most accounts of the consequences for economic governance of globalization start from a consideration of trade integration. Pointing to a near exponential rise in openness (conventionally expressed in terms of imports plus exports as a share of gross domestic product, GDP) since the 1960s, they seek to derive a series of competitive imperatives for domestic economic governance from heightened trade integration.

In rather stylized terms, such accounts frequently counterpose the supposedly closed national economies of the advanced liberal democracies until the 1960s and 1970s with the open integrated world economy that, they suggest, has developed subsequently. In the former, closed national economic world, competitiveness is of no great consequence, because only a relatively small proportion of GDP is traded and domestic consumption can be assumed to be satisfied by domestic production, thereby facilitating a series of domestic management techniques such as Keynesianism.

Under open economy conditions, things look different. Keynesianism is no longer effective because the injection of demand into the domestic economy will only serve to boost imports, worsening the trade balance. More significant, domestic economic growth is now predicated upon success in international markets—in other words, competitiveness. Competitiveness, moreover, is frequently understood in rather narrow and cost-centered terms—the capacity to produce, distribute, and ultimately sell a given commodity in international markets for less than the competition. Consequently the imperatives of competitiveness that (global) trade integration brings tend to be seen in terms of cost-saving measures—the elimination of burdensome regulations, the reduction in nonwage labor costs (such as those out of which welfare states are funded), and the exertion of downward pressure on labor costs (by, for instance, scaling back workers' bargaining power and removing the institutional settings in which it might be exercised).

The mechanism is a clear one, lubricated by the heightened mobility of goods in a more globally integrated world market (an improvement in the aggregate terms of trade within the world economy).

Yet, compelling and influential though it is, the necessity of the competitiveness-enhancing, cost-saving "race to the bottom" that it predicts is not so easily reconciled with the empirical evidence. As already noted, state-related activity continues to account for a high and, in fact, rising share of global GDP, suggesting at minimum that in the face of such competitive imperatives public institutions funded out of taxation receipts have proved remarkably resilient. Moreover, as a growing body of literature testifies, there is a positive and, indeed, strengthening relationship between public spending and economic openness—the most open economies in the world are also those, in statistical terms, with the largest public sectors. That historical relationship shows no signs of being eroded. Finally, however high contemporary levels of trade integration are, a significant body of scholarship suggests that such levels are by no means unprecedented. Indeed, it suggests there is still some way to go before pre–World War I figures of trade integration, at least for the world's leading economies, are exceeded.

The empirical evidence also suggests a number of reasons why the anticipated deregulatory "race to the bottom" is, at best, a simplifying distortion of a far more complex reality. First, as already noted, markets, not least those for traded goods, are far from perfectly integrated—and, on balance, distortions from perfect market integration tend to serve to protect the most advanced and affluent economies (those with the largest public sectors) from competitive undercutting. Second, it is only a relatively small proportion of potentially tradable commodities whose cost is determined to a significant extent by direct labor costs and indirect nonwage labor costs (such as payroll taxes). Consequently, the competitive undercutting predicted in the globalization thesis, even though it certainly goes on, is more confined to certain sectors of the world market than the model assumes. Third, to a considerable extent, the advanced capitalist economies compete less in terms of cost than they do in terms of the distinct qualities of the goods they export. And quality competitiveness, in contrast to cost competitiveness, is often enhanced and supported by high levels of public spending and quite interventionist regimes of economic and industrial governance.

Fourth, as already noted, regionalization tendencies that are often ignored in the overly general literature on globalization may significantly alter the real terms of competition that economies face, giving rise to rather different competitive dynamics to those assumed to drive a deregulatory race to the bottom.

Foreign Direct Investment

Scarcely less significant in accounts of the consequences for economic governance of globalization is the role of foreign direct investment and the (assumed) mobility of international investors. The significant, indeed at times exponential, growth in both the accumulated stock of invested foreign capital (total fixed capital formation) and fresh foreign direct investment is seen, in conventional accounts of globalization, to impose upon domestic governance regimes a series of additional competitive imperatives. Here, it is not so much the competitiveness of the domestic economy *qua* domestic economy that is the focus of attention (important though this is), but the "locational competitiveness" of the economy as a site for new or continued investment.

The picture created is of potentially footloose and fancy-free investors choosing from a vast array of potential investment locations the one that offers the best anticipated return on their investment—that is, until a new and better opportunity arises elsewhere. In order to attract investors in the first place, then, governance regimes must essentially internalize and approximate as closely as possible the preferences of mobile capital. Those preferences, in turn, are anticipated to be for attractive investment incentives at the point of initial investment, flexible labor markets, low rates of corporate taxation, a flexible regulatory regime, and lax environmental standards. Good governance is assumed to be minimal governance.

Equally intuitive though such a view is, it is again at some considerable odds with the available empirical evidence. A number of points might again be noted. First, the mobility of invested capital is grossly exaggerated in such stylized accounts that invariably discount the costs borne by investors of carrying through an "exit" threat to the point of disinvestment. Having

invested and often built a plant in a particular economy, foreign direct investors acquire a variety of generally irredeemable sunk costs. For, to relocate production is, essentially, to sacrifice the lion's share of the capital value of the initial investment (assuming no new investor is prepared to take the place of the old), while bearing the significant costs of building and equipping a new plant, to say nothing of the intervening period of nonproduction. For this reason, while it may well be rational for hypothetically mobile investors to threaten "exit" whenever they wish to bargain for concessions or changes in policy from their host government, it is seldom in their interests to exercise their hypothetical mobility, even in the absence of such concessions. This is presumably why the much-vaunted exit option is, in fact, rather less frequently exercised than the model of free capital mobility would predict. Second, there is quite simply no inverse relationship, such as the model would lead us to anticipate, between volumes of inbound foreign direct investment and levels of corporate taxation, environmental and labor-market regulations, generosity of welfare benefits, or state expenditure as a share of GDP. This would merely seem to underline the point of the previous section that competitive advantage is not necessarily secured by cost-minimization strategies. Finally, as is again now well documented, the vast majority of the world's outward foreign direct investment (over ninety percent between 1980 and 1995) is sourced from within the so-called triad (North America, Europe, and Pacific Asia) and the vast majority (between seventy-five and eighty percent over the same period) of inward foreign direct investment is invested within the triad. This staggering concentration of foreign direct investment is hardly consistent with the predictions of the simple globalization model, a point reinforced by the observation that the most significant factor determining investment location is not the availability of investment incentives but geographical proximity and access to a sizable market.

Financial Market Integration

The third in the triumvirate of sources of external economic constraints on economic governance comes from the anticipated consequences of financial market integration. Once again, the assumption in much of the literature is of perfectly clearing and fully integrated global markets—here, financial markets, with near instantaneous investment decisions lubricated by new digital technologies are operating in an effectively postgeographical environment. In such a context, vast financial resources can be unleashed by institutional investors in speculative attacks on the currencies of states incurring the investors' displeasure. The forcible ejection of the British pound from the European Monetary System (EMS) in 1992 at the hands of George Soros and others is a classic case in point. Within such models, portfolio investors, in particular, are seen to display a clear interest in, and preference for, strong and stable currencies backed both by implacable independent central banks with hawkish anti-inflationary credentials and governments wedded in theory and in practice to fiscal moderation and prudence. Any departure from this new financial orthodoxy, it is assumed, will precipitate a flurry of speculation against the currency and a hemorrhaging of investment from assets denominated in that currency.

Once again, this is a familiar and intuitively plausible proposition that would seem to be borne out by a series of high-profile speculative flurries against rogue governments in recent decades. It is, however, an empirical claim and one that a growing body of scholarship reveals to be considerably at odds with the empirical evidence. For capital markets do not seem to be as perfectly integrated as the globalization literature invariably assumes. In particular, the anticipated convergence in interest rates, which one would expect from a fully integrated global capital market is simply not exhibited. Moreover, financial integration has also failed to produce the anticipated divergence between rates of domestic savings and rates of domestic investment, which one would expect in a fully integrated global capital market—the so-called Feldstein-Horioka puzzle, as conceived by Martin Feldstein and Charles Horioka in 1980. Finally, though the liberalization of financial markets has certainly increased the speed, severity, and significance of investors' reactions to government policy, capital market participants appear far less discriminating or well informed in their political risk assessment than is conventionally

assumed. Consequently, policy makers may retain more autonomy than is widely accepted. Speculative dynamics are, in fact, rarely unleashed against currencies and, at least as far as the advanced liberal democracies are concerned, the range of government policies considered by market participants in making investment decisions is, in fact, extremely limited. Financial markets, it seems, are neither as highly integrated as we are accustomed to thinking, nor as exacting in the audit of fiscal and monetary policy that they are frequently assumed to engage in.

Environmental Degradation

Thus far, we have focused almost exclusively upon mechanisms identifying economic globalization as the key contemporary constraint on public policy-making autonomy. We have also questioned, in so doing, the extent to which contemporary economic trends are well captured by the term *globalization.* Yet at least equally compelling is a rather more political mechanism that refers unequivocally to issues that are genuinely global in their scope and scale. Strictly speaking, this does not so much point to the diminished capacity of domestic governance in an era of globalization as to the globalization of the problems to which governance regimes must find solutions—and to the inability to date to deal with such problems.

The classic example here is the problem of high consequence global environmental risks. This is well expressed in the so-called tragedy of the commons first identified by Garrett Hardin in 1968. Hardin provides an intuitively plausible and all-too-compelling description-cum-model of the seemingly intractable problem of environmental degradation in contemporary societies. The systematic exploitation and pollution of the environment, it is argued, is set to continue because individual corporations and states, despite a clear collective interest, choose not to impose upon themselves the costs of unilateral environmental action. Their logic is entirely rational, though potentially catastrophic in its cumulative consequences. Such actors know that environmental regulation is costly and, particularly in an open international economy, a burden on competitiveness. Accordingly, in the absence of an international governance regime capable of enforcing the compliance of all states and all corporations, the anticipation of free riding is sufficient to ensure that corporations and states do not burden themselves with additional costs and taxes. The long-term effects for the environment are all too obvious, preventing as it does a global solution to a genuinely global problem.

The extent to which the narrowly perceived self-interest of states and governments can subvert the development of effective mechanisms and institutions of global governance is well-evidenced by the George W. Bush administration's withdrawal from the 1997 Kyoto Protocol (committing signatories to staged reductions in greenhouse gas emissions); and, for its critics, by the fact that such a protocol, even if fully implemented, would only serve to slightly reduce the pace of an ongoing process of environmental degradation.

This is a most important example, and a number of broader implications might be drawn from it. First, the tragedy of the commons is indicative of a more general disparity between the need for and supply of effective institutions and mechanisms of global governance. For while it is easy to point to genuinely global problems requiring coordinated global responses for their resolution, it is far more difficult to find examples of the latter. Second, while the proliferation of genuinely global political problems does point to the incapacity of a system of sovereign states (capable of exercising veto power) to deal with the challenges it now faces, it does not indicate any particular incapacity of domestic public policy to deal with the problems and issues it has always dealt with. This is, then, less of a story of a loss of capacity than of the proliferation of issues that domestic governance regimes have never had the capacity to deal with.

Conclusion

This overview began by pointing to the pervasiveness in the existing literature of a significant tension between economic globalization and economic governance. The preceding sections have sought to demonstrate that however influential this trade-off is seen to be, it is deeply problematic—both theoretically and empirically.

Indeed, as the final section hopefully serves to demonstrate, the greatest challenges faced in reforming existing institutions of governance today do not come from domestically internalizing the competitive imperatives unleashed by economic globalization. Rather, they lie in developing the global and transnational governance capacity to deal collectively with the environmental and other consequences of processes of complex economic integration. The challenge is to devise and construct effective institutions of global governance capable of holding the process of globalization democratically accountable. Rather than economic globalization reining in domestic governance capacity, we must develop the global governance capacity to control economic globalization.

—Colin Hay

See also Convergence and Divergence; Coordinated Market Economy; Dirigisme; Environmental Governance; Global Governance; Globalization; Global Market; Liberal Market Economy; Market; Physical Capital; Social Democracy; Third Way; Tragedy of the Commons

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POLITICAL EXCHANGE

Governance requires an exchange of resources because resources that are necessary to govern societies are controlled by different actors. In contemporary differentiated societies, governance involves different kinds of actors—such as politicians, bureaucrats, experts, or interest representatives—composing networks of governance and exchanging different kinds of resources, such as money, information, trust, competence, or legitimacy.

From Tradition to Modernity

Political exchange refers to situations where resources are exchanged between individuals and the collective, as well as public and nonpublic actors taking part in the policy process. The nature of such an exchange depends on the political context and on the institutional

setting in which it is embedded. One major form that is described as prevalent in traditional societies is clientelism, also called patronage: Politicians, once in power, reward those voters or militants whose support was necessary for their election with particularistic benefits, such as jobs in public administration. Clientelism as a form of political exchange where votes or partisan loyalty are traded with exclusive "club goods" differs from another related form of political exchange, which is corruption: The latter is based on money as a medium (e.g., firms use bribery of civil servants or politicians to acquire privileged access to public procurement) and is illegal. Clientelism (and of course corruption) is also a feature of contemporary, advanced societies, but the personal relation that it traditionally implies between clients and patrons ("bosses") is typically replaced by an exchange between mass parties capable of providing state resources ("cartel parties") and broader electoral constituencies. Also, theories inspired by economics (primarily Mancur Olson's solution to the free riding problem in collective action) point out that organizational leaderships have to provide "selective incentives" of a clientelistic nature to ensure that the rank-and-file will effectively mobilize. Collective adherence to a common cause is not a sufficient condition, simply because in order to maximize the benefits of mobilization it is rational to externalize its costs (time investment, risk taking, etc.). And the more modern—that is, secularized—a society is, the more likely that societal actors will resort to these kinds of calculations.

Political Exchange in Arenas of Partisan and Interest Representation

The major reason why actors must engage in exchange relations is that they have competing interests but are at the same time caught in relations of interdependence. In differentiated societies, pluralistic political contexts or fragmented institutional settings (checks and balances) and the support of several actors with frequently divergent interests is necessary for decision making. This is mirrored in log-rolling practices between parties in governmental behavior,

which are often required for the achievement of a majority by coalition building. In log-rolling an actor agrees to make concessions to another actor on issues that are secondary to the former but crucial to the latter, under the condition that the actor benefiting from these concessions will in the future make similar concessions on points that are of marginal interest to it but of central concern to the other actor. Log-rolling presupposes that the preferences of actors can be weighed in terms of their intensity and requires an institutional context to make interactions durable (e.g., government committees), which, in turn, favor the building of trust between actors. Similar forms of political exchange resting on "differed gratifications" were found in so-called neocorporatist summit agreements between the leaderships of organizations representing business and labor interests. Business has a blackmailing power vis-à-vis labor as it provides jobs, whereas labor's blackmailing power resides in its capacity to generate turbulences through strikes and other forms of collective action. To avoid a stalemate, labor representatives agree to moderate their claims for higher wages, having obtained assurances from business representatives that full employment will be preserved. For such agreements to be enforced, interest organizations must secure control over and compliance from their members, which is more likely when the organizations are encompassing enough to be preserved from competition for the representation of interests (representational monopolies).

Political Exchange in Network Governance

Most contemporary advanced societies are not centrally steered by a unique state body, but governance is the domain of policy networks where public and nonpublic actors (elected politicians frequently representing different decisional bodies and levels, administrators coming from various services, nongovernmental organizations, private firms, experts) have to coordinate their action and cooperate with each other, in spite of frequently diverging interests and world views. Political exchange thus refers to the bargaining strategies deployed by these actors in

networks in order to reach mutually beneficial compromises in the formulation or the implementation of policies. The foregoing applies to governance across levels in the European Union and its member states, but even more so to governance in the transnational sphere, where political regulation is the object of concerted action in the absence of a central sovereign body, and where private forms of regulation abound.

The success of negotiation practices rests on a number of prerequisites:

• Durability—not only does it offer more opportunities for reciprocity and help create mutual trust, the fact that the "game" is, in a sense, repeated also has disciplining effects favorable to cooperation. When actors are embedded in durable (and frequently face-to-face) relations, they are subject to increased peer pressure that, through "blaming and shaming," raises the costs of "cheating."

• Selectivity—if policy networks are overly pluralistic, overcrowding can impede the search for solutions between competing options. This consequently raises the transaction costs of compromise seeking and can impede efficient problem solving. Therefore, exchange in networks is often the task of elites imperfectly mirroring societal or organizational pluralism.

• Informality—bargaining is more easily achieved when actors are not exposed to the scrutiny of their constituencies, their rank-and-file, or the media. Such an exposure reduces the ability of negotiators to reach compromises, for fear of being blamed as traitors or being called chicken. Hence, political exchanges frequently take place behind closed doors in a nontransparent way and in informal settings that sometimes supplement the official decision-making circuits.

Limitations and Problems of Political Exchange

Political exchange can contribute to governability, as policy solutions require the contribution of, and support from, various actors who are likely, if they do not cooperate, to undermine the effectiveness and the acceptance of decisions through the resources each of them possesses. However, political exchange faces two major limitations:

1. Bargaining is much more difficult on issues of the either-or type, or that are not strictly interest based but involve actors' identities too.

2. Political exchange, in fact, replaces authoritative allocation through a form of more horizontal contractual decision making. Decisions are not imposed by policymakers on policy takers; rather, in a sense, they coproduce them. On issues entailing the redistribution of resources, such procedures confer a voice to potential losers and are biased toward the status quo.

Political exchange—though necessary in fragmented societies where majority rule can be dangerous for specific interests—may undermine democratic legitimacy. Prerequisites, such as selectivity and opacity, can lead to limited pluralism and deprive official representative institutions of their power. To what extent is bargaining between powerful actors compatible with democracy? As political exchange requires a narrow elitist sphere, it is open to contestation either by the basis of organizations or by organizations that, as a whole, are excluded from or decide not to enter the negotiations arena (e.g., the increasingly successful antiestablishment and populist parties). In order to benefit from political exchange, one must indeed have something substantial to offer, and this property is unevenly distributed. Political exchange can thus be criticized for leading to collusiveness between "distributive coalitions" mainly motivated by rent seeking. This is likely to put into question not only its normative legitimacy—as it would perpetuate power inequalities—but also its social acceptance, and thus its contribution to socially legitimate governance.

—Yannis Papadopoulos

See also Accountability; Clientelism; Collaborative Governance; Collusion; Complexity; Corporatism; Corruption; Free Riding; Governability; Interorganizational Coordination; Legitimacy; Multilevel Governance; Policy Network; Power Sharing; State Capture; Steering

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POLITICAL PARTY

Do politics matter? This founding issue of modern political science questions the functions of politics in modern political systems. In democratic regimes, it has often been posed differently: Do parties matter? The role of political parties, competing for votes to reach power, is undoubtedly problematic given recent changes in governance. But, the question of the influence of political parties is far from new. In fact, for a long time, contrary to traditional or economic theories of democracy, many scholars have advocated the idea that political parties have no impact at all on the government of society. The reasons are numerous and have changed over time.

In democratic theory, whether traditional or economic, people vote in accordance with policy preferences, and political parties propose and try to implement specific policies for instrumental or intrinsic reasons. Hence, the identity of the governing parties or the proximity of elections should matter in policy making. Two famous models of political business cycles were built on this assumption: The opportunistic one considers that parties in government try to win elections by stimulating the economy just before elections, and the partisan one predicts that the change of governmental parties induces changes in policy reflecting the distinct political preferences of succeeding governmental parties. Much of empirical research supports the general perspective of partisan influence on policy making, including the level of welfare provision or the size of government.

In contrast, however, other studies postulate and provide evidence that political parties do not affect governance. For example, for some scholars, the welfare state expenses depend on economic growth and demographic variations. More recently, renewing the industrial society convergence theory, scholars explained that globalization, the increasing levels of complex interdependence and international capital mobility, sharply decrease the probability of partisan influence. An exhaustive historical work on British policies confirms that parties do not matter in policy making.

In short, there are two essentially divergent views on the relationship between political parties and governance. One way to overcome this contradiction is to reformulate the question: When do parties matter for governance? To answer it, we have to focus on the conditions of partisan influence in the general process of governance: The interaction between partisan variables and institutional or socioeconomic variables. For example, the impact of capital mobility on partisan policies is neither null nor univocal, but changes according to whether there is a fixed or floating exchange rate regime. In this issue area, therefore, parties could and do have a clear impact on tax and monetary policies. Furthermore, convergence among parties on traditional macroeconomic demand-side policies coincides with divergence on supply-side economic strategies: Conservative parties give priority to private provision of production factors (fixed and human capital formation), whereas social democratic parties favor the public provision of production factors.

—*Sylvain Brouard*

See also Elections; Iron Law of Oligarchy; Organization Theory

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POLITICS-ADMINISTRATION DICHOTOMY

The politics-administration dichotomy posits a clear distinction between practices of governance that belong to the realm of the political on the one hand, and those that belong to that of bureaucracy on the other hand. The contribution of this dichotomy to the field of public administration has been periodically debated in the literature throughout the twentieth century. In recent years, however, the original intentions of scholars like Woodrow Wilson and Frank Goodnow have been reexamined, and their views were found to be not as two-dimensional as history had alleged. Simply put, the dichotomy holds that progressive reformers at the turn of the twentieth century sought to separate the corrupt practices of political party bosses, especially those in large metropolitan areas, from the day-to-day administration of the public's affairs. By creating an impenetrable wall between the two spheres, reformers could transform government and make it operate more like a business—efficiently, effectively, and honestly. "Politics" then became the exclusive sphere of elected officials that debated the ends of government, concerned themselves with choices among competing values, and performed the thinking of government, while "administration" was conducted by appointed officials that made choices among the means by which government ends might be achieved and focused exclusively on accomplishing goals or the doings of government. Administrators were accountable to the people through elected officials that set policies, provided funding, and were themselves accountable to the people through elections. At the same time, this barrier served to protect administrators from partisan politics. The politics-administration dichotomy thus came to symbolize these dualisms, while administration itself was reduced to mere instrumental rationality.

Opponents of the dichotomy argued that it was neither possible nor desirable to separate politics from administration so absolutely. Indeed, they contended that those who advocated such a bifurcation, often under the auspices of science, were not only misleading citizens but deceiving themselves as well. Values, and thus politics, were embedded in virtually all administrative actions and it was preferable to recognize this openly rather than to pretend that administration could, indeed, be neutral. The reexamination of early public administration writings in the 1980s and 1990s revealed that most of the founders had held more nuanced views of the relationship between politics and administration than they had been given credit for. While these findings lent support to critics of the dichotomy, the administrative ground on which the argument was based was also beginning to change.

Public agencies, especially those at the federal level, have always subcontracted portions of their work. Yet devolution in the 1980s and reinvention in the 1990s meant that many of the agencies historically responsible for providing services were no longer directly involved in doing so. Instead, they began contracting out their responsibilities to others—be they state or local agencies or private (both profit and nonprofit) organizations. Increasingly, then, the performance of traditionally governmental tasks, the doings of government, was not conducted by public employees. Instead, the agencies responsible for the work became parts of complex networks where they made every effort to ensure that the ends of government were achieved through oversight techniques, not unlike those employed by legislators. Some administrationists have countered that a distinction still remains between program and policy outcomes, with administrators being concerned with the former and politicians the latter. But increased organizational complexity and the dynamics of globalization have meant that public administrators are also taking on new roles, engaging citizens and other stakeholders in deliberation, negotiating service contracts, and otherwise involving themselves in mediating roles in the policy continuum. Maintaining accountability under such complex and fragmented conditions appears more likely to occupy public administrationists in the immediate future than the now-dated and overly simplistic politics-administration dichotomy.

—*Susan H. MacDonald*

See also Accountability; Agency; Bureaucracy; Elections

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POLYARCHY

Central to any definition of democracy is electoral representation by means of free elections and representative government. The concept of polyarchy (i.e., rule by many) is an attempt by Robert Dahl to develop an empirical definition of the process of democratization as well as elaborating a set of normative criteria for deciding whether or not a political system can be counted as a democracy. Polyarchy, as presented by Dahl, should be understood as a process developing a set of institutions that comes close to what one could call the ideal type of democracy. Therefore, that public power is essential and authority is effectively controlled by societal organizations and civil associations (e.g., interest groups and political parties). Hence, in Dahl's view, the extent to which these societal actors can and do operate autonomously, as well as independently from the state, will enhance the democratic quality of a polity. Obviously, central to the adequate functioning of polyarchy is not only the existence and working of institutions, but also the existence and actual room for maneuver of societal groups and their organization. The institutionalization of the democratic process of accountable government is a prerequisite, not yet the establishment of a regime as a fully fledged democracy, as many students of democracy appear to think. These necessary institutions are, according to Dahl:

- universal suffrage and the right to run for public office;
- free and fairly conducted elections for all adults;
- availability and observance of the right to free speech and protection to do so;

- the existence and free access to alternative information (not controlled by government);
- the undisputed right to form and to join relatively autonomous organizations, in particular, political parties (and, crucially, parties in opposition);
- responsiveness of government (and parties) to voters and accountability of government (and parties) to election outcomes and government.

This set of institutions taken together distinguishes polyarchy from other regimes. The coming about of these institutions can then be seen as the process toward democratization. The enduring existence and observance of the whole set is the hallmark of an established democracy.

Dahl's concept of polyarchy is not only a seminal contribution to (normative) democratic theory, but has also been a powerful incentive for empirical analysis. Almost by definition, this type of research has been of a comparative nature and has induced a great number of attempts to measure polyarchy as well as its performance according to the democratic ideals. It is therefore important to distinguish between the operationalization of polyarchy aiming at the process of democratization and those that measure the level of democratization.

The concept of polyarchy is currently one of the most widely used terms in political science because it has prescriptive qualities—enhancing democracy as ideal government—combined with empirical options. Both help analyze extant democracies and how they can be further developed.

—Hans Keman

See also Democratic Theory; Democratization; Heterarchy; Hybrid Organization; Marxism; Pluralism; Rule of Law

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POOLED SOVEREIGNTY

Pooled sovereignty means the strengthening of a country's resources by combining them with those of partner countries. Pooling sovereignty is the conceptual answer to a realization of weakened and permeated sovereignty. The classical concept of state sovereignty assumed the autonomous ability of decision making as the ultimate expression of a country's independence. In light of the European experience with nationalism (conflict and self-destruction), as well as in light of the changed character of contemporary challenges to society and statehood, European countries have begun to pool their individual sovereignty by transferring autonomous state rights to the level of the European Union (EU).

After five decades of European integration, this transfer of sovereignty has affected all three central areas of modern state sovereignty: monetary sovereignty, internal security, external defense. Pooled sovereignty does not mean that member countries of the EU revoke their statehood and its sovereignty. Pooled sovereignty means the development of a multilayered system of governance by which the national and the European level—in federal systems also the regional level within a member state of the EU—are jointly involved in political decision making.

The limits of autonomous national decision-making powers (inherent in the character of most contemporary political challenges) are dealt with by the ambition of political actors involved in the process of European integration to strengthen their joint performance under the umbrella of the EU. This logic applies to the creation of a single European market with monetary and currency union, including a common currency, the EURO; it also applies to efforts in pooling resources, for instance, in order to establish European police coordination (EUROPOL), a common migration policy, and a European Border Force; it finally includes the sphere of foreign and security policy based on a common security strategy of the EU, with a joint response to the threat of terrorism and with joint military operations in peace keeping by the EU (such as in Macedonia and Bosnia-Herzegovina)

and joint postconflict operations (such as in Aceh, Indonesia and, most spectacularly, in supervising the border opening between the Gaza Strip and Egypt in late 2005).

In the meantime, the European integration experience has also been studied by other regional integration schemes worldwide in order to emulate some of the fundamental European insights in the context of other regional circumstances with their specific conditions and potentials (i.e., MERCOSUR, Andean Community, Central American Integration System, ASEAN, Gulf Cooperation Council, African Union).

—*Ludger Kühnhardt*

See also European Governance; European Union; Sovereignty

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POSITIVE POLITICAL THEORY

Positive political theory is a variant of rational choice theory initiated by William H. Riker. In understanding the relationship between positive political theory and rational choice theory, it is sufficient to understand that both are committed to positive as opposed to normative political theory, and that both presuppose purposive action. However, not all the models of political phenomena studied by positive political theorists are developed in terms of rational choice theory. The hallmark feature of positive political theory is its adherence to the scientific method of building up descriptive generalizations, or universal laws, from minimalist intuitive assumptions. Often relying on the formal language of rational choice theory, these general laws are deduced from axiomatic systems that can be tested

against actual human behavior. Positive political theory eschews making normative claims about how political agents or systems should function and instead emphasizes building explanatory and predictive models that serve as the basis for a progressive study of political phenomena. Positive political theorists study elections, legislative behavior, political institutions, and the formation of international alliances.

Riker coalesced positive political theory from what are now recognized to be canonical texts in the rational choice tradition of research: John Von Neumann and Oskar Morgenstern's *Theory of Games and Economic Behavior* (1944), Duncan Black's "On the Rationale of Group-Decision Making" (1948), Kenneth J. Arrow's *Social Choice and Individual Values* (1951/1963), and Anthony Downs's *An Economic Theory of Democracy,* Riker's *Theory of Political Coalitions,* along with James M. Buchanan and Gordon Tullock's *Calculus of Consent* (1962), and Mancur Olson, Jr.'s *Logic of Collective Action* complete the early rational choice canon that spans public choice and social choice theories as well. These results progressively build on each other, realizing the hope of positive political theorists that formal deductive models tested against empirical phenomena yield a growing body of knowledge. Von Neumann and Morgenstern's innovative treatment of game theory provided the basis for a new study of politics directly relating numerous individuals' strategically rational decisions to collective outcomes. Importantly, they developed the idea of equilibrium strategies that, when played against each other, yield predictable, law-like outcomes that exhibit stability.

Black's and Arrow's late 1940s research addressed electoral processes for reaching collective decisions. Both researchers used the eighteenth-century Condorcet voting paradox as a point of departure for their investigations. According to the Marquis de Condorcet's analytic assessment of voting, it is possible for three individuals voting over three alternatives to reach deadlock if their preferences are structured such that, as an example, Alex prefers candidate Zeus to Athena to Hercules, Loren prefers Athena to Hercules to Zeus, and Pat prefers Hercules to Zeus to Athena. When the votes are tallied over pairs, the

collective preference has the form that Zeus is preferred to Athena, who is preferred to Hercules, who is preferred to Zeus. This circular statement of a collective preference order was recognized by Condorcet, Black, and Arrow to be cyclical, and therefore irrational and unstable. Black contributed to the analytic study of election procedures by demonstrating that in the case in which voters' preferences over three outcomes are single peaked—that is, outcomes may be represented in a linear order with two distinct poles and no voter least prefers the middle outcome—then cyclic stalemate outcomes can be avoided. Arrow worked in the opposite direction of Black in developing his impossibility theorem. He proved that the cyclic instabilities that Condorcet alerted us to characterize voting procedures of n individuals selecting from n alternatives more generally. In the 1950s, Riker pursued these results to empirically investigate if actual voting procedures tend to result in unstable, cyclic outcomes. Riker's research indicated less cyclic outcomes than are anticipated by the theoretical models of voting.

Riker also responded to Downs's medium voter theorem. Downs relied on the idea of rationally self-interested politicians and voters to demonstrate that in order to win elections, candidates must shape their platforms to appeal to the median voter, thereby securing necessary votes. Riker amended Downs's theory by arguing that rational candidates will develop political platforms to appeal to the median voter only to the extent that is necessary to achieve a minimum winning coalition.

Although there has been considerable advance along the lines of positive political theory in understanding collective action problems, public goods problems, and international treaty formation, much of the ongoing effort has been devoted to refining knowledge of democratic decision making and political institutions. Major advances have focused on agenda setting and structure-induced equilibria in legislative settings. Given that empirical cycling occurs less frequently than theoretically predicted, research focused on explaining this discrepancy. Agenda control was determined to be one feature of democratic decision procedures that contributes to their robustness as a direct counter to cyclic instability. As well, it became understood that the institutional structures shaping

democratic decision procedures also play a role in securing stable outcomes. Thus, the voting rules themselves are crucial for not only deciding outcomes, but further for contributing to the rationality and hence acceptability of outcomes, given that irrational outcomes are those that exhibit cyclic instabilities. Another vein of research combats concerns over the irrational nature of democratic will formation as elucidated by the impossibility theorem, arguing that if citizens rely on voting to throw politicians out of office, rather than to manifest a Rousseuan general will, then elections can be seen to constitute a firm basis for Madisonian liberalism.

Positive political theory has polarized departments of U.S. political science. If an identifying characteristic of a successful research program is its generation of fruitful debate over methodological assumptions and of research findings, then positive political theory could not have been more prosperous. At the root of these debates is the question whether a purely positive approach to political phenomena does justice to human agents as reflective beings that intentionally animate political institutions. With its heavy reliance on game theory and rational choice theory, positive political theory often accepts that individuals are strategic agents that promote their self-interest in accordance with their personal preferences. It remains unclear, however, whether this model of human action, which requires that all rational expressions of the human will must conform to well-ordered personal preferences, is sufficient. Competing theories of human agency and democratic politics emphasize that political legitimacy may be the result of aspects of agency, such as commitment, loyalty, duty, or fair play, that cannot in principle be reduced to the language of preferences. Much hangs in the balance of this debate because at the present time it remains unclear if a positive political theory allied with rational choice theory can propose a political philosophy that deviates from "might makes right."

—*S. M. Amadae*

See also Collective Action; Equilibrium Theory; Game Theory; Impossibility Theorem; Public Choice Theory; Rational Choice Theory; Social Choice

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POST-9/11

On September 11, 2001, four airliners were hijacked after taking off from airports in New York and Boston. They were seized by men linked to the radical Islamist group, Al-Qaeda. Two planes were flown into the World Trade Center in New York City. One plane was flown into the Pentagon in Washington, DC. Another crashed into a field in Pennsylvania, following a fight between the passengers and hijackers. Over 3,000 people died.

For analysts of politics, numerous questions arise from these events. Two are of particular significance. First, did 9/11 (as the events soon became known) instantiate or symbolize a radical break in the dynamics of global politics? Many journalists, public commentators, and politicians argue that the world has changed irrevocably, that we live in a new era. The West, so it is claimed, has finally awoken to the fact that it is under attack from assorted terrorist organizations (usually grouped together under the heading of Islamic fundamentalism) and it is consequently essential to defeat this enemy through a new global war: the war on terror. Accordingly, the old rules and norms of the international system—based on respect for state sovereignty as the basis of international law and generally excluding policies such as preventive war—no longer hold.

The second main question relates to the appropriate balance between liberty and security within states. The war on terror has entailed a significant clampdown on civil liberties throughout the world. Not only have

various rights been curtailed (most obviously by the USA PATRIOT Act of 2001), but also heightened levels of anxiety have meant that public debate over such policies is often perfunctory or nonexistent. Moreover, a number of states (including Israel, Russia, and Indonesia) have employed the rhetoric of the global war to legitimate their actions in long-standing conflicts. Critics have accused governments of either overreacting to the threat posed by terrorism or of deliberately utilizing the new climate of anxiety to instigate otherwise-controversial measures and legislation.

For politicians, civil society activists, and scholars of politics, the analysis of and response to the events of 9/11 will continue to present a pressing challenge for years to come. However, it would be premature to draw concrete conclusions about the "meaning" of 9/11. While it is possible to discern significant shifts in political language, in the levels of anxiety felt in many parts of the world, and in the actions and attitudes of a number of political administrations, it remains to be seen whether there has been a fundamental change, rather than a transient shift, in priorities and perceptions.

—Duncan Bell

See also Crisis Management; Human Security; Liberal Internationalism; Military Necessity; Terrorism; War on Terrorism

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POSTCOLONIALISM

Postcolonialism refers both to a specific historical period or state of affairs—the aftermath of imperialism—and to an intellectual and political project to reclaim and rethink the history and agency of people subordinated under various forms of European imperialism. It signals a possible future of overcoming colonialism, yet also new forms of domination or subordination that can come in the wake of such changes, including new forms of global empire. It should not be confused with the claim that the world we live in now is actually devoid of colonialism.

Modernity comes to the world outside of the orbit of Western capitalist democracies in different ways and generates different responses. Thus, postcolonial theorists and historians have been concerned to investigate the various trajectories of modernity as understood and experienced from a range of philosophical, cultural, and historical perspectives. They have been particularly concerned to engage with the ambiguous legacy of the Age of Enlightenment—social, political, economic, scientific, legal, and cultural thought beyond Europe itself. The legacy is ambiguous according to postcolonial theorists because the Age of Enlightenment was also an age of empire, and the connection between these two historical epochs is more than incidental.

From Decolonization to Postcolonialism

Although there were and are many different kinds of imperialism and thus of decolonization, two of the most important periods for postcolonial writers include the British disengagement from its second empire (of the nineteenth and twentieth centuries) and the decolonization movements of the 1960s and 1970s in Africa and elsewhere. It was during the latter era, in particular, that many of the international principles and instruments of decolonization were formally declared (although the history of their emergence and formation goes back much further), and the language of national self-determination applied to liberationist movements within former colonial territories (see especially the United Nations' *Declaration on Friendly Relations*). The processes triggered by these struggles were not only political and economic but also cultural. Previously subjugated people sought to assert control over not only territorial boundaries—albeit ones carved out by the imperial powers—but also over their language and history.

The language of postcolonialism is also sometimes used to refer to the struggles of indigenous people in many parts of the world today. However, given the interpretation of the principles of self-determination and self-government within the current international system, along with their minority status and vulnerability even within decolonized states, the term is perhaps less apt. Indigenous people have been denied even the modest gains extended by the United Nations and the international system of states to the various decolonized territories in the 1970s. Moreover, the history of imperialism is complex. European imperialism between the sixteenth and eighteenth centuries in the Americas, West Indies, Australasia, and South East Asia was substantially different from that of the nineteenth and twentieth centuries. Still, one of the central themes of postcolonial scholarship has been both the persistence of empire in human history but also resistance to it.

Thus, on the one hand, the legacy of the Enlightenment forms an indispensable and unavoidable feature of the present, whether European or otherwise. The universal categories and concepts at the heart of much Enlightenment thought have been put to work by both European and non-European intellectuals and activists to criticize the injustices of their societies, as well as imperialism itself. There is a tradition of anti-imperialist criticism that extends as far back as the sixteenth century, and yet on the other hand, some of these very same commitments were not only compatible with, but were often used to justify, imperial domination. The theoretical tools provided by the Enlightenment, combined with an often-unrelenting cultural Eurocentrism, informed the political and economic practices of imperialism throughout the nineteenth and twentieth centuries. Still, many of the most powerful local and indigenous critics of empire in the twentieth century were themselves deeply influenced by European social and political theory, as much as they were deeply critical of it. The seminal work of C. L. R. James, Aimé Césaire, Albert Memmi, Frantz Fanon, Edward Said, as well as by the group of historians associated with the editorial collective of *Subaltern Studies,* all exemplify this complex inheritance. It derives in part from the fact that there is no

such thing as "the" Enlightenment, but rather, multiple Enlightenments shaped by different historical and political contexts. And also because the bundle of concepts and ideals to which "the" Enlightenment refers are plural and capable of a wide range of elaboration.

What Is the Subject of Postcolonialism?

As a general domain of intellectual inquiry, postcolonialism refers to those questions that emerge in relation to the aftermath of imperialism. And one of the most important features of the history of imperialism in the last 500 years has been the emergence of states, either from the consolidation of territories and polities or from the dissolution of empires (or some combination thereof), and along with it, new conceptions of international order. In this sense, to be concerned with postcolonialism is to be concerned with a set of questions at the heart of modern political thought.

However, in recent years postcolonialism has also become closely associated with a more specific set of questions, and although it shouldn't be reduced to them, they have proved to be enormously influential. One of the most prominent has been the relation between imperialism and identity. Frantz Fanon presents one of the most searing and provocative analyses of the relation between colonized and colonizer in *The Wretched of the Earth* (1963), as well as in his earlier *Black Skin, White Masks* (1953). Fanon is perhaps best known for his explosive justification of violence in *The Wretched of the Earth* (highlighted in Jean-Paul Sartre's famous preface to that work), where it is cast as the appropriate response to the violence perpetrated by colonialism, and also as the mediation through which the colonized can begin to reclaim their self-conscious agency. This is a deeply unsettling argument, shaped undoubtedly by the brutal period of colonial rule and war in Algeria between 1954–1961, which Fanon experienced first hand. Violence was inevitable and necessary, Fanon seems to be saying, but also has to be overcome. One has to move from reaction to the construction of something new, which for Fanon included overcoming the binary oppositions imposed on the colonized by the geopolitical structures

of the Cold War. It is here that we find the foreshadowing of some important themes that have become central to postcolonialism today. For example, Fanon combines a material and psychological analysis of the consequences of colonialism, which looks to both the micro- and macroeffects and experience of colonial governance. Both the colonized and the colonizer are implicated in the horrors of imperialism and both will have to be decolonized. The colonized have to find a way of overcoming the imposition of alien rule not only over their territory but also over their minds and bodies. Seeking recognition from an oppressor in terms that the oppressor has set hardly provides a genuine liberation from the grip of colonialism (this anticipates an important debate in contemporary political theory over the "politics of recognition"). But the colonizers also have to make sense of how the brutality of colonialism relates to their own apparent humanism. At times, Fanon combines, often worryingly, the idioms of Marxist revolutionary, psychoanalyst, and ethnonationalist, deeply committed and involved as he was in the struggle for Algerian independence. But at other times in *The Wretched of the Earth,* as careful readers have pointed out, he is well aware of the pitfalls of a purely reactive nationalism. Here he tries to link the struggle for national liberation to the emergence of a new humanism, one that departs from what he saw as the bad faith of liberal humanism, as well as the forced choice between socialism and capitalism, but still reaches toward the universal.

In Fanon's work we encounter the complex relation between imperialism and nationalism that has remained a critical focus of much postcolonial writing. The aspiration for self-determination at the heart of anticolonial struggles has proved difficult to institutionalize democratically in existing postcolonial states (about which Fanon was remarkably prescient). Most postcolonial theorists, whether writing about Africa, South Asia, or elsewhere, have been critical of nationalism, but also equally critical of the "nativism" and romantic communitarianism often supposed to be alternatives to it. They have been concerned to investigate the ways in which European conceptions of the political, as well as assumptions about secularism and historical time more generally, have been used to describe and locate non-European peoples' forms of collective action and modes of self-understanding along a continuum that terminates with the ideas and institutions of modern Europe. They have also been critical of the assumption, often made by liberals, that what is needed is simply the extension of existing liberal universals, this time in good faith, to those to whom they were previously denied (or never seriously intended). For some postcolonial theorists, the problem is not simply one of a lack of consistency on the part of liberalism, but lies more deeply within the structure of the universal principles themselves. The conditions attached for the ascription of rights, for example, or the distribution of liberties, were often grounded in narratives of social or cultural development that justified denying rights and freedoms to those deemed too backward or uncivilized to exercise them properly. John Stuart Mill's justification of the denial of Indian self-government is a classic instance of this kind of assumption, however much he thought it was best for the well-being of Indians themselves.

The Critique of Historicism

A central *topos* of postcolonialism is the problem of historicism. One basic question many postcolonial writers have asked is: How does the non-European world write its own history? Some Indian historians associated with *Subaltern Studies,* for example, although deeply influenced by Marxism, have also sought to rescue the collective agency of Indian peasants from the category of the "pre-political" to which they had been assigned by Marxist historicism. This puts into question the very idea of theories of social and historical development in which entire peoples or cultures are located somewhere on a scale between "primitive" or "archaic" and "civilized." The critique of historicism and its relation to the elaboration of various concepts central to Marxism and liberal democratic theory is, however, complex. Could peasants be genuine political actors if they didn't use the language and practice of rights or sovereignty in the way that European political thought—differentiated as it is—conceived of it? Was the collective action of Indian peasants, or Aboriginal Australians, prepolitical or

"backward" because oriented around "religious" or kinship relations, for example, as opposed to class or universal human interests? And how should we describe and make sense of those alternative sociabilities anyway?

Thus, postcolonialism has been associated with skepticism about the historicism of Marxist and liberal historiography. For some, this means abandoning any form of essentialism whatsoever in thinking about the representation of subaltern collective action in time or, at least, that any identity is always ultimately heterogeneous and must be theorized as such. Here, the influence of the work of Michel Foucault has been significant. For example, in Edward Said's groundbreaking book *Orientalism,* Foucault's subtle conception of the constitutive relation between power and knowledge provided a critical angle from which to investigate the way representations of non-European culture and thought were shaped by a web of institutional and political forces connected to the justification and practice of Western imperialism.

Foucault's work has also proved influential in trying to make sense of the ambiguous legacy of the Enlightenment, as previously mentioned. In *Discipline and Punish,* he argued that the legal and administrative reforms put in place during the eighteenth and nineteenth centuries in England and France as instances of self-consciously enlightened progressivism were also used to regulate and "discipline" the population in more sweeping and yet also more efficient ways than ever before. Although he was less interested in colonial contexts himself, Foucault's arguments and methodology have provided a remarkably productive set of critical tools for postcolonial theorists looking at the different forms of power at work in eighteenth and nineteenth century imperialism, as well as today. The postcolonial critique of contemporary state-sponsored multiculturalism as a form of ongoing colonial domination—albeit more subtle and indirect than previous forms—is deeply indebted to his work.

The notion of "unmasking" the Enlightenment has been a powerful theme in this strand of postcolonial writing. The critique has tended to generate two kinds of claims. First, certain modes of Enlightenment thought are inherently Eurocentric and thus deeply problematic when applied in non-European contexts, or presented as offering genuinely neutral principles of political association or justice. But second, and perhaps more interestingly, despite the legacy of empire, the humanism and universalism of much Enlightenment thought is still indispensable for addressing the challenges faced by those on the sharp end of contemporary global inequality. Indeed, this kind of ambiguity can be found in Foucault's own work, insofar as he understood the Enlightenment to represent not just a set of doctrinal commitments or principles, but also a particular philosophical ethos and attitude committed to permanent critique and self-reflection. Postcolonialism suggests that as dominant and important as the European process of modernity has been, there have been and will continue to be multiple modernities, and thus important questions about how best to understand the relations between them.

Postcolonialism and Governance

If postcolonialism raises basic questions about the representation of non-European people in history, as well as about the entanglement of Enlightenment thought with the justification of empire, is there an alternative vision of the postcolonial? One influential account of the nature of postcolonial identity has emphasized the hybridity and "in-betweenness" of the postcolonial, poised between various categories and forms of self-understanding associated with "native," "minority," "citizen," and "subject." This work, associated most closely with Homi Bhabha, has pointed to the centrality and unavoidability of a particular conception of difference—nonhierarchical, fluid, overlapping, multiform, and complex—at the heart of any possible postcolonial conception of justice. However, the general approach is oriented primarily to literary and cultural studies, the political and institutional consequences of which remain unclear.

What are the consequences of postcolonialism for thinking about the nature of governance? One strand of postcolonialism, drawing on the critiques of historicism and Enlightenment humanism previously examined, suggests a radical critique of liberalism,

and thus of various forms of liberal democracy, as inherently unjust. But another strand of postcolonial thought takes a different tack, in line with the complexity of Enlightenment thought itself, and seeks to combine a critique of Eurocentrism with the attempt to rethink and yet also put to work new conceptions of equality, global justice, and human rights. And here, postcolonialism points to the difficulty—and yet the necessity—of trying to think simultaneously with and also against dominant conceptions of sovereignty, justice, and the state. This strand of postcolonial theory takes aim, in particular, at the state-centric assumptions of much cultural, legal, and political discourse, and especially the way non-European political agents are forcibly assimilated into or excluded from an international order organized around a particular idea of statehood and radically unequal forms of economic development. The fundamental orientation of this strand of postcolonialism is to point to the essentially contested nature of political modernity, and thus of some its basic structures of thought—including the idea of humanity—without necessarily abandoning them. With new forms of transnational and global relations of power at work in the world, as these theorists suggest, we need to think differently about not only the nature of cultural and political identity, but also the political and institutional forms in which to realize freedom and equality given these complex circumstances. In this sense, postcolonialism remains a vital aspect of the ongoing debate over the nature of sovereignty and global justice.

—*Duncan Ivison*

See also Indigenous Governance; Nation; Nationalism; Postmodernism; State; Tribal Governance

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POST-FORDISM

See FORDISM AND POST-FORDISM

POSTMODERNISM

Postmodernism is a theoretical orientation often associated with deconstruction, the linguistic turn, neopragmatism, contextualism, contingency, irony, pluralism, social constructivism, antiessentialism, and the decentered self. While the term shares the skepticism toward religious supernaturalism that inheres in Enlightenment liberalism, it also carries with it a critique of modernity—its foundationalism, essentialism, universalism, monism, and word-fact correspondence. Postmodernism is often described as incredulity toward metanarratives.

Modernity was buttressed by a triumphant instrumental rationality, the value predisposition of modern organizations whose task it is to dominate and control pertinent aspects of nature and life. Modern systems assume for themselves a potentially all-encompassing universalistic view. The postmodern word for this way of assembling reality is metanarrative. Examples of metanarratives include logical positivism in the philosophy of science, the canons of analytical logic in philosophy, the materialist dialectic in Marxism, and

structural functionalism and systems theory in anthropology, sociology, and political science.

Postmodern critique casts doubt on the so-called foundations of public policy/administration. Representative democracy assumes that the sovereign people express their will through the democratic accountability feedback loop, whereby elected representatives elaborate the public will through rules that are enforced through the chain of command. Postmodernism regards this loop model of governance as implausible; sovereignty, the people, and representation are all rendered problematic through postmodern interrogation.

A second tendency flowing from postmodern thought is to expose supposed neutral instruments and procedures as technologies of power—the tactics deployed in the control and care of the population. Typical concerns of government include disease prevention and the control of epidemics, the food supply, water supply, public sanitation, shelter, education, and so forth. Postmodern thinkers are interested in how government goes about these tasks. Certain technologies of category construction and distinction making are deployed for the care and control of the population. These technologies of normalization and individualization are put into place and function as coherent political technology, a form of political power that exercises itself through social production and social service. For example, individuals are counted as members of the population. We are classified as citizen and noncitizen, for instance. If classified as citizen, one is eligible for military service, is called upon to participate, to grow, and to develop. One's vote is counted. On the other hand, one is forced into things. A timetable and a time card for some of us, soldiers march to the drum, and others join the rush hour traffic. The body manipulates the machine on the factory floor just so. It is forbidden to waste time. Time becomes linear and serialized (successive activities). These are technologies of discipline, the practices of governmentality. Governmentality, a term coined by Michel Foucault, gives sociopolitical meaning to governmental rationality, a meaning that is not necessarily attached to a government office.

By problematizing governmentality, postmodernism also problematizes the categorization process that presents itself as "scientific." Processes that statistically define the population, for example, are all about governmentality. This kind of governing emerged in sixteenth-century Europe and was made possible by the creation of specific expert or professional fields of knowledge. Hence, governmentality came into being concurrently with the societal construction of experts and disciplinary knowledge.

Postmodern thinkers subscribe to the view that reality is a social construction. The names that interactive human groups give things are ultimately arbitrary. Names and symbols are not so much denotative of something as they are socially agreed-upon gestures, various shorthand significations for commonly accepted phenomena for which significance has been mutually developed. Humans are born into a world already rich in meanings, which they internalize. In so doing, they re-create or reproduce them, although never exactly identically, for the present and into the future.

Words, signs, and symbols are not self-evidently connected to factual, denotative reality, as would be the case from a modernist perspective. Denotative signs were long thought to be the essential building blocks of realism, communication, and science. Language, by this view, was anchored by direct one-to-one representations of objects. Language had the capacity to mirror nature. Strictly denotative signs, having one-to-one correspondence to reality, are no longer considered plausible. This is because denotative signs, once uttered, have already-connotative implications that depend on the context in which they are used. Words connote more than mere empirical facticity. Even the photograph, the denotative medium that never lies, is understood now to be possibly posed, in a manipulated setting, to connote certain moods or appearances.

In postmodern thought, there is no final arbiter. There is no universal reality against which truth claims may be verified. Any imagined reality is transient, unstable, and mutates over time. While any version of reality may gather local adherents and culturally affiliated subscribers, with respect to one another these realities are incommensurable, or,

more optimistically, contestable within pluralistic public discourse.

—*Hugh T. Miller*

See also Governmentality; Interpretive Theory; Neotraditionalism; Postcolonialism; Power; State-Society Relations

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Post–Washington Consensus

The post–Washington Consensus (PWC) is a term used to define a shift away from a more starkly neoliberal policy agenda, encapsulated in popular understandings of the Washington, DC consensus. The key distinctions of the PWC are the following:

- *An interest in institutions.* It is not self-evident that free markets flourish merely as a result of the roll back of state intervention. For markets to work, it is necessary to ensure that they exist in the appropriate institutional context. This means largely that states need to establish robust legislative contexts for a market economy. It also means exploring the possibility of more networked forms of governance as underpinnings of marketization.

- *An interest in information.* The nature of a market or economic sector crucially depends on the topography of its information flows. Fluid and transparent forms of information allow markets to work more effectively. It is poor or limited information

flows that contribute to financial crises, poorly executed privatizations, or localized monopolies.

- *An interest in public goods.* Related to the previous ideas, economists within the PWC tradition have highlighted the importance of public goods, especially at the global level. These public goods include security and order in the first place; thereafter, one could add predictable and transparent trade regulations and various forms of data or information sharing. These kinds of goods are seen as central to ensuring that economic globalization works efficiently.

- *An interest in policy execution.* Rather than focusing on economic liberalization as a single, unified project to be executed as rapidly as possible— even through shock therapy—the PWC pays attention to the scheduling and rolling out of new economic policies. This concern was largely the product of the poor performance of privatization programs in various transition economies.

Taken collectively, we can see the PWC as an intellectual development from neoliberalism. The idea that an abstract (free) market would always prove to be the best possible way of organizing economic life has been replaced by a moderate caution toward the market, in which the latter's functioning is significantly conditioned by a set of interrelated contexts.

These ideas are actually not particularly new. They derive from some classical theories of the market economy as well as some contemporary developments in theoretical economics, with its growing algebraic complexity. Hence, we can only fully understand the PWC as a political construct. In this sense, obviously, the PWC reflects a desire to generate distance from the Washington Consensus and its perceived failure.

It is certainly the case that neoliberal policy agendas throughout the world did not produce strikingly healthy results by almost any criteria. In this respect, the PWC constitutes an attempt both to move beyond the Washington Consensus but also to salvage aspects of the neoliberal policy raft and rethink their application.

The key intellectual figure here is Joseph Stiglitz, former World Bank Chief Economist and Nobel Prize

winner. Throughout the 1990s, his writing on institutions and information fed into World Bank policy, moderating its desire to promote the free market. After his resignation from the World Bank—itself a highly charged political event—he wrote scathingly about the International Monetary Fund, representing it as an unreconstructed neoliberal fundamentalist. Thus, the PWC has become part of the World Bank's repositioning through the 1990s, a useful intellectual hook to see the World Bank through a range of criticisms of its previous policies.

—Graham Harrison

See also Neoliberalism; Poverty Reduction; Washington Consensus

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Poverty Reduction

One of the most urgent global development challenges is the continued existence of widespread poverty. A recent estimate suggests that in 2001 there were 2.73 billion people in the world living on less than US$2 per day. This represents more than half of the total population of the developing world. The current context of globalization has made people increasingly aware of the existence of poverty. Many argue that the continuation of absolute poverty is likely to lead to greater political tensions, both at the national and the global levels.

In response, over recent years, a substantial level of agreement has developed on the need to reduce poverty. World leaders adopted the Millennium Declaration at the United Nations (UN) in 2000, which pledged to cut the incidence of extreme poverty in half by the year 2015, in contrast with 1990 levels. However, there is much less of a consensus among interested parties on how this is to be achieved. The major difficulty in devising a strategy for poverty

reduction is that poverty, however we choose to define it, can be caused by a number of different factors. Although the vast majority of the world's poverty is found in the Global South, it is an issue that faces every country in the world, whether developed or developing.

What Is Poverty?

Before we can begin to think about how best to approach the task of poverty reduction it is important to appreciate the contested nature of the term *poverty* itself. How we define poverty is vital to how we conceive of the bigger problem of reducing it. Historically, poverty has been understood in a rather limited sense as being a substantial lack of income. Absolute measures of what it meant to be living in poverty differed from country to country because it was judged in relative terms to the standard of living within individual societies. National governments have often drawn a "poverty line" to mark where they judge the minimum income necessary to be able to live a satisfactory life. Over recent years, the publication of data that uses purchasing power parity has made meaningful international comparison much simpler.

The orthodox understanding of what poverty is has broadened somewhat in recent years. Rather than reflecting a simple measure based on a lack of economic wealth, it is now viewed by many as something that also includes a number of socioeconomic factors. A good example is the human poverty index (HPI) that was first published in the annual *United Nations Human Development Reports* in 1997. The HPI is a measure of poverty based on the experience of individuals and is calculated by focusing on the proportion of citizens that are below certain basic levels of health, education, life expectancy, and access to clean water. It is expressed as a percentage, but it should be noted that different criteria are set for the HPI of developing countries and high-income countries.

All these measures of poverty are objective. That is to say, they are based on observable criteria and most of the debate over what constitutes poverty is confined to what are the most suitable criteria to include. However, we could view poverty in a subjective

fashion. This would involve appreciation of whether individuals actually consider themselves to be living in poverty. Orthodox interpretations of poverty do not include the nonmaterial aspects of life, which are far less quantifiable. The general consensus today is that those living a life based on subsistence agriculture are more likely to be living in poverty. However, this view could be seen as representative of Western notions of development and modernity.

Alternative Strategies for Poverty Reduction

Different strategies have been developed to achieve poverty reduction. In part, they reflect the differences of opinion over what poverty is. How the problem is defined often dictates the type of strategies that are developed. The most dominant theoretical approach to poverty reduction over recent decades has been the neoliberal strategy. This reflected a shift in the dominant economic thinking within a number of major states in the West in the early 1980s. According to the neoliberal model, poverty reduction is to be achieved through the achievement of high levels of economic growth. It is argued that economic growth will be maximized by allowing the market to operate as freely as possible, with only minimal state interference. For developing countries, this has meant an approach centered on the growth of exports. It is argued that there is a strong correlation between sustained economic growth and poverty reduction, and that the benefits of this growth will trickle down to the poorest members of society. In essence, maximizing the growth of the global economy is argued to be the best way to solve the problem of global poverty.

The neoliberal model understands poverty as a lack of income. It makes no reference to the levels of inequality within societies. An alternative view would suggest that there is actually a direct link between inequality and poverty. If we were to adopt this approach, then the goal of greater income equality would be prioritized over economic growth. Put simply, poverty could be reduced by a redistribution of existing resources and is not wholly reliant on the generation of further wealth. Proponents of this model

point to the fact that the income gap, both between states and also within states, has widened over recent decades.

Many of the debates over poverty reduction have centered on whether economic growth is a sufficient condition. There is evidence to suggest that it is possible to achieve economic growth without reducing poverty. Other critics have pointed to examples that indicate the outcome of a neoliberal strategy has actually resulted in an increase in poverty. Here, the focus on the role of the state is revisited. It could be argued that specific policies and institutions are needed to harness the benefits of economic growth for poverty reduction. This view emphasizes how poverty encompasses a number of components, which may not be provided by a complete reliance on market forces. It is suggested that to reduce poverty, we also need to improve access to health care, education, and vital resources, such as clean water.

Two other issues have also had an impact on recent debates over poverty reduction. A significant proportion of those people living in poverty are women, some estimates being as high as seventy percent. Here, it is argued that the social construction of gender roles is directly linked to the existence of poverty, and that these need to be deconstructed for the development of effective poverty reduction strategies. Such inequalities in gender have an effect on the experience that men, women, and children have of poverty. To a limited extent, such views have been incorporated into mainstream policy making. The World Bank, for example, now claims to include issues of gender in its approach to poverty reduction.

Others argue that we should put the environment at the center of our approach to poverty reduction. The centrality of economic growth is questioned in this view and the need for sustainability is often put forward. This concept of sustainable development is interpreted in different ways. The mainstream view is that there is an inescapable link between economic growth and poverty reduction. From this perspective, the main cause of environmental degradation is poverty. In contrast, more radical interpretations link these two problems with the economic system and argue that alternative models, often small-scale

developments, are needed to reverse environmental decline.

Development Policy and Poverty Reduction

The neoliberal approach dominated policy making during the 1980s. Increasingly, the market was viewed as the only means to reduce poverty and promote development. The impact of this model on the developing world was criticized on a number of fronts. The main problems were identified as a lack of concern for the poorest sections of society, and the imposition of polices from above that incorporated little discussion with host country governments and civil society.

In response to these criticisms, changes have occurred. The World Bank in particular has responded to these challenges. There has been a marked shift in the stated approach of the World Bank to development since the mid-1990s. The origins of this shift are to be found in the *World Development Report, 1990* and its focus on poverty. Previously, poverty had been viewed as just one of a number of issues related to development policy. The central component of the approach had been economic growth, and any other development indicators, such as those measuring health or education levels, were seen as secondary outcomes of this main target. Increasing criticism of this approach led to a rethinking in the World Bank, particularly after James Wolfensohn was appointed the new president on June 1, 1995.

It appeared that there was growing uncertainty within the World Bank over its development policy. There were two key reasons for this: first, the World Bank's 1993 report on East Asia, which moved it away from a market-led approach to development to a market-friendly view; second, the difficulties encountered in defending the poor record of the World Bank's policies in Africa. In October 1998, at the World Bank/International Monetary Fund (IMF) Annual Meetings, President Wolfensohn outlined his new vision. He called for a more balanced interpretation of development and suggested that it was not just about economic adjustment. The concept of a partnership approach to World Bank development policy

was also mentioned in response to the criticism of conditionality. The culmination of this period of internal soul searching in the World Bank was the Comprehensive Development Framework (CDF), which was launched on January 21, 1999. This has moved the World Bank toward a concern for poverty reduction and away from a view of development based purely on economic growth.

The CDF was soon followed by the launch of Poverty Reduction Strategy Papers (PRSPs) in September 1999. These were jointly adopted by the World Bank and the IMF and can be seen as in line with the new thinking adopted in the CDF. The World Bank emphasized that PRSPs should be centered on a process led by the country involved, with the full and active participation of civil society, and should be concerned with the comprehensive nature of the causes of poverty. The message of the PRSPs appears quite clear. The new focus should be poverty, and the policies designed to achieve this should be created in partnership with developing countries.

The adoption of PRSPs has had a major impact beyond just the policies of the World Bank and IMF. They have increasingly become a general measure of the suitability of developing countries for either debt relief or further lending. The European Commission has noted how PRSPs have become a central part of the European approach to development policy. Debate has ensued as to whether the overall approach of the World Bank has drastically changed or not. They created a new instrument called the Poverty Reduction Support Credit (PRSC), which was explicitly designed to support the implementation of PRSPs. However, traditional adjustment loans continued alongside the new PRSPs.

The renewed focus of the World Bank on poverty reduction is actually nothing new. During the 1970s, the World Bank adopted its "basic needs" approach, which had similar aims. However, one of the most notable aspects of current development policy is the level of harmonization of approach among most of the key actors. There is significant agreement on the central role of poverty reduction within the World Bank, the European Union (EU), and many of the governments in the developed world.

A brief survey of the current policy of the UK government demonstrates the existence of similar themes to those of the World Bank. The Labour government published the first white paper on international development by a UK government in over two decades in 1997. The Department for International Development (DFID) then published another in 2000 titled *Eliminating World Poverty: Making Globalisation Work for the Poor.* Both these documents sought to highlight the centrality of poverty reduction to the development policy of the UK government.

Of course, such harmonization does not happen by accident. The new centrality of poverty reduction to development policy is reflected in the Millennium Development Goals (MDG). They provide the framework within which all development policy is now located. This new model has been termed the post-Washington Consensus, in contrast to the dominant neoliberal approach of the 1980s and early 1990s, which was labeled the Washington Consensus. A number of recent meetings have since reinforced this consensus. The United Nations Conference on Financing for Development, held in Monterrey, Mexico, in 2002 was followed by a meeting in Rome in February 2003, at which all the major bilateral and multilateral actors of the international development community met and signed a declaration on harmonization. Here, the commitment to poverty reduction and partnership was restated. For some commentators, it remains a matter of opinion as to how much of a change in policy has actually taken place.

—*Stephen R. Hurt*

See also Development Theory; Global Civil Society; Millennium Development Goals; Neoliberalism; New Poverty Research; Post–Washington Consensus; Sustainable Development; World Bank; World Development Indicators

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POWER

Within human governance, power refers to the ability of a given individual, corporate body, political organization, or political system (broadly defined) to further interests, shape behaviors (positively and negatively), and inform strategies for action. Often improperly taken as a synonym for authority or control, the term is more closely tied to influence. As such, power is relational, existing only among sets of actors: everything from the family to interstate conflict and cooperation. The nature of these relationships may vary in strength, duration, and complexity, but power is a causal factor in all interactions. While omnipresent, the myriad of divergent and occasionally intangible forms in which power is realized makes it all but impossible to develop a universal definition for the term that is precise and measurable. Faced with these challenges, the following discussion generally outlines the dimensions and manifestations of power so that it may be identified, disaggregated, and meaningfully analyzed.

The first step to understanding power's empirical manifestations comes by appreciating the three ways in which the term is typically employed in discussions of social, economic, and political relations. While useful for illustrative purposes, in practice, the distinctions between these three manifestations of power are frequently blurred or indistinguishable.

The first view takes power as something possessed by an organization, group, or individual due to personal characteristics or from being associated with an office or social role. The powers of a political office are one example. The focus here is on direct influence over others, although inscribed forms of power can exist even when commands are not made. For this reason, state leaders retain the power to make decisions affecting others (granting pardons, for example) even when they choose not to do so. Moreover, they may indirectly discourage others from contesting issues.

The second perspective takes power as a resource that can be used at will. The focus here is less on direct influence over others, but rather evaluates power as the ability of an actor (again, a group, individual, organization, or state) to achieve a consciously defined objective. In the final conception, power is taken to be a system of strategies, practices, and techniques. The latter view does not deny that power takes on the forms previously described, but rather, demands a relational perspective that explicitly recognizes how the exercise of power depends on the institutional and social contexts. More important, it illustrates how with others' individual actors' strategies and techniques interact to create forms of power that at once comprise actors, but outside of direct individual and collective control. As discussed further in the following paragraphs, these more amorphous manifestations of power are critical to understanding the complexity of power and governance in contemporary societies.

All three perspectives previously outlined describe the exercise of power without identifying the means that endow actors, however defined, with the ability to pursue their objectives or influence others. Amitai Etzioni's neo-Weberian study of compliance within formal organizations addresses this paucity by identifying three primary sources of power, each corresponding to a critical concept in Weber's own writing: coercion or violence (power, for Weber), material resources (class), and values and identity (status).

Coercion or violence—"power" per se for Weber—refers to the use, or threat thereof, of physical confinement or removal, torture or the application of pain, physical destruction of the means for survival, or death. Power in this form also includes other indirect forms of coercion (e.g., taxation, law making) that at least implicitly rely on the threat of force. Niccolo Machiavelli's assertion that it is better to rule by fear than love is a clear, normative statement on governance drawn from a perspective that makes coercion the preeminent form of social power. Reflecting a Machiavellian skepticism of anything other than coercion (especially values and norms) as an effective disciplinary force, contemporary realists typically base their analyses (and normative recommendations) on the exercise of organized violence: Everything from the use of state resources to maintain domestic order, the exercise of intrastate conflict, genocide, or even violence within the home and workplace. Indeed, for scholars who analytically privilege coercion, the other sources of power described in the following paragraphs are typically taken as an outgrowth of physical power or as means of enhancing it.

Structuralist approaches to politics, which include many forms of Marxism, typically privilege the material bases of power, which includes control over natural resources, commodities, and the allocation—by whatever means—of remuneration for labor, services, or a willingness to refrain from action. Therefore, power can emerge from influence in the market (as in capitalism), the state (as in socialism), or networks of patronage, corruption, and violence, as in kleptocratic (greedy or corrupt) or clientelistic (political machine) regimes. As with all bases of power, material power not only exists when goods are being actively distributed or withheld, but also as a potential force. An actor's mere possession or control of resources (or the ability to convince others of such control) can itself serve as a form of power, although this must often be supplemented by the kinds of nonmaterial sources of power described in the following paragraphs. Whereas those privileging coercion typically portray material

accumulation as a means of bolstering physical power, this perspective posits the pursuit of material gain as the primary motivation for violence in all its forms. Vladimir Lenin's assertion that capitalists' quest for new markets drives imperialism and military expansion is one of the most explicit statements of this position and continues to influence work on trade, international relations, and economic development.

A third, autonomous source of power is potentially derived from coercion or control over material resources, values, identities, and symbols. As with the other types, normative power appears in multiple forms, from the mundane (e.g., brand loyalties), the personal (e.g., love), to the utopian and violent (e.g., cosmopolitanism, patriotism, and nationalism). Nonmaterialist perspectives on power do not assume the inherent desire to accumulate wealth or expand military influence but, rather, suggest that people's desires for particular goods or social ends are embedded in and derive from systems of values and norms. Similarly, the ends to be achieved through violence are derived from a social definition of what is individually desirable or in the interest of a collective actor, be it a state, liberation movement, or terrorist organization. Even those who identify coercive power as the foundation of the modern state typically recognize that the sustainability of social structures and ruling elites depends on the degree to which they are legitimized through nonmaterialist appeals. Constructivist scholars who focus on norms and institutionalized behaviors exemplify this approach in explaining everything from ethnic mobilization to interstate relations as systems of values. Similar perspectives appear among those who, albeit on a smaller scale, focus on symbolism, socialization, and "appropriate" behavior within families and the workplace.

Two critical points emerge when exploring the varied sources of power in governance. First, although a particular source of power may be foremost within a defined set of social relations, actors' abilities to dominate, influence, or achieve a desired end are almost always conditioned by all three sources. For this reason, even governments ruling through fear (e.g., those with vast armies) or patronage will typically seek to legitimate their rule through appeals to values,

mythology, and ethics, as do leaders of private companies. Conversely, even organizations and individuals whose primary source of power stems from value and belief systems (e.g., clergy) must still rely on some degree of coercion or material incentives to retain their positions of authority, to maintain group cohesion, and to propagate their message. Georg Hegel's assertion of the need for human recognition in even those relationships primarily characterized by violence (e.g., master-slave) highlights the interplay and interdependence of the various sources of power.

Hegel's comment draws attention to a second concern, that compliance and influence are premised on the recognition that all actors—however small or grand—possess power in some form: Workers control their labor, soldiers their ability to fight (and their weapons), and (in democratic political systems) voters control the ability to confer legitimacy through the ballot. These dynamics allow even the most visibly downtrodden to exert influence, as individuals or collectives, over their physical and social surroundings. Labor mobilization and public protests are visible examples, although passive resistance by peasants, factory workers, and prisoners is another way in which the seemingly dispossessed are able to exert influence on those in structurally superior positions. Conversely, Peter Bachrach and Morton Baratz note how elites may exercise power in limiting the scope of debate and contestation, even without undertaking specific actions to do so.

These two points—that all sources of power are mutually present and that all actors possess control over some source of power—provide sources of dynamism in explaining social change. Challenges to systems of patron-client rule, for example, may not only come from elites' shifting economic fortunes (e.g., changing terms of trade or shifting product preferences), but may also derive from the growing legitimacy of radical discourses (e.g., a belief in individual rights, land distribution, or the growth of secularism), which undermine the normative foundations buttressing those relations. Post–World War II independence movements, for example, owed much of their success to the colonies' declining economic viability and the strengthening discourse of self-determination. As in

this case, change may emerge from multiple sources as power shifts in complex and sometimes unpredictable ways.

Disembodied Power

Much of how we understand power focuses on its exercise by discrete actors in identifiable relations, often within formal governing parameters (e.g., laws and institutional structures). These include not only masters and slaves, but also employees and employers, household members, parties in armed conflict, or relations between officials and citizens (or among citizens themselves). The idea that power is levied by one actor (or set of actors) against or over another is useful—and affirms the view that power is necessarily relational—but often overlooks the historically configured expressions of power that define those actors and condition their relations.

Returning to the view of power as a system of strategies, practices, and techniques, one begins to see that the emergence of discrete actors, their relations to others, and their relative control over the sources of power comes about as much by accident as design. Rather, actors and their endowments emerge through the interactions, language, and the sharing of symbols that may themselves be the unintended by-products of efforts to achieve other ends. Historically, informed discussions of ethnic formation and conflict highlight the resources, strategies, and coincidences that typically precede the emergence of what later appears as a unified group. The unintended consequences of economic, political, and institutional reforms also demonstrate how strategies dedicated to achieving one goal can generate opportunities and resources in forms other than those originally envisioned. Moreover, once established, discourses, values, institutions, and past patterns of action continue to exert an influence on current behavior.

Revealing the often hidden, historical precedents for the formation of these webs of power has been central to Michel Foucault's archaeologies of knowledge, his idea of governmentality, and to much of the work his scholarship has inspired. Building on the invisible face of power Bachrach and Baratz identify,

one sees a similar acknowledgment in Anthony Giddens's idea of structuration, in Michael Mann's discussion of infrastructural power, or in other analyses of the constraints and opportunities facing actors embedded in social networks. From this we see how the exercise of power has increasingly shifted away from easily identifiable or explicit hierarchies founded on coercion, to social stratification enforced through diffuse forms of internalized, normative power. Within such structures, it is all but impossible to identify either a single source of power or the complete range of influences accounting for individual actions. Critically, these diffuse forms of power may become effectively invisible or taken for granted, even to those who ostensibly exercise it.

That power is dynamic, derives from multiple sources, and exists in both easily identified relations among actors and within systems of thinking and social organization means that the study of power must itself be ecumenical in its approach. Individual scholars may productively examine power relations between two actors or within a narrowly defined spatial and historical context, but understanding governance means situating such analyses within a broader context of dynamic conglomerations of historically constituted actors linked through various forms of power. Scholars must similarly be aware of forms of power that are not immediately visible and those embedded in the language used in daily interactions or in the language and concepts scholars use to describe them.

—*Loren B. Landau*

See also Coercion; Hegemony; Middle Power; Patrimonialism; Postmodernism; Power Sharing; State-Society Relations

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POWER SHARING

Power sharing results when governments or civil society actors elicit cooperation in actions undertaken by one another. Power sharing also results from passive acquiescence in such undertakings. More extensive in representative democracies, power sharing also occurs in other governmental systems. Also, democratic transitions are marked by increased power sharing—planned and unplanned.

The diversity of social organization often prevents otherwise dominant official governments from monopolizing governance. Resources available to national and local governments may not suffice to carry out tasks expected of them. Thus, power sharing complements and modifies useful insights from power elite, social class, and interest group pluralist theories. For explaining decision making in presidential systems, power sharing is a more nuanced alternative to checks and balances.

Power sharing manifests itself in the day-to-day bureaucratic politics in and between government departments. In nonelectoral activity, power sharing occurs almost continuously between governments and well-positioned individuals and organizations. Official governments may also be understood as larger, more powerful interest associations. One of

many among plural centers of power, official government agencies and departments compete and negotiate with business and trade associations, veterans' organizations, educational groups, news media, and antiwar movements to get their business done. From the perspective of political actors, therefore, power sharing occurs both willingly and unwillingly, skillfully and ineffectively.

Policy narratives answer the questions of where, when, and how skillfully power is shared. The details of these case studies can explain why government officials or civil society organizations succeeded or failed to achieve their preferred futures. Top-down consultation with individuals and nongovernmental or civil society organizations is one kind of power sharing. Inclusion of minority political parties in the cabinet of national governments is another. The quality of power sharing also explains how small, seemingly weak social movements sometimes prevail dramatically in achieving policy objectives, despite opposition from large and powerful established governments.

Intragovernmental power sharing in federal systems is premised on domestic division of sovereignty. Within federal and unitary states, regional autonomy for indigenous people is further power sharing. It also occurs between national or local governments of two or more countries, for example, with international treaties between independent states. More broadly, growing collaboration in the European Union, and the Association of South East Asian Nations implies power sharing and unacknowledged surrender of a degree of sovereignty. Power sharing between government agencies of one country and people and organizations in another has become an increasingly common form of cross-national pressure politics and lobbying. Trade negotiations between the United States and Japan in the 1980s and 1990s are a good example of this.

Among other implications of power sharing, representative democracies co-opt protest activities more efficiently than do authoritarian systems. But whether lobbying, educational, and protest activities designed to elicit power sharing from official governments by civil society associations are more

effective in parliamentary or presidential systems is debated.

—*Vincent Kelly Pollard*

See also Dialogic Public Policy; Interdependence; Political Exchange; Power

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PRAGMATISM

Pragmatism is a school of philosophy developed by American philosophers Charles Peirce, William James, John Dewey, and George Herbert Mead and extended by philosophers such as W. V. O. Quine, Nelson Goodman, Hilary Putnam, and Richard Rorty. It is difficult to give a concise definition of pragmatism, because it ranges so widely across logic, education, moral theory, social psychology, aesthetics, political theory, and other fields. However, the central preoccupation of pragmatism is with how we can know the world and then act upon that knowledge. Pragmatism argues that knowledge is created when we use symbols, concepts, and ideas to solve problems we encounter in our everyday lives. Pragmatists reject a theory of knowledge that sees knowledge as a mere reflection of the natural world. Instead, knowledge is a social product of communities engaged in dialogue about common problems. Conflicting perspectives are useful for advancing knowledge, but fruitful conflict requires cooperation to clearly set the terms of joint inquiry. Pragmatism's emphasis on knowledge, dialogue, fruitful conflict, and cooperative inquiry make it an attractive philosophical starting point for many students of governance and provides insight into the character of institutions, public deliberation, and societal problem solving.

The work of John Dewey is a notable touchstone in current discussions about governance. In his major work on political theory, *The Public and Its Problems,* Dewey linked an analysis of the rise of modern organizational and technological society with a critical intellectual defense of a deliberative, communitarian, and participatory vision of democracy. His key analytical concept was the "public," which he argued was being eclipsed with the erosion of local face-to-face community. Successful modern democracy, he argued, required the restoration of a public that could match the scale and scope of modern organization and technology. His analysis anticipates much of Jürgen Habermas's more recent work on the "public sphere."

The revival of Dewey as a defender of a deliberative, communitarian, and participatory vision of democracy is appropriate, though it sometimes leads to a one-sided view of his larger political commitments. For example, Dewey was also an advocate of the positive role of scientific inquiry, and he felt that experts and public agencies had a critical role to play in modern democracy. The apparent antinomies of his thought were, in fact, inherent in the pragmatist vision and were aimed at reconciling a bottom-up, populist approach to democratic governance with a top-down expert-oriented view.

The next section of this entry describes three central themes of the pragmatist vision. The entry then goes on to explore Philip Selznick's use of pragmatist themes in his approach to institutions and then analyzes pragmatist-inspired work on problem solving. The entry concludes with a discussion of the differences between classical and neopragmatism.

Three Core Themes of Classical Pragmatism

One of the basic goals of the founding pragmatists was to escape the dualism that they believed plagued modern thought. They regarded earlier philosophers from René Descartes through Immanuel Kant as having created theories of knowledge that relied too heavily on sharp separations between the mind and the body, the knowing subject and the external world, or the theoretical and the practical, to name just a few of

these dualisms. This section examines pragmatism's attempt to overcome three such dualisms with particular relevance to governance: (1) meaning and action (or theory and practice), (2) individual and society, and (3) the plural and the unitary.

A central theme of pragmatism is overcoming the duality between meaning and action. Drawing on Kantianism, on the one hand, pragmatism emphasizes the central role of symbols (concepts) in human behavior. At the same time, influenced by Charles Darwin, pragmatists view humans as adaptive organisms oriented toward concrete problem solving. Integrating these two points, pragmatism emphasizes the instrumental role of conceptual thinking in problem solving, while insisting that abstract concepts only assume concrete meaning when oriented to specific problems.

This stance was part of a larger philosophical agenda. Beginning with Peirce, pragmatism sought to reconcile the competing philosophies of empiricism and rationalism. Rationalism believed that our concepts were mental phenomena that should be understood as prior to experience, thus conceiving of knowledge in deductive terms. By contrast, empiricism saw concepts as inductive generalizations from sensory experience. Alternatively, Peirce proposed "abduction" as a moving back and forth between deduction and induction. This iterative relationship between meaning and action also informs Dewey's argument that "ends" and "means" must be understood as continuously interacting.

Pragmatism's second recurring theme is the attempt to overcome the dualism between individual and society. The pragmatists rejected the individualism they associated with classical liberalism and social contract theories as too atomistic (Dewey called it "old" individualism). But they did not reject individualism, and they would have equally opposed the privileging of society over the individual. Instead, as most fully developed in the work of Mead, the individual and society develop together: Individuals develop into social consciousness by internalizing the norms of society. As this happens, society itself evolves. It becomes a community only with the development of self-consciously "social selves."

Again, symbols are key mediating factors in this coevolution. For Mead, as for the other pragmatists, symbolic exchange—communication—is the central process that relates individuals to society. Habermas draws directly on Mead in developing the idea of communicative rationality, which has become an important concept for contemporary debates about governance.

Pragmatism's third recurring theme is the attempt to overcome the dualism between pluralism and unity. Whether they were talking about scientific inquiry, social psychology, or democratic debate, pragmatists continuously stressed the pluralism of ideas and perspectives. William James, for instance, famously stressed that human attention is highly selective, producing a plurality of perspectives. His analysis of attention later inspired the bounded rationality approach to organizations developed by Herbert Simon. At the same time, pragmatism also emphasizes the possibility for integrative unity to develop out of this pluralism. In the terms of modern complexity theory, this unity is "emergent," developing out of the interaction of contending perspectives. Thus, for Peirce, truth was emergent from the process of scientific inquiry, as "will" emerged out of streams of consciousness for James, and "community" emerged out of the process of communication for Mead and Dewey.

It is certainly in the pragmatist spirit to ask whether these abstract themes have any concrete application for the topic of governance. The following section describes Philip Selznick's perspective on institutions as one important translation of pragmatist ideas into terms useful for understanding governance.

Selznick on Institutions

Although Selznick's intellectual genealogy is complex, he is explicit about the inspiration he drew from Dewey. Selznick pointed out in 1980 that he approached the subject as a "moral pragmatist" who sought to understand how an abstract ideology—grass roots administration—fared when confronted with concrete political realities. Selznick argued that the full realization of this concept of grass roots democracy

failed because it was an "unanalyzed abstraction." Consequently, the hopes for direct political participation were co-opted by powerful political forces.

Although working in a tradition that took both Max Weber and Emile Durkheim as classical points of reference, Selznick's pragmatism led him to a different interpretation of modern institutions. Both Weber and Durkheim erected analytical dichotomies—formal versus informal, personal versus impersonal, mechanical versus organic solidarity—that represent just the kinds of modernist dualisms that pragmatists seek to overcome. Selznick's summary statement of much of his thought on institutions, *Leadership in Administration,* demonstrates the differences between his work and Weber's and Durkheim's. Whereas Weber emphasized the centrality of impersonal and formal forces embodied in the rise of bureaucracy and feared that they would empty modern life of meaning, Selznick stressed the importance of personal leadership in institutionalizing meaningful frameworks for organized action. In fact, his well-known definition of institutions equated institutionalization with the process of "infusing value" into the social fabric of the organization. The dichotomy between charismatic leadership and bureaucratic routinization are thereby avoided. Moreover, while Weber saw formal rational-legal authority as driving informal organization out of modern bureaucracy, Selznick viewed successful modern organizations as mobilizing informal organization to support formal organization. The organization becomes an institution, he argued, when it evolves from an "instrument" into a "community."

Selznick's view of modern organization has many affinities with Durkheim's hope that occupational communities will become sources of moral socialization in the modern world. Many of Selznick's prescriptions in *Leadership in Administration* regard socialization—notably the internalization of the organization's mission—as a key management device with important implications for governance. For example, while the Weberian concept of bureaucracy encourages centralization, value internalization permits an important measure of decentralization because employees that have internalized the organization's mission do not require strong hierarchical control. Although Selznick

draws on Durkheim to understand socialization, his analysis also has a strong pragmatist spirit. He argued that socialization is about building "character," both at the individual and the institutional level. And character building, in turn, requires building competences that allow moral action. Therefore, successful institutionalization depends on the focusing of social energies on realistic and purposeful organizational missions. Meaning must be aligned with action.

Problem Solving, Knowledge, and Cooperation

Problem solving is a leitmotif for pragmatism, tying together many important themes.

Concrete problem-solving is a process that bridges between theory and practice and, as emphasized by Dewey's educational philosophy, provides opportunities for creativity and learning. Pragmatists suggest that problematic situations produce reflexivity—scrutiny and revision of our basic commitments and beliefs—that allows experimental inquiry and the advancement of knowledge. A shared focus on concrete problems can also produce social cooperation and community and discourage fruitless disputes over abstract meanings. In fact, social conflict can itself be thought of as a problem that requires a strategy of conflict resolution.

This problem-solving focus has many interesting implications for governance, only a few of which can be noted here. In *The Reflective Practitioner,* for example, Donald Schön developed a model of professional problem solving very much in a pragmatist spirit. Against the separation of theory and practice that dominates our contemporary understanding of professional expertise, Schön argued that we ought to instead conceive of professional practice as "reflection-in-action." He argued that highly skilled professionals continuously engage in reflection that probes their past experiences in light of current problematic situations. Reflection allows them to "reframe" the problem or their knowledge so as to devise more appropriate, context-specific solutions. In a later book with Martin Rein, Schön applied a similar model of reflexivity to resolving collective public policy conflict.

Charles Sabel and colleagues have also applied a pragmatist-inspired model of problem solving to public and private collaboration. They argue that successful and creative collaboration requires "learning by monitoring," in which multiple parties appreciate the provisional nature of knowledge and recognize the importance of pursuing mutual intelligibility. Learning-by-monitoring requires parties to adopt an experimentalist stance toward learning and to pursue knowledge through joint inquiry and mutual observation. This learning-by-monitoring model has been used to explore the possibility of new forms of organizational and interorganizational collaboration in both the public and private sphere.

Conclusion

This entry has largely drawn on classic perspectives on pragmatism. In concluding, however, this entry would be remiss if it did not consider more broadly— if too briefly—the place of neopragmatism in contemporary governance. Although the work of Hilary Putnam, Nelson Goodman, and Donald Davidson, among many others, has revived and advanced pragmatism as a philosophical tradition, the work of Richard Rorty has captured particular attention beyond philosophy. Building on Dewey, Heidegger, and Wittgenstein, Rorty presented in 1979 a sweeping argument against the basic "foundational" conception of human knowledge, hence challenging the status of philosophy as the foundational discipline for all knowledge (based, in turn, on a claim about the foundational role of epistemology). Rorty argued that the major distinction between classical and new pragmatism is that neopragmatists do not accept the classical pragmatist's faith in scientific method. The implications of this argument for governance are less specific than those previously described, but possibly more far-reaching. Hugh Miller, for example, argued that neopragmatism provides a better resource for reforming contemporary public administration precisely because it so clearly rejects claims of scientific objectivism. Certainly Rortian pragmatism provides a critical perspective from which to understand the authority claims of scientific expertise in governance.

It also probably complicates Dewey's goal of reconciling progressive models of expertise with populist models of direct democratic participation.

However, beyond these differences, both classical pragmatism and neopragmatism share an openness to the world of everyday politics that allows them to engage with contemporary debates about governance. It is both steadfastly antiutopian and hopeful for social progress.

—Chris Ansell

See also Communicative Rationality; Interpretive Theory; Public Sphere; Reflexivity

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PRECAUTIONARY PRINCIPLE

The precautionary principle is a principle of environmental policy making that legitimizes the adoption of preventative measures to address a potential threat of

severe environmental damage. It was developed in response to two specific problems of international environmental governance: the need to take into account the particular nature of environmental damage, as well as conditions of persisting uncertainty in decision making. It recognizes that some forms of environmental harm, such as the extinction of a species, are irreversible. Furthermore, the full extent of the harm (and thus its reversibility) cannot always be assessed in advance: Thus, uncertainty as to the extent of the damage persists often until after it is committed, when it is sometimes too late (or too costly) to stem the harm. Given such conditions, the precautionary principle prescribes the safest course of action, namely, the suspension of the potentially damaging activity until it has been proven risk free. In precautionary language, it shifts the burden of proof: The risk need no longer be verified in order for policymakers to be able to proscribe a potentially harmful activity. Rather, the onus is upon those who want to pursue the activity (or course of action) to prove that it is not environmentally damaging. The precautionary principle moves environmental governance from a reactive basis (where protective policies are devised in reaction to damage that has already occurred) to a preventative one.

The concept has its roots in 1970s–1980s German environmental law (*Das "Vorsorgeprinzip"*). It emerged into international law at the 1987 International Conference on the Protection of the North Sea. Since then, it has permeated most international environmental conventions: Entrenched by the 1992 Rio Declaration (Principle 15), it was written into the Climate Change Convention and (retroactively) into the Convention on Substances that Deplete the Ozone Layer. Thereafter, it was progressively fitted into the mandate of international organizations concerned with natural resource management: It was integrated into the criteria for the listing of endangered species by the Convention on International Trade in Endangered Species in 1994, and adopted by the Food and Agricultural Organization in 1995. However, despite this widespread occurrence in international texts, the use of the term appears to be geographically circumscribed. It is a cornerstone of European Union

(EU) environmental law, for example, and has been central in determining the EU's position toward genetically modified organisms. The EU has also advocated extending it to other areas, such as food and health issues. Yet it is widely absent from the U.S. context.

One problem with the precautionary principle, related to this disparity in occurrence, is the lack of consensus as to its status, and, consequently, also its forcefulness: The debate is on-going as to whether it should be considered a principle of international environmental law or merely an approach, a guide to policy making. The precautionary principle has been criticized for promoting a risk-averse approach to natural resource management, in contexts where risk is part and parcel of decision making, and the problem of scientific uncertainty especially acute. In natural resource management, the course of management often has to be decided upon despite persisting uncertainty; there the precautionary approach merely risks paralyzing management altogether.

—*Charlotte Epstein*

See also Environmental Governance; Natural Resource Management; Sustainable Development

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PRINCIPAL-AGENT MODEL

The principal-agent model deals with relationships in the public service in terms of various kinds of agreements or contracts between principal (the government or employer) and agent (employee or contractor). The central dilemma investigated by principal-agent theorists is how to get the agent to act in the best interests of the principal when the government or contractor

has an informational advantage over the principal and has different interests from the principal.

Principal-agent theory rests on a basis in economics. Principal-agent theory in economics makes these information asymmetries central to the emergence of institutional structures that organize the workplace and management-staff (principal-agent) relations. The more difficult it is for the principal to gain information on performance outcomes, the more likely that contracts will be framed instead in terms of contractor behavior. The more uncertain the outcomes, the more the agent will have an incentive to resist the principal's information-gathering efforts so as to encourage behavioral rather than outcome performance standards.

The principal-agent approach is especially insightful for handling disequilibrium situations and taking into account the role of the information at the microlevel. The principal-agent theory wrestles with the problem of ensuring that agents serve principals in accordance with stated or implied contractual conditions. The essential policy prescription is to clarify and define the relationships between agency heads and top bureaucrats, and between the latter and departmental managers at lower levels.

Principal-agent theory also played an important role in developing the policy framework that underpinned the corporatization and privatization programs in several countries. The dominant state ownership was (still is in some countries) a typical feature of most state-owned economies. This permits us to consider the transition as a change of ownership structure—a radical privatization will transform the whole. From a theoretical perspective, the implications of the change of the ownership structure can be analyzed in the boundaries of the principal-agent model. The model can be used as a theoretical basis for transition economic policy. This theory has been successfully applied to the problems of the interdependence between the competitive market structures, ownership, and economic efficiency. It is also a useful tool for the study of the role of the financial markets and the different techniques of privatization.

Some rational choice scholars argue that politics can be best understood as a chain of principal-agent relationships: The citizenry empowers the elected officials,

the legislature in turn delegates its collective power to its various standing committees, which in turn delegate authority to various government agencies (e.g., department of education, health and human services agency), which are organized internally as bureaucratic hierarchies. From the principal-agent theoretical perspective, the key issue is democratic control. Good government performance will be obtained when each agent receives the proper incentives from its political superiors.

—*Naim Kapucu*

See also Public Choice Theory; Rational Choice Theory

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PRISONER'S DILEMMA

The prisoner's dilemma game specific to game theory is widely used to study human interactions from market exchanges and armament decisions to collective action problems. In this game, two players each have a single choice between two symmetrical actions: to cooperate or to defect. There are four possible outcomes: both players cooperate, both players defect, player A cooperates and B defects, or player B cooperates and A defects. The players' preference rankings are symmetrically inverse, with player A preferring, first, A's unilateral defection and B's unilateral cooperation; second, that both cooperate; third, that both defect; and fourth, that A unilaterally cooperates and B unilaterally defects.

The rudimentary logical structure of the prisoner's dilemma is usually embedded in a narrative explaining

of what the various outcomes represent. Sometimes the two players are cast as co-conspirators caught by a jailor who wishes that each prisoner confesses to a crime. In this scenario, the payoff matrix is explained to the prisoners such that if both confess, they both get a moderate sentence; if neither confesses, then they both receive a light sentence; if only one confesses, then the other will walk free while the co-conspirator who confesses will stay in jail for life. This game structure demonstrates that, regardless of what the other person chooses to do, it is rational for the agent to choose to confess as walking free is superior to receiving a light sentence and receiving a moderate sentence is superior to receiving a life sentence. Thus, both rational agents select confessing rather than not confessing: In this case the two each achieve a mutually inferior outcome of receiving a moderate sentence instead of a light sentence.

This single-play version of the prisoner's dilemma game exhibits strict dominance for both players because, regardless of what course of action the other adopts, each player gains by the strategy of defecting from cooperation. Even though other outcomes are possible if the prisoner's dilemma was to be played repeatedly, the basic game form has received abundant attention among rational choice researchers for being paradigmatic of many types of human interactions, wherein motivations of coordinating actions to achieve a better mutual outcome reside side-by-side with motivations to better one's own condition at the price of potential collective impoverishment. Even the market, once viewed as reflecting individuals' mutual interest in exchange, is now cast as a prisoner's dilemma in which each would prefer to cheat the other. The free rider and collective action problems rely on the logic of the prisoner's dilemma to demonstrate that in group situations relying on voluntary contributions, each has the ever-present incentive to withdraw support, regardless of what others choose to do.

It is widely thought by rational choice researchers that the prisoner's dilemma is a ubiquitous feature of human society that cannot be resolved through voluntary agreement among community members. Instead it is proposed that external sanctions must be imposed to enforce voluntary compliance so that communities

of individuals are able to achieve the rewards of cooperation instead of paying the price of mutual defection. These external sanctions resolve the prisoner's dilemma by altering the game's payoff structure, thereby transforming it into a different game.

—*S. M. Amadae*

See also Collective Action; Collective Wage Bargaining; Game Theory; Pareto Optimality; Rational Choice Theory; Trust

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PRIVATE MILITARY COMPANIES

Private military companies (PMCs) constitute an important and deeply controversial element of the expanding privatized military industry. This industry provides a full range of military services to national governments, international organizations, and substate actors.

The private military industry provides a wide variety of military services, ranging from basic maintenance support to the provision of combat units. Military consultancies, for example, specialize in advising clients on how to deal with assorted security issues. The largest corporate actors, such as Dyncorp (United States), mainly provide logistical and administrative support (both in home countries and combat zones), including transport, communications, technical, and maintenance provision. This outsourcing of important functions previously monopolized by militaries is occurring throughout the world. It is thought to increase efficiency and to free soldiers for more important military functions. PMCs, on the other

hand, specialize in providing combat and protection forces. Their work ranges from running small-scale training missions to providing combat units comprised of up to several hundred highly trained soldiers equipped with powerful weapons platforms, including tanks and helicopter gunships.

The use of military force by private-sector organizations is not new. Mercenaries are a long-standing feature of warfare. The East India Company had at its disposal a large army during the eighteenth and nineteenth centuries. Private-sector actors, meanwhile, have been helping to maintain the hardware of armies for decades. Yet for much of the twentieth century, the outsourcing of combat functions was disparaged, and the employment of military power was restricted largely to the agencies of the state. In the post–Cold War era, this began to change. The end of the Cold War not only flooded the market with military specialists and surplus equipment, it also saw the eruption of numerous small wars, especially in Africa. It was in such conflicts that a number of the PMCs, including Sandline (United Kingdom) and Executive Outcomes (South Africa), made their name (and sometimes their fortune).

The military record of such companies is mixed. They played a key role in a number of recent conflicts, including those in Angola and Sierra Leone. However, they rarely have been tested against well-organized conventional military forces, and consequently their overall effectiveness is still not proven. The main criticism of PMCs is that they lack legitimacy, for they often seem to operate without adequate legal restraints, although there are signs that this is beginning to change. Moreover, it is frequently argued that PMCs, especially those operating in Africa, have been responsible for abuses of human rights.

—Duncan Bell

See also Capitalism; Military Necessity; Privatization; Security

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PRIVATIZATION

The process of privatization first began after World War II, became increasingly popular since the 1980s as a neoliberal economic reform, and then became increasingly common after the fall of communism in Eastern Europe in the 1990s. Indeed, under leaders such as former President Ronald Reagan and former Prime Minister Margaret Thatcher, privatization was introduced with force and since has transformed into a global phenomenon, with many developed and developing countries adopting this economic strategy.

In its simplest form, privatization is the transfer of control and management away from the government to the private sector. A publicly owned asset is literally sold off to the private market. This can take the form of being traded on the stock market or simply a few companies taking over the industry after buying it from the government. These public-private transfers can and have been implemented in a slew of industries that range from power generation to social services.

At least five arguments are made in favor of privatization. First, the largest and most often-cited benefit of privatization is its efficiency. It is argued that a government is a single entity that cannot adequately provide goods and services in all the different arenas in which they are needed. Privatized entities are generally smaller, more specialized and thus able to provide a much needed level of expertise. They are also well trained and able to handle both day-to-day situations as well as the crises that inevitably arise in different fields. This narrow focus allows for both effective and efficient services to be created and delivered. Second, privatization also encourages market competition. With multiple companies vying to make a profit, there is a new incentive for quality products that was not present when the government was the sole provider. Third, unlike nationalized services and industries,

private companies can raise capital however they choose and in a manner that is both more efficient and more lucrative than when carried out by their civic counterparts. These companies' strong financial situation makes it easier to develop and execute novel and creative strategies that can yield better results. Fourth, privatization also helps the state and government remain out of debt or not to fall into deeper debt. Finally, private organizations are outside the sphere of electoral pressure. This allows for the companies to make decisions based on long-term potential instead of instant gratification that politicians seek when constantly thinking about the next election. The removal of public opinion from the decision-making process, many argue, promotes efficient and effective policy and service.

Privatization is not, however, without critiques and dissenters. First, privatization also creates a need for regulation, most often filled not by governments but by independent agencies. These nongovernmental organizations have an enormous amount of potential to intervene in a way that the government simply cannot, but also a disproportionate amount of power that some see as problematic. Second, some commentators believe that a privatized company loses its moral imperative to serve and provide to the greater public. What is left, then, are companies whose sole objective is to profit as much as possible. Opponents argue this profiteering will result in companies pandering to those who can afford to pay while ignoring the needs of the majority. Especially when it comes to providing specific services to society, the greed of a private market can impede the goals of a policy or program. Some argue that while in certain industries, privatization increases efficiency and productivity, in others, such as social services, there must be some form of overarching regulations that supersede the private ownership of a company.

Another common complaint concerns the undemocratic nature of privatization. When the government sells them off, private companies do not answer to elected officials. There is no accountability and the agencies have full control to handle situations however they deem fit. While this fact is what creates many of the advantages of privatization, it simultaneously produces the more abstract, but equally important, dilemma of an undemocratic system. The public neither elects the agencies nor are they held to a standard by those who are elected. The public and its opinion are essentially removed from the process entirely, a fact that concerns many. Public oversight can be a painstakingly slow process, leading at worst to gridlock that many believe hurts the system of delivery. The trade-off for efficiency, however, is a less-than-democratic system in certain arenas. Others contend that a democratic process where the electorate has ultimate control must be seen as the priority.

In summary, private companies can, without doubt, provide certain services in a better fashion than governments. The question posed then, is which industries and services are better off privatized and which should remain in the public domain. Having decisions made outside the electoral sphere has benefits and poses problems that must be weighed accordingly.

—Michele Margolis

See also American Governance; Consumption; Hybrid Organization; Neoliberalism; Private Military Companies; Washington Consensus

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Problem Structure

A problem structure is a theoretical construct used to explain how one or more individuals understand an issue; it is composed of a starting state and a finishing state. Once problem solvers have settled on the assumptions or causal mechanisms composing the start and finishing states, they turn to formulating the necessary steps required to move from start to finish.

A well-structured problem is one where actors seeking a solution are in agreement on the constraints,

the starting point, finishing point, and the steps necessary to progress from one to the other. An ill-structured or fuzzy problem is one where one or more constraints are vaguely defined or unknown by the actors seeking a solution. Pointing to the socialized nature of a problem structure, Herbert Simon argued that, in fact, all problems are ill structured and become well structured only after those seeking a solution reach a consensus on the constraints. The final agreement on the nature of the constraints composing the problem is important because whether the understanding of the problem matches the solution determines the likelihood of success for problem solvers.

The primary determinant of an ill-structured problem is the character of the relevant information. First, the volume of information potentially relevant to the problem may overwhelm problem solvers and prevent agreement on the nature of the problem constraints. Second, the ontological ambiguity of relevant information may prevent agreement on the nature of problem constraints. Third, incomplete information relevant to the problem may prevent agreement on the nature of problem constraints. Information is often discovered or understood only in the process of solving the problem. Encountering new information contradicting problem solvers' given understandings of the start and finishing states is often how agreement is reached on the constraints of the problem structure.

The process transforming an ill-structured or fuzzy problem into a well-structured problem is a combination of cognitive functions and social interaction. Problem solvers' perceptions are the primary determinants of problem constraints. Individuals have a limited cognitive capacity, with the amount of information that each can comprehend often being less than that presented by the external environment. As a result, problem solvers utilize previously established understandings to order, process, and store incoming information. Problem constraints understood by individual problem solvers are a product of selecting and simplifying incoming information, meaning that an understanding of the causal dynamics composing the starting and finishing states is less a description of all

the relevant information than a reflection of what previous experiences have told problem solvers is relevant information. Ultimately, a well-structured problem is the result of social contestation among multiple cognitively limited perceptions of the problem constraints.

—Zachary Zwald

See also Decision Making; Garbage Can Theory; Organization Theory

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PRODUCTION CHAIN

Production chain is an analytical tool to understand the nature of the production process (including production of both goods and services) and its transformations. The production process is understood as a chain of linked functions. It is a sequence of productive activities leading to end use. Each stage adds value to the production sequence. Hence, production chains are often called "value added" or "value" chains. The stages in the chain are connected through a set of transactions. The organizational and geographical structure of the transactions characterize the nature of production.

The concepts of production chain and production network are often used interchangeably. However, at least on the analytical level, it is possible to distinguish between production chain as a characterization of a production process in general, involving various activities within the production system that may be performed by various organizations, and production network as a network of relationships within and between firms.

The structure of the chain may vary between two extremes, which can be characterized along two dimensions. The first refers to the degree of coordination or control over production chain (tight/loose), the

second to the geographical location of functions (local/global). Thus, at one ideal-typical extreme, all operations of the chain may be concentrated in a single firm in one place. Here, transactions are organized hierarchically through a firm's organization structure. At the other extreme, each function of the chain may be performed by independent, geographically dispersed firms. In this case, the transactions are organized through the market.

The technological change and liberalization of trade have enabled radical reorganization of the production process in the last couple of decades. They have made possible specialization in each segment of the production process. Once concentrated in one country, the production chain can be parceled out and distributed around the globe. This has led to increases in trade relative to domestic production. Intrafirm trade now accounts for between one-quarter and one-third of total trade. This has sharply raised the proportion of imported inputs in the production processes. Thus, the national economies have become more dependent on trade for domestic production. For instance, the United States has transformed from a virtual self-sufficient economy to an import-dependent one.

The increasing ability to "slice up" the value chain has increased trade between industrialized and developing countries, reinforcing the shift toward a new international division of labor. Whereas in the past, advanced industrial processes tended to be concentrated in developed economies, companies now locate segments of the production process in lower-wage countries or subcontract to local companies in Asia or Latin America.

—*Jan Drahokoupil*

See also Foreign Direct Investment; Globalization; International Division of Labor; Production Network

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PRODUCTION NETWORK

Production network refers to a network of internal relationships within a corporation or network of external relationships between independent or quasi-independent firms. Thus, it refers to the organization of production from the perspective of a firm's strategy. Production network allows us to investigate different strategies of production organization, ranging from transnational corporations and international strategic alliances, through subcontracting links to more independent network forms.

The concepts of production network and production chain are often used interchangeably. However, at least on the analytical level, it is possible to distinguish between production network as a network of internal relationships within a corporation or networks of external relationships between independent firms, and production chain as a characterization of a production process in general, involving various activities within the production system.

In the last couple of decades, technological innovation in the transport and communication media, together with trade liberalization, have enormously enhanced the potential of companies to organize their strategies over vast geographical distances. The technological change also enabled the development of complex organizational technology. In this context arose the transnational corporation (TNC), which can be broadly defined as an organization that coordinates production from one center of strategic decision making when this coordination takes it across national boundaries.

Large business enterprises have largely transformed from a functional form of organization, in which the firm is divided into major functional units, into a divisional form, where they are organized by product. This should enable companies to better cope with product diversity. It relates to the shift from Fordist economies of scale to the post-Fordist economies of scope.

There are four general types of competitive strategy that a TNC may pursue. First, there is an export-based strategy of high geographical concentration of

production with loosely coordinated marketing activities. Second, the TNC may pursue a basic global strategy of high geographical concentration of production with tightly coordinated marketing activities. Another option is the complex global strategy of geographically dispersed production with tight coordination between overseas affiliates. Finally, there is a multidomestic strategy of geographically dispersed production with a high degree of local autonomy.

The external networks of relationships between firms include mainly international strategic alliances, international subcontracting, and dynamic networks. The strategic alliances comprise various forms of collaboration in order to share risks or rewards through joint decision making. These alliances often include corporations in fierce competition. Subcontracting is a customer-supplier relation between firms. The subcontractor is required to undertake the production according to the specifications provided by the firm offering the contract. Finally, dynamic networks are flexible forms of organization involving firms performing a specialized role within the coordinated network.

—*Jan Drahokoupil*

See also Fordism and Post-Fordism; Foreign Direct Investment; Globalization; International Division of Labor; Production Chain; Social Network Theory

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PROFESSIONALISM

The concepts of professionalism, profession, and professionalization have received considerable and sometimes critical attention in sociology. In early British and American analyses, professionalism was identified as an occupational value that was important for the stability and civility of social systems. In these interpretations, professional relations were characterized as collegial, cooperative, and mutually supportive. Relations of trust characterized practitioner-client and practitioner-management interactions since competencies were assumed to be guaranteed by education, training, and sometimes by licensing.

There is a second more pessimistic interpretation of professionalism, however, which has grown out of the more critical literature on professions that was prominent in Anglo American analyses in the 1970s and 1980s. During this period, professionalism came to be dismissed as a successful ideology, and professionalization as a process of market closure and monopoly control of work and occupational dominance. Professionalization was intended to promote professionals' own occupational self interests in terms of their salary, status, and power, as well as the monopoly protection of an occupational jurisdiction. Professionalization was a process largely initiated and controlled by the practitioners themselves through their professional institutions and associations in order to promote and protect their own interests.

A third and later development has involved the analysis of professionalism as a discourse of occupational change and control—this time in work organizations where the discourse is increasingly applied and utilized by managers. There is an important difference when the discourse of professionalism is constructed "from within" (by the occupational group itself) and "from above" (by managers in work organizations). When the discourse is constructed from within, then the returns to the group can be substantial. The occupational group uses the discourse to construct its occupational identity, promoting its image with clients and customers, and in bargaining with states to secure and promote the occupational control of the work. In contrast, when the discourse is constructed from above, then it is usually a false or selective discourse used to facilitate occupational change and rationalization. The effects are not the occupational control of the work by the practitioners but rather control by the organizational managers and supervisors. Organizational objectives define practitioner-client

relations and set achievement targets and performance indicators. Organizational objectives regulate and replace occupational control of the practitioner-client work interactions, thereby limiting the exercise of discretion and preventing the service ethic that has been important in professional work.

Professionalism as an occupational value is currently under threat from the logic efficiency and effectiveness of organizational models of control of work. Talcott Parsons demonstrated in 1951 how the authority of the professions and of hierarchical bureaucratic organizations both rested on the same principles. He went on to argue that the professions, by means of their collegial organization and shared identity, demonstrated an alternative to the managerial hierarchy of organizations toward the shared normative end. In 2001, Eliot Freidson examined the logics of three different ways of organizing work in contemporary societies (the market, organization, and profession). He demonstrates the advantages of professionalism for both clients and practitioners and the importance of maintaining professionalism, along with trust, competencies, and discretion, as the main organizing principle for service work in modern societies.

—*Julia Evetts*

See also Market; Organizational Culture; Sociology of Governance

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PROGRAM EVALUATION

Program evaluation in government is typically traced to the 1960s and early 1970s when the expansion of government led to demand for assessments of their effectiveness. While the idea of evaluation is, of course, part of daily human problem solving, program evaluation became institutionalized in federal and, eventually, state agencies as policy makers and the public began asking whether the benefits of government programs were worth their costs, and has now become a major bureaucratic activity. Program evaluation is widely employed as a means of identifying the costs and benefits of policies and programs and assessing their effectiveness. Despite its common sense roots, it is nevertheless often a controversial enterprise, because the conclusions drawn from program evaluation may clash with political demands and expectations, and there is an inherent conflict between the expectation of scientific, neutral assessments and the need to satisfy political imperatives. Program evaluations that take on powerful political interests run the risk of being rejected and ignored, regardless of how thoroughly and professionally they are executed.

Central to the policy-making process is the ability of policy makers to assess the strengths and weaknesses of existing policies and alter them when necessary. Models of the policy process typically identify five main stages in the process. First, through a variety of ways, some problems become defined as policy concerns and find a spot on the policy agenda. Second, policy advocates and analysts generate options in response to the framing of the policy problem. Policy analysis in general rests on the expectation that the technical assessment of competing policy options will be separated from the political calculations of the policy makers, and that there will be an objective, nonpolitical assessment of policy options before the inevitable political calculations shape the decisions that are eventually made. In theory, careful policy analysis precedes the application of narrow political pressure and ensures that policies producing the greatest net gains in social welfare will be pursued. In practice, of course, policy analysis is a political exercise, and public organizations are caught in the middle of the political tug of war over evaluating and reshaping public policies. The third step is policy selection, authorization, and appropriation: The governing body selects the policy option to be pursued and provides funding to carry it out. In theory, policy makers allow those responsible for implementing a law the flexibility to make the adjustments necessary to

solve evolving problems and to learn from trial and error. The fourth step is policy implementation, where government agencies are expected to carry out the intent of the body that authorized the policy effort. Implementation is often a long, complicated procedure that includes interpreting legislative intent, balancing statutory and executive priorities, creating administrative structures and processes, reviewing congressional or parliamentary debates on policy formulation as regulations are devised, and building political support for enforcement of regulatory requirements.

The final step in the policy process is program or policy evaluation. Unlike the analysis that occurs throughout the entire process, policy evaluation focuses on the extent to which the policy effort achieves its goals. Policy evaluation requires clear goals and standards against which policy implementation efforts can be measured. But that kind of clarity is often lacking, making policy evaluation itself a political, rather than an objective, scientific exercise. Program evaluation by program administrators is expected to be rooted in politically neutral, professional judgment, but policy evaluation also occurs by legislators and other political officials who are motivated by a range of factors. Once program evaluation occurs and changes are recommended, the policy process begins anew with the evaluation serving as the basis for a reframing of the problem.

Max Weber was among the first to contribute to the idea of an objective social science that could help evaluate options for achieving goals through scientific analysis. Harold Lasswell, a leader in the development of the field of policy sciences, emphasized the role of policy scientists in planning, analyses for decision making, and policy evaluation. The Great Society programs of the 1960s spawned program analysis and evaluation research in federal agencies, and the development of statistical techniques and models to measure policy outcomes and changes in behaviors and correlate them with policy actions. By the 1980s, criticism of government programs came to permeate politics, faith in free markets grew, and program evaluation became heavily influenced by related modes of analysis.

Implementation studies, for example, have often concluded that government is destined to fall short in achieving its policy goals because of administrative complexity. Pressman and Wildavsky found that the complexity of requiring participation by so many political actors destined most policies to failure or at least to delays and distortions. The assumption that implementation meant policy making could come from the top down, that agency heads could impose controls from above on a host of actors below them was simply unrealistic. Subsequent studies of implementation have concluded that governments can successfully implement programs and have suggested factors that appear to be associated with different outcomes. Some implementation fails to achieve its objectives because of a lack of political will or agreement. Other efforts suffer from inadequate funding or authority. Policy goals in one area, such as environmental protection, for example, must compete with social welfare, economic, and other policy objectives. Unintended consequences pervade policy implementation efforts. These and other challenges often result in programs failing to achieve the goals established for them.

Program evaluation is an essential part of the policy-making process, but its expectations of objective and scientific analysis are difficult to satisfy.

—*Gary Bryner*

See also Evidence-Based Policy; Policy Analysis; Policy Development

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PROPERTY RIGHTS

Property is best understood as a set of rights (or entitlements) to assets. Although most definitions of property follow the Roman tradition in emphasizing

the relationship between people and things, it is more accurate to think of property rights as a complex group of relationships among people with respect to things, because property rights impose obligations on nonowners as well as conferring rights (and sometimes obligations) on owners.

Property has taken on a wide range of forms across cultures and across time. In all its forms, however, property is a political institution. It allocates authority over assets to individual people, groups, or legal entities comprised of individuals. Those who possess that authority have greater freedom of action within the range or sphere of their authority than they do outside it as well as greater freedom (within that same sphere) than others.

Property is distinct from possession. Possession is a de facto relationship of control between people and things that need not entail recognition or acceptance by others. Property is a relationship of control, whether legally codified or not, that commands a significant degree—not necessarily complete—of recognition and respect by others.

The most fundamental distinction between forms of property is that between common and private ownership. The Roman historian Tacitus contrasted the system of private property that was developed in Roman society with the German practice of common ownership of land and centralized distribution of livestock. Although the practice of common ownership with respect to some things is culturally widespread and historically persistent, in modern usage the term *property* is usually applied to private property.

Three attributes define a distinctively modern form of private property that is widely viewed as the standard form and sometimes taken to be the only "true" or "legitimate" form of property. In this form, the kind of entitlement that we normally call a property right entails: (a) the right to make use of the things over which one has ownership more or less as one sees fit, (b) the right to exclude others from using the things one owns, and (c) the right to alienate the things one owns by transferring one's entitlements to those things to others.

These three attributes of this form of property rights are distinct from one another conceptually and separable from one another in practice. Moreover, each of these three attributes can be more or less absolute. For example, an owner may be entitled to absolute discretion in the way in which he or she uses his or her property, or the owner's right to use may be subject to limitations or regulations imposed by others. The same variability in an owner's discretion—in the "absoluteness" of ownership rights—applies to the right to exclude others and the right to transfer one's property to others.

The range of things over which property rights have been held is vast. It is likely that historically, the first substantial kind of asset over which property rights were held was livestock. Roman law, which is a major source of concepts and legal provisions regarding property, restricted the scope of ownership to tangible things, whether movable or immovable, and even today many people associate the notion of property closely with tangible things, especially land. For centuries, land was the preeminent object over which property rights were asserted and it remains one of the most important objects of property claims. During the past several centuries, however, intellectual property (in forms such as ownership of patents and copyrights) and financial assets have come to rival and perhaps surpass land and other tangible assets in importance as objects of property rights. It is also important to remember that for nearly the whole of human history, human beings have been the objects of legally recognized property rights, and that even today, in the absence of formal legal recognition, many human beings are subject to de facto virtual ownership.

Although the range of people capable of exercising property rights is not as great as the range of things subject to ownership, different societies (and the same societies at different times) have adopted dramatically different arrangements for conferring the right to be a property holder. Historically, many human beings have been denied the right to own property by virtue of their caste or official servile status. In Great Britain and the United States in the early nineteenth century, women automatically transferred their rights as property owners to their husbands when they married. Nowadays, legal entities such as corporations that are not human beings

(though they are composed of human beings) have the right to own property, and in many business corporations, effective control of property is distinct and separated from the legal right to benefit from property.

The institution of private property has been the subject of both withering criticism and vigorous defenses for centuries. Writers like Thomas More and Leo Tolstoy have suggested that private property is the root of all evil, while John Locke, David Hume, and G. W. F. Hegel have portrayed it—for very different reasons—as an indispensable aspect of any good or fully developed human life. The belief that one of the principal tasks of good government is to protect a clearly and authoritatively defined system of private property rights is widespread today, for good reasons. Property rights that are well defined and secure give people strong incentives to use assets productively. They also make it possible for people to exchange assets efficiently, which helps ensure that resources are put to their best possible use and results in a highly productive division of labor. Yet severe problems are likely to arise if private property rights are treated as if they were absolute or near absolute. The most serious of these problems is that strictly enforced systems of private property rights are virtually certain to lead to highly unequal distributions of assets, which in turn can make it difficult or impossible for people to satisfy their basic needs, especially in societies that are relatively poor or in times of economic contraction. In severe cases, these maldistributions often result in famine and starvation, outcomes that could be prevented by governments by abridging or relaxing the security of private property rights.

—David C. Johnston

See also Capitalism; Human Rights; Liberalism; Market

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PROTECTIONISM

Protectionism refers to all strategies used by countries to prevent the importation of goods and services, thereby protecting domestic industries and jobs from foreign competition. There is great variety in the methods used by governments to this end, but the most common form is the application of tariffs (taxes applied on goods as they cross national borders). Neoclassical economic theory views all forms of protectionism as economically damaging, other than in exceptional circumstances. Drawing from this theory, a central purpose of the World Trade Organization (WTO) and the General Agreement on Tariffs and Trade (GATT), which preceded the WTO, is the reduction of protectionism by member states. Outside liberal theory, targeted protectionism has been advocated as a means of fostering industrialization through the protection of infant industries until they are able to compete with foreign suppliers.

Neoclassical Economic Theory

In neoclassical economics, protectionism is seen to be economically damaging to both the world economy and to the country applying the protectionist measures, except in limited circumstances. By increasing the prices of imported goods, tariffs raise prices for consumers and raise profits for domestic producers. Protecting inefficient domestic businesses poses a net cost to the country as it diverts investment away from where it would be most productive. Adopting a policy of free trade would allow consumers to purchase cheaper imported goods and would in turn lead, through the market mechanism, to a shift in domestic investment away from inefficient industries to those industries in which the country has a comparative advantage. Liberalization of a country's trade policy is

therefore economically beneficial but politically difficult, as the benefits are thinly spread among consumers, while a vocal and frequently politically powerful minority group comprised of the owners of the protected industries and their employees are harmed. The lobbying power of these groups is seen in liberal thinking to be the force behind the introduction and maintenance of trade protection.

Economic Nationalism

Protectionism plays a different role in the school of economic nationalism (sometimes known as mercantilism or just protectionism). Here, economic efficiency is subordinated to other political and economic goals, principally that of fostering industrialization through the protection of infant industries in key sectors. It is generally envisaged that once an industry has been established and is able to compete in world markets, the protection should be withdrawn, although in practice this has not always happened.

This policy was used extensively by the United States in the nineteenth and early twentieth centuries to protect industries unable to compete with British exports. After World War II, developing countries adopted a protectionist strategy in an effort to increase their production of manufactured goods and decrease their reliance on the export of primary products. Two strategies were used: import substitution, particularly associated with Latin America and India, in which imports are replaced by domestic production under the protection of high tariffs or quotas, and export-led growth, pursued by the newly industrialized countries (NICs) of East Asia, in which targeted protection is used to nurture export industries.

Import substitution is widely regarded as having been a failure. Heavily protected industries not subject to foreign competition grew to be inefficient and uncompetitive. Consumers paid more for goods of worse quality than those available on the world market. The NICs, by contrast, saw a rapid rise in living standards and a large growth in their manufacturing industries. These developments led in the late 1970s and 1980s to a shift away from import substitution to a more export orientated method of development.

Types of Protectionism and WTO Regulation

Politicians have traditionally shown great creativity and imagination in developing new forms of protectionism. These include, but are by no means limited to, quantitative restrictions, by which countries set quotas for imports of a given product, traditionally a feature of trade in textiles and clothing; subsidies to domestic producers, a feature particularly of trade in agriculture; voluntary export restraints (VERs), by which a country agrees (frequently as a result of political coercion) to limit their exports of a given product; and legislation favoring domestic producers.

WTO legislation forbids the use of quantitative restrictions and requires that these be converted into tariffs, except under certain limited circumstances, such as Article XII allowing the imposition of quantitative restrictions by a country facing balance of payments difficulties. The use of subsidies is somewhat more complex. Three types are identified: prohibited subsidies, comprised of those that are most trade distorting, such as export subsidies; actionable subsidies, which are permitted but with the caveat that if their use has adverse effects on another WTO member, consultations, countervailing duties, and dispute settlement procedures may be initiated; and nonactionable subsidies, which are not targeted to benefit a specific firm or industry and are, therefore, the least trade distorting.

The early GATT Rounds concentrated on reducing tariffs, with significant success. During the 1960s there was a move by developed countries toward what was termed "new protectionism," characterized by a greater use of nontariff barriers (NTBs), such as restrictively severe health and safety checks, license requirements, VERs, and lengthy administrative procedures. These were directed primarily against the exports of developing countries, partly in response to the challenge posed to developed countries by the rapidly industrializing NICs. Efforts were made to address the use of NTBs starting in the Kennedy Round (1963–1967), but were more substantial in the Tokyo Round (1973–1979) and the Uruguay Round (1986–1994), initiating a significant extension of the coverage of GATT rules away

from border issues (i.e., measures applied to products as they cross borders, such as tariffs) to member states' domestic legislation.

—*James Scott*

See also World Trade Organization

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PUBLIC ADMINISTRATION

The term *public administration* encompasses a vast range of issues and activities. One way of grasping this diversity is to distinguish between two sets of questions: How public authorities are organized and how they seek to act within societies through making and implementing public policy. In short, public administration is about the state "in action" and "in interaction." Traditionally the organization and the action of the state have generally been seen as coterminous with the concept of government. Over the last thirty years, however, an increasing number of academics, experts, and practitioners have begun to differentiate between public administration that is government and that which they label governance. According to this view, (Western) societies and economies have been transformed to such an extent that public authorities have been obliged to change both their internal modes of functioning and the way they engage with nonstate actors. More precisely, proponents of the concept of governance consider that it not only encapsulates changes in public administration

itself but acts as a catalyst to the transformation of state-society relations.

These contentions about the relationship between public administration and governance will be examined in two parts. The first sets out to discover how and why governance has so frequently come to be used as a narrative with which to describe, and often rationalize, a range of "new" public policies and state-society relations. The second part of this article looks more closely at how, more recently, governance has been used as a means of explicitly inciting policy and political change. In both parts, the interplay between academic and practitioner usages of governance is highly important. Indeed, in introducing a range of issues that are dealt with in more detail elsewhere in this volume, the principal claim made here is that avoiding confusion between "governance as narrative" and "governance as an agenda" constitutes a central challenge for both public administration as an activity and public administration as an academic discipline.

Governance as a Narrative for Public Administration

As Mark Bevir and Rod Rhodes underlined, public administration can and should be understood in terms of narratives. Such an approach explains social action by identifying the links between beliefs, preferences, intentions, and actions. Indeed, narratives explain actions through analysis of the beliefs and preferences of the actors involved.

From this perspective, governance has most certainly become the dominant narrative within which contemporary public administration has come to be described and analyzed. As such, the term *governance* synthesizes a series of perceived and real changes in the way public authorities are organized and organize themselves to interact with representatives of civil society. In so doing, governance is simultaneously used to explain new modes of public policy making and implementation. Based on both these sets of observations, a central hypothesis in theories of governance is that contemporary politics features an increasingly wide range of public bodies on the one

hand and, on the other, more contact between these bodies and representatives from civil society.

Governance as Coordination Within and Between Public Authorities

An initial use of the term *governance* concerns a perceived need for greater intra- and interorganizational coordination.

Within individual public administrations, governance is frequently used by practitioners to describe situations where they are increasingly obliged to inform, consult, and negotiate with representatives of other parts of the same administration. In terms of analysis, this trend can be seen as public authority coming to terms with one of the basic claims of organizational theory: Administrations are differentiated units of collective action that possess bounded rationality, have limits upon their legitimate authority but also contain actors who often contest these limits. In other words, any public administration is fragmented in ways that can hamper its overall coherence and effectiveness. As we shall explore later in this text, over the last three decades, most national governments have tried to mitigate such effects by promoting a variety of new coordination mechanisms. In this respect, as Rhodes has repeatedly underlined using British examples, it is important to focus upon how the discourse of governance has been used to justify reforms made in the name of new public management or "joined-up government." In other words, governance has become a relatively standardized account and even explanation of networking and socialization within individual units of public administration.

If governance has thus been used to understand intra-administrative segmentation and encourage quests for greater cohesion, it has simultaneously been employed in order to encourage more effective coordination between public administrations. More precisely, governance here denotes attempts to improve intersectoral and interterritorial coordination.

Intersectoral coordination has come to be seen as an increasingly serious challenge for public administrations because of the way many public problems have come to be framed. At least according to the governance narrative, until the 1970s, public administration was essentially structured around sectoral policy goals and instruments. For example, the aim of ministries of agriculture was to improve the productivity of farmers while the ambition of ministries of industry was to stimulate that of industrialists. If such targets have not necessarily disappeared, the governance narrative underlines how an increasing number of cross-sectoral issues have made their way to the forefront of political agendas. Among the most prominent of these are the liberalization of markets using competition law, fighting pollution through environmental policy instruments, and improving the physical well-being of populations through public health campaigns, programs, and legislation. Setting up and running polices to attain these goals forces sectoral administrations to work with transsectoral bodies (e.g., environment ministries) and to deal more directly with administrations representing other sectors (e.g., health ministries working with ministries of agriculture). In some cases, the office of the prime minister has been strengthened in the name of intersectoral governance. In other cases quasi-governmental agencies, such as monopolies commissions, have been set up to foster intersectoral coordination. In all such instances, governance is frequently used to describe the greater interdependence and needs for coordination that result when public problems are framed or reframed from an intersectoral angle.

Interterritorial coordination has become an increasingly central part of contemporary politics for two reasons. Firstly, many Western polities have undergone varying degrees of change in their center-periphery relations. Labeled decentralization (France), devolution (the United Kingdom), *autonomisation* (Spain), or new federalism (United States), the relocation of powers and responsibilities that these processes have entailed has engendered the building of new mechanisms for political and policy coordination that have frequently been labeled governance. Second, over the last few decades, many states have become members of "international regions," such as the European Union (EU) or MERCOSUR, the EU's South American equivalent. Coordinating supranational and national

administrations is a constant challenge for these new political entities. At least in the EU's case, this challenge is intensified by the need to simultaneously take into account the views of subnational public authorities. In this context of multilevel governance, traditional forms of organizing public administrations are constantly put to the test during both the setting and implementation of public policy.

Governance as Coordination Between Public and Private Actors

However, governance's organizational challenges certainly do not find their roots solely in demand for better coordination between public bodies. Indeed, for most specialists of this subject, governance is even more about managing linkages between public authorities and nonpublic actors in general, and representatives of business in particular.

As the literature on policy networks has consistently underlined, public administrations in Western democracies have always governed in association with groups representing sectoral or transsectoral interests. As the pluralist versus neocorporatist debate of the early 1980s served to highlight, states were engaged with such groups within widely differing patterns of interaction and interdependence. The United States was traditionally seen as the ideal type of pluralist state-society relations, wherein a plethora of interest groups fed political demands into a fragmented state. An opposing, neocorporatist model was provided by 1970s West Germany, where a relatively united state negotiated with a small number of "peak" business and labor organizations. Despite such variations in state-society relations, in nearly all national cases, the level of consultation was such that public policies were often coproduced or even comanaged. In exchange for their expertise and policy-making support, administrations readily provided a select range of interest groups with information and access to decision-shaping arenas. In short, as political science has consistently underlined, public policy making has essentially been carried out by relatively small, closed, and discreet policy networks or policy communities.

Of course, high degrees of collaboration between state and interest group actors have not always been widely and openly accepted. In France, lobbying is officially outlawed and seen by many as a threat to the very authority of the state. In the United Kingdom, between 1979 and 1997, successive conservative governments introduced an initial wave of neoliberalism that often depicted such levels of contact between public administration and interest groups as inefficient and even illegitimate. Notwithstanding these examples of resistance to "horizontal" coordination between agents of public and nonpublic bodies, such practices have increasingly been normalized as part of contemporary democracy. Indeed, the narrative of governance has played a major part in this process of naturalization.

If the governance narrative has allowed and encouraged public administrations to be more open about their relationship with interest groups in general, it also has links with the way in which the involvement of a particular set of interests—those of business—are now publicly acknowledged and discussed. At the municipal level, the role of business in local governance has become an increasingly important subject of debate and analysis. First, local government has increasingly turned to private industry in order to match funding it receives from national or European budgets. Second, real estate companies or building contractors often become partners of local government when engaging in urban renewal projects. Third, in many countries, services previously provided by local authorities have often been privatized or outsourced to private companies operating on medium- to long-term contracts. Indeed, the latter development has also occurred at national levels. For example, ministries of defense in countries such as the United Kingdom have outsourced much of the day-to-day management of resettlement policies, vehicle maintenance, and even the guarding of operational bases.

As representatives of business have come to be considered more acceptable and even desirable voices in public life, in many countries, their overall role in national and international public affairs has been the subject of a new legitimating discourse in which the

term *governance* has played a prominent part. For some commentators, this rediscovery of business as a public actor simply reflects the change in economic and social structures that has resulted from the globalization of markets. For others, the views of representatives of business are heard better in public administrations because neoliberal ideology has come to shape what public actors think they can and cannot do.

In summary, governance as a narrative considers that the administration of public affairs has shifted away from vertical hierarchy toward more horizontal forms of coordination. More state, local government, and private actors are involved in this process, each having a more equal public voice. Whether such claims are actually reflected in reality is open to debate. Some actors are still clearly more equal than others. Nevertheless, an increasing number of public administrations have recently committed themselves to moving in the direction of governance, thus setting themselves and other stakeholders a political agenda to which we now turn.

Governance as an Agenda for Public Administration

Over the past ten to fifteen years, governance has increasingly been used by a variety of public bodies as a central part of an agenda for the reform of public administration. By making public decision making more open and accountable, good governance has been used as a synonym for both greater democracy and greater efficiency. Chronologically, this trend stems from analysis of government and governability failure, which began in the 1970s. Following an initial period of diagnosis, governance then came to be seen as an antidote by international organizations such as the World Bank and the Organisation for Economic Co-operation and Development (OECD). It subsequently began to be used in the domestic politics of several nation states (e.g., British local government reform in the late 1990s) before becoming the watchword of the European Commission. Rather than simply list the definitions of governance that have emerged in these different contexts, this section analyzes a number of

common themes that fall under two headings: the way public administration should formulate public policy and the way it is managed in order to implement such goals. As shall be underlined in the following sections, changing the way public officials think about themselves, their respective organizations, and the way they relate to civil society has been striven for not only by spreading a discourse about governance, but also by modifying laws and longstanding organizational practices.

Reforming Deliberation Over Public Policy

According to those who see governance as an agenda for public administration, major changes need to be made in the way public authorities go about setting public policy goals and instruments. Rather than making policy by imposing their views upon other public bodies and private actors, these authorities are instead required to change the way they consult, reflect upon, and discuss public problems and options for action.

Better consultation is the first item usually placed upon this part of the governance agenda. Under this heading, public authorities are supposed to become both more transparent and better able to listen to societal demands. Transparency is to be attained partly by providing more information to both the general and specialized publics about what public authority is doing, would like to do, and why. Web sites are often cited as a means to this end, but many public bodies are now going much further by organizing more public meetings and events that encourage citizens to voice their opinions upon policy issues. Over the last ten years, the European Commission has provided a prime example of an organization that has consistently sought to enhance its legitimacy by becoming more transparent in this way. However, as the example of the Commission again testifies, transparency also means that the decision-making processes of public bodies are supposed to become more open to scrutiny. Rather than decisions being made by secretive committees or cozy policy networks, wider access to negotiating arenas is now supposed to be the norm. In short, although systematic consultation of interest

groups is seen as part of transparent governance, this is only so if groups are consulted equitably and all voices, regardless of their respective power resources, can make themselves heard.

Forms of governance that are transparent are, in turn, supposed to foster processes of reflection about public problems and policy options that are informed by more systematic and accurate forms of data than had been the case hitherto. In this regard, over the last thirty years, much faith and public finance has been invested in varying forms of policy evaluation. Introduced massively in the United States since the 1970s, in the United Kingdom in the 1980s, and across continental Europe a decade later, evaluation is now an institutionalized part of the policy process in most Western countries. Ongoing and ex-post evaluations focus upon policy implementation and impacts (see next paragraph). Ex ante evaluations are more focused upon synthesizing existing data, making forecasts, and envisaging scenarios in order to encourage more informed debate over the choices for public policy that need to be made. As part of its better regulation agenda set in 2000, the European Union has even gone so far as to try to systematize this type of evaluation into the way it makes all its policies. Labeled an "integrated impact assessment system," policy development is to be assessed through evaluations of likely economic, social, and environmental impacts. This EU scheme has yet to be fully adopted, but other, equally ambitious, national and local initiatives have already shown that impact assessment implies opening up discussion of the likely effects of public decision making to debate with an increased number of stakeholders. It also means that under conditions of good governance, policy formulation processes should produce sets of criteria, or even indicators, against which the actual implementation of public action could subsequently be measured.

The third and final dimension of the governance agenda devoted to improving public deliberation concerns the actual discussion of options for public policy. In some countries and regions, referenda are now used more frequently in order to actually take decisions. Such set piece events also provide a means of concentrating and organizing public debate, in particular through attracting the attention and use of the media. A second means of encouraging public deliberation is to reinforce the commitments of public administrations to consult the federal government and subnational assemblies. For some actors and commentators, governance is therefore also about revitalizing and modernizing representative democracy. A third means of encouraging more open deliberation during public decision taking is through developing partnerships of public bodies. Under such conditions, each organizational partner contributes in some way to the policy in question (usually through matching funding but sometimes by providing personnel). As their name implies, partnerships are supposed to encourage consensual-type negotiations and the committed engagement of each partner. A prime example of such arrangements is the local monitoring committees, which put the EU's regional development policy into practice. Now part of an EU-wide governance agenda since the reform of this policy in 1988, these committees have been supposed to enhance policy deliberation and give greater responsibility to local actors.

Whether partnerships actually function in accordance with these objectives is open to debate. Indeed, notwithstanding the aforementioned process, changes made in the name of governance, in most instances final decisions over public policy are still usually made in negotiating arenas where public access is limited and attempts to end secrecy usually result in failure. A case in point here is the EU's Council of Ministers. For years, journalists in particular have asked for the right to attend meetings of this body. Although limited access now seems likely to be granted, only the most naïve of commentators believe that key decisions will not, at least in part, be the result of behind-the-scenes bargaining.

In summary, the proponents of governance as an agenda for public administration are firm believers in what has been labeled "the deliberative turn" in contemporary politics. Making public policymaking more of a dialogic process means organizing public administration and its relations with civil society in new and often novel ways. But it also means inventing

alternative methods of implementing public action once policy goals, instruments, and targets have been set.

Reforming the Management of Public Policy

Research has conclusively shown that the introduction in many Western countries of a discourse and practices labeled new public management dates from the early 1980s. Administrative techniques initially imported from the private sector have steadily been translated into procedures for managing public organizations and policy programs. Along the way, governance has emerged as a more openly political discourse with which to legitimate and give meaning to changes in implementation procedures that include three processes in particular: contracting, monitoring, and evaluating.

Contracting is a procedure that formalizes processes of negotiation and the commitments made once final decisions are taken. As we have seen in the previous paragraphs, establishing contracts between public administrations and private contractors constitutes legally binding ways of structuring and providing services. Over the last thirty years, however, contracting has increasingly become a technique whereby different public authorities set out new operating procedures that define how they relate to each other. This is particularly so in the case of relations between central and local governments. In many countries, these relations used to organize themselves multilaterally around the annual negotiation of transfers of finance from the center to the periphery. A case in point here has been the British system of block grants calculated essentially on a per capita basis. In polities undergoing processes of decentralization, more individualized forms of negotiation have often emerged and contracting has been their principal method. French examples of state-region and state-city planning contracts provide a clear-cut example of this. Under this form of governance, both local and central partners are supposed to make cases for more or less joint finance on the basis of clearly identified projects, such as the building of roads or schools. In so doing, contracting not only acts as a financial security and

discipline but also allows the "rules of the game" between individual local governments and the center to emerge and consolidate.

Once in place, contracted agreements on public action then give rise to a second technique on the governance agenda: policy monitoring. Of course, public administrations, and central governments in particular, have always sought means of verifying that commitments to implement policy are actually met. What the governance agenda seeks to do is to systematize procedures for following up on policy decisions. In so doing, it frequently finances the setting up of new information collection systems as well as new ways of presenting such data. Under the banner of monitoring, new accountancy methods that are supposed to be more analytical have also often been set up (e.g., the recent French "organic finance" law: *la LOLF*). Often such reforms are introduced by finance ministries in order to save public money. In some instances, monitoring reforms can thus be disguised forms of cutting public expenditure. According to the governance agenda, however, being clearer about how public finance is spent is ultimately about making public administration more accountable to citizens.

A third and final method of public management that has been firmly linked to the governance agenda is policy evaluation. When used during (ongoing) or after (ex-post) implementation, evaluation is supposed to generate data and analysis about the impact of public policy upon societal problems. In theory, the results of evaluations of policy impact should be fed back into the policy-making process in order to both improve implementation and incite informed discussion about whether or not to persevere with the policy instruments concerned. Again, the governance agenda sees evaluation more as a process than as either a formal procedure or an end in itself. Indeed, as specialists of evaluation underline, in order for evaluations to have any hope of influencing decision making, they must be clearly differentiated from financial audits. Moreover, administrators, politicians, and other stakeholders must be made to feel engaged in the evaluation process from the outset and not just as passive recipients of reports concocted by external consultants. In other words, as so often happens under the

governance agenda, the question of "ownership" of political processes is implicitly raised whenever public administrations set up evaluations.

In summary, the governance agenda encompasses techniques that modify the way actors within and without public administrations are now expected to behave. In this way, each of these techniques, at least potentially, also involves altering equilibria between actors involved in the implementation of policy. This risk of change arises because the introduction of new public management techniques occurs in contexts of shifting inter- and intragovernmental relations. It also arises because governance as an agenda places all public administrations under pressure to modify the way each of them engages with representatives of interests within civil society.

Conclusion

There is little doubt that, as a narrative of public affairs, governance has changed the way public administration is considered and discussed in many Western countries. Similarly, the term *governance* has been used to set a relatively homogenous agenda for the reform of public administration in many of these polities. Considered from both angles, governance therefore consistently appears both relatively new and to have been a catalyst for change. However, to date, much less evidence exists to show the extent of change wrought under the banner of governance and to what degree its discourse and practice have actually been the prime causes of such change. Notwithstanding its claim to replace vertical and hierarchical government, the narrative and practices of governance cannot bring disequilibria of power to an end. Robert Dahl's question—"Who governs?"—is thus still as pertinent as when his seminal work was published in 1961. Rereading Dahl also reminds us that horizontal or polycentric forms of governance are far from original. Indeed, even in contexts of governance the question "Who governs?" leads quite naturally to two others: "Can one steer contemporary polities?" and "How can such steering be conciliated with the constraints of democracy?" Only in-depth research into the workings of contemporary public administrations can provide solid answers to these questions. Throughout the rest of this encyclopedia, definitions and interpretations of how governance fits, or fails to fit, with public administration provide valuable signposts with which to encourage social scientists to aim their empirical investigations in this direction.

—Andy Smith

See also Audit; Bureaucracy; Executive; Governance; Legislature; Public Sector

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Public Choice Theory

Public choice theory is a subfield of rational choice theory that was originally articulated in James M. Buchanan and Gordon Tullock's *The Calculus of Consent* (1962). This school of thought claims that the traditional domain of political theory, that is, constitutional design and electoral processes, is better understood in terms of calculable self-interest. Buchanan and Tullock drew on Anthony Down's median voter theory and Duncan Black's research on single-peaked preferences to put forward their theory that all political processes are best analyzed as the product of the self-interested actions of all agents, whether public officials, voters, or political candidates. They perceived their work as injecting realism into political theory by casting into doubt such concepts as public service and public interest as meaningful motivations animating political action. In the view of public choice theory, any bureaucratic organization is best studied as being comprised of individuals striving to achieve their own ends instead of some larger social goal.

Public choice exists as both a specific school of thought pioneered by Buchanan and Tullock and as a more pluralistic body of scholarship, some of which is published in the journal *Public Choice*. In the early 1960s, researchers met under the name of the Committee for Non-Market Decision Making, which is a telling title for the main thrust of the then-new research initiative: to apply the idea of rational egoism to individuals' choices in political arenas not governed by monetary prices. Since economic science up until that time was concerned with scarce commodities that were exchanged in markets for objective prices, it is important to recognize that public choice theory represents a break with economic analysis. Public choice is doubly innovative: for applying the idea of calculable, rational self-interest to political actors, and for breaking free from the confines of viewing economics as the science of constricted maximization of purchases under a budget constraint.

Much research in public choice has been focused on constitutional design and legislative rules for achieving collective outcomes. Public choice theory incorporates the impossibility theorem, holding that if one starts with individuals' preferences, it is impossible to achieve any collective expression of the public good or public interest. *The Calculus of Consent* subjects decision rules to scrutiny, finding that self-interested rational actors would insist on a procedure of unanimous decision making to establish a constitution. This is because the costs of living under a constitution that do not reflect personal interests would be prohibitive; hence total agreement guarantees each individual that personal interests are secure. On the other hand, for routine legislative decisions, citizens would agree to a less-than-unanimous decision rule because the costs in energy and resources to reach any type of agreement would outweigh the possibly negative repercussions of a decision for any single person.

Public choice has extended its research to many of the problems addressed by political economy and political science: public goods, voting rules, majority voting, two-party and multiparty political systems, rent seeking, lobbying, federalism, and the appropriate role of the state.

—*S. M. Amadae*

See also Game Theory; Impossibility Theorem; Market Failure; Principal-Agent Model; Rational Choice Theory; Social Choice

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Public Goods

The notion of public goods encompasses a range of goods that markets fail to allocate efficiently because they are nonrivalrous and nonexcludable in use. Goods that have these characteristics absolutely are termed *pure public goods*. A good is nonrivalrous

when more than one person can derive benefits from its consumption when its supply does not change. As such, prices do not serve their normal allocative function. Further, a good is nonexcludable when its use by one consumer does not preclude its use by another. These two characteristics cause either undersupply by the market, as firms cannot receive a return on the investment needed to produce the good, or congestion, as too many consumers attempt to use the good. Rationally, suppliers will always prefer to allow others to invest in the production of the good and then free ride on the resulting benefits.

A classic example of a pure public good is national defense. Members of society benefit from the production of national defense. However, no consumer can exclude another from receiving the benefits, and each additional tank or plane benefits citizens equally.

Pure public goods are generally rare and economists have created a number of useful subdivisions that describe a good by its excludability and rivalrousness. Nonexcludability and rivalrousness leads to open access, common property resources, and free goods. Excludability and nonrivalrousness characterizes toll goods such as a bridge. Public goods also have a regional quality to them, and economists generally distinguish between local, regional, national, international, and global public goods.

Economists have identified two instances in which public goods may be supplied by the market. In the first case, one consumer would purchase the good no matter the free riding resulting from subsequent benefits accrued by other consumers who cannot be excluded. In the second case, if a group of consumers is small enough, pressure can be brought to bear on those who do not contribute, and each marginal contribution can make a significant difference.

In light of the free-rider problem, there are four possible strategies of intervention. The first involves government provision after collection of contributions from varied consumers in the form of taxes. One problem with this mode of intervention is that it is difficult to ascertain the amount of demand for a good and thus how much to supply. A second strategy involves government subsidies to private firms to encourage them to produce the public good. A third mode involves the

aforementioned privileged group. Fourth, the government can create excludability through legislation. Intellectual property schemes follow this model by prohibiting the free flow of information as a pure public good.

—Karthik Srinivasan

See also Contracting Out; Free Riding; Market Failure

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PUBLIC INFORMATION

Public information, in general terms, refers to that information that is universally available or that is not controlled or limited in its availability for strategic or security purposes. Public information includes records held by a public body, regardless of the form or source. The primary issue associated with the necessity of publicly available information revealing the actions of government is the assurance and maintenance of accountability and transparency, qualities deemed to be critical features of governance in a democracy. Public information allows citizens to examine the activities of a government and is the basis of informed debate about those activities.

Two fundamental tenets of democracy underlie the need for adequate public information disclosing the activities of government: popular sovereignty and the Constitutional scheme of checks and balances. From the perspective of popular sovereignty, the people cannot govern themselves in a democracy if the institutions of government can deny access to information that bears on the issues the public is supposed to decide. Secrecy, or the withholding of information, enables officials to shape policy without the input of outside individuals or groups. Moreover, the demands of checks and balances require adequate information to allow for an oversight function to take place. Secrecy allows agencies to hide mistakes or conceal misbehavior.

The historical development of the notion of public information parallels the development of the administrative state. The executive branch, starting during the Washington administration, established the precedent for the president and agency heads to manage and limit dissemination of information as a way to promote efficient and effective government. Although the systematic practice of record keeping did not become widespread until regulatory and administrative responsibilities grew dramatically in the late nineteenth and early twentieth century, the general practice of tightly controlling the availability of information continued. By the 1940s, the issues of executive secrecy necessitated in some agencies by World War II had too many aspects of administration across a wide range of agencies. Following the end of World War II, a series of federal laws were passed that provided many of the basic mechanisms through which public information regarding the activities of government was to be disseminated.

Legislative Response

Based on the theory that administrative operations and procedures are public property to which the public and not just elites are entitled, the Administrative Procedures Act (APA) was passed in 1946. The APA required federal agencies to publish information about their organization, powers, procedures, and rules in the *Federal Register,* but allowed those agencies to retain information if the public was not concerned or if the information should be, with cause, kept confidential. In 1966, the Freedom of Information Act (FOIA), which provides the basic authority and procedures for the public to petition agencies for otherwise unreleased documents, was passed. While there is a range of exemptions allowed by the FOIA that agencies can use to withhold information, it does provide the judicially enforceable right to access the records of federal government agencies. The Federal Advisory Committee Act (FACA) is intended, in part, to open federal advisory panel proceedings, purposes, memberships, and activities to wider public scrutiny. Finally, the government in the Sunshine Act of 1976 realized

the principle of ensuring open discussion prior to decisions being made by further opening government meetings to the public.

The enactment of these federal laws, as well as of their state and local counterparts, was based on and intended to advance a number of characteristics of open government. First, they are based on the presumption that government information, in any of its various forms, should be available to the public unless it is specifically exempted. Second, they build on the notion that formal process should govern the access in terms of timeliness, necessary characteristics of an appropriate request, right of appeal, or review of decisions. Third, they establish a means for a judicial review of denials or refusals that will ultimately resolve disputes. These laws serve the individual citizen by being clearly intelligible in application and effective in achieving the desired results.

Underpinning all these aspects of law and process is a fundamental assumption that the effective functioning of a democracy lies in an alert and articulate public that is active in the affairs of the state. Without that participation, a democratic government cannot be truly said to exist. It is hoped that through such processes, seemingly reasonable decisions can be arrived at, presented, argued, altered, and finally settled. However, a remaining challenge is the legitimate need to protect public information in some situations.

As is the case with many principles associated with democratic governance, tension exists between the necessity of information for ensuring accountability on the one hand, and the need to ensure secrecy or privacy in some circumstances on the other. There is a range of situations where official or public information is legitimately withheld. The need for secrecy with respect to issues of national defense or foreign relations is well established, though since the Vietnam conflict, the tensions between demands for disclosure of military activities and the need for secrecy are quite well known. Further, individuals have a constitutionally justifiable concern that information regarding their personal characteristics, associations, or activities not be universally available. Finally, private organizations expect that proprietary information regarding their operations, such as proposals for

contracts, patent applications, and other information that could affect competitive advantage be kept confidential. Although the laws previously noted contain provisions allowing agencies to respond to such privacy needs, and other legislation, such as the Privacy Act of 1974, has also been established for this purpose, the tensions between openness and secrecy will remain.

Public Information and Decision Making

Beyond the use of public information as a tool for ensuring accountability in a democracy, one further treatment of public information should be noted. Here, the issue is the nature and availability of information and the role it plays in decision-making processes. The rationale for arguing that a wide range of publicly available information be available to public bodies for decision-making purposes suggests that secrecy isolates decisionmakers and narrows the knowledge available to them for making decisions. There are at least two aspects to this rationale. First, from the perspective of democratic theory, public information would include the views and opinions of the public and extends the operation of democracy beyond narrow practices of voting. Second, extending the range of public information available to decisionmakers should have the effect of improving the quality of their decisions.

—Eric K. Austin

See also Accountability; Informationalism; Transparency

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PUBLIC INVESTMENT

Public investment is investment by the state, whether through central or local government, or state-owned industries or corporations, in particular assets. Public investment has arisen historically from state ownership, control and delivery of goods, and infrastructure or services, whose provision has been deemed to be of vital national interest. Public investment has tended to rise as a consequence of the process of industrialization and the demands created for a new infrastructure of goods and services from the accompanying large-scale movement of population from rural areas into densely populated urban communities. During the past decade, the process of privatization of industries, and the accompanying liberalization and deregulation of markets, has witnessed the growth of public investment in goods and services provided by the private and not-for-profit sectors, principally through the development of various public-private partnerships.

Public investment tends to be measured quantitatively, on an annual basis, as a percentage of total national income in a given period. It tends to be divided between capital investment in physical or tangible investment in fixed infrastructure, for example, transport, telecommunications and buildings; human or intangible investment in education, skills, and knowledge; and current investment in the consumption of goods and services, for example, welfare benefits and pensions. Public investment has tended to constitute a relatively small percentage of overall public spending, but frequently a major component of total national capital investment.

Public investment has been justified both on the grounds of economic theory and political ideology. In economics, public investment has been justified because of the existence of certain public goods and natural monopolies that, if held under private ownership, would result in an inefficient allocation of resources because of potential overcharging and underinvestment. Public goods refer to those goods and services that the market would find difficult or impossible to invest in or provide profitably because of the existence of externalities, that is, costs and

benefits that could not be captured exclusively by the goods provider. Primary examples of public goods are the maintenance of law and order, the security and defense of a particular territory, and the provision of clean air and a sustainable environment. Natural monopolies are those goods and services for which the cost of provision is so vast that only one supplier can economically invest in the necessary infrastructure of supply and where the costs of market entry are prohibitive for rival suppliers. Primary examples of natural monopolies are the supply of electricity, clean water, and sewage.

In politics, public investment has been justified because of the desire to achieve a variety of political objectives, notably the guarantee of national security, the protection of property rights, and the maintenance of the rule of law, rising educational and health standards, national economic development and full employment, a cleaner environment, collective ownership of the means of production, and greater equality in the distribution of income and wealth.

The growth of public investment was driven during the nineteenth century by the demands of industrialization and the need to provide a physical and human infrastructure to accommodate the rapid movement of population from rural areas into cities. Friedrich List identified the critical importance of public investment for any industrializing economy wishing to develop its national productive powers sufficiently to be able to catch up to its more advanced competitors. Public investment was seen not only as a vital source of investment in factors of production, but also as a prime mover of the independence, power, national unity, and sense of common purpose of the nation concerned.

During the first half of the twentieth century, the role of public investment was expanded by the demands of the warfare state during the two World Wars and during peacetime by the demands of the welfare state and the insights provided by the political economy of John Maynard Keynes. The experience of mass unemployment and poverty during the 1920s that had been exacerbated by the stock market crash of 1929 and the ensuing Great Depression had convinced Keynes that wages, interest rates, and prices would

not spontaneously adjust themselves to deliver full employment. The amount of effective demand in an economy arising from investment and consumption might not be sufficient to yield a level of output sufficient to produce jobs for everyone. Through a large-scale extension of the traditional functions of government, Keynes saw that governments could borrow money to finance public investment, which in turn would have a multiplier effect on the level of private investment, demand, and confidence among firms and consumers.

A Keynesian social democratic consensus about the central role of public investment in delivering postwar recovery, full employment, and enhanced public welfare was prominent in many industrialized economies from 1945 until 1970. At the same time, public investment played a central role in the political economy of the developmental states that shaped rapid industrialization in East Asia. In particular, the World Bank has highlighted the importance of sustained public investment in primary and secondary education as a key agency of high and rising endowment of human capital for rapid economic development and improved productivity in the high-performing Asian economies.

From the mid-1970s, the coincidence of slower economic growth and rising inflation and unemployment fostered an ideological assault upon the principle and practice of public investment in the United States and the United Kingdom from proponents of the New Right as part of a broader political project to roll back the frontiers of the state. Public investment was deemed to have crowded out private investment and promoted a less-efficient allocation of resources than could be achieved by transferring the ownership and control of nationalized industries and public utilities to the private sector. Furthermore, public investment was held to have undermined enterprise, entrepreneurship, and consumer choice, and fostered a dependency culture among the communities and sectors of the economy that had become overly reliant upon it as a source of income.

In theory, by privatizing public assets and transferring responsibility for investment from the public to the private sector, it was held that a number of key

policy objectives would be accomplished. First, investment would be depoliticized and new markets would be created for private capital. Second, investment would be allocated more efficiently and more profitably, thereby promoting freedom, consumer choice, and improved national economic performance, through reduced state borrowing and enhanced productivity. Third, the power of public-sector trade unions would be reduced and the frontiers of a property-owning, share-owning democracy simultaneously advanced.

In practice, there is little evidence that the transfer of assets from the public to the private sector has enhanced the overall pattern of investment in public goods and services, especially in mature economies, such as the United Kingdom with a long track record of underinvestment in tangible and intangible assets. Public investment had originated because of a market failure to invest sufficiently. As recently as 1967–1968, public-sector net investment had been as high as 7.1 percent of the gross domestic product (GDP).

The transfer of assets to the private sector simply threatened to repeat the underinvestment of the past. Consequently, following the large scale privatizations of state assets during the 1980s, UK public-sector net investment declined by an average of more than 15 percent between 1991–1992 and 1996–1997, accounting for only 0.6 of GDP in 1996–1997, the lowest level of public investment for more than a decade. Rather than resulting in an increase in overall investment in public services and infrastructure, by 1997 privatization had resulted in a backlog of repairs and maintenance, estimated at around £7 billion in Great Britain's schools and £3 billion in the National Health Service.

Public-Private Partnerships

Although public investment, financed through the conventional taxation of individuals and businesses, remains the principal means of providing public infrastructure and services in the major industrialized economies, the past decade has witnessed an increase in innovative uses of private finance to fund public goods and services.

Public-private partnerships (PPPs) have been introduced with the intention of enhancing efficiency, equity, and accountability in the delivery of public services, and harnessing the skills of the private sector in the design and management of major capital projects. PPPs have taken a number of forms. They have involved the introduction of private-sector ownership into state-owned businesses; the purchasing of public services from private-sector partners, with the latter assuming responsibility for delivering investment in better quality services; and the sale of government services into wider markets with a view to exploiting the commercial potential of investment in government assets.

The dividend for public investment from PPPs, in terms of increased efficiency, value for money, and the transfer of risk from the taxpayer to the private sector, has been limited. Although the private sector has taken on responsibility for major project performance risks (such as cost overruns and delays), nevertheless, the key risks in investment projects have remained with the public sector and taxpayer. Furthermore, the capacity to assess the actual risk transfer has proven problematic because of the multitude of risks to which PPPs have been exposed and because of the sheer complexity of PPP contracts. At the same time, the transfer of investment from the public to the private sector has raised questions about the detrimental impact upon working conditions and terms of employment for public servants involved in PPPs, especially in relation to pension provision.

Under the British government's flagship Private Finance Initiative (PFI), the number and total capital value of PFI projects has increased from nine projects with a total value of £667 million in 1995, to sixty-five projects with a total value of £7.6 billion in 2002. However, during the same period, gross public-sector investment rose from £17.3 billion in 1997–1998 to £33.4 billion in 2003–2004. Thus, conventionally procured public investment still accounts for more than 85 percent of total public investment. The share of private-sector investment in public services remained relatively constant, at between 10 and 13.5 percent of total investment between 1998–1989 and 2003–2004. While the British government has been able to point

to a trebling in public-sector net investment from 0.7 percent of GDP in 1996–1997 to 2.1 percent of GDP by the end of 2005–2006, this increase has arisen overwhelmingly from increased investment by the taxpayer rather than from the private sector.

While privatization and the introduction of PPPs may have inflicted measurable short-term damage upon both the quantity of investment undertaken in public services and the overall quality of services delivered, greater and more intangible long-term damage may have been inflicted upon citizenship and the underlying idea of the public domain. The introduction of private-sector management techniques and market-driven reforms into the public domain, and the attendant triumph of consumerism over citizenship may have fatally undermined public confidence in the efficacy of public investment and the broader ethos of public service, equity, and civic duty. Without such public support, a vital source of democratic citizenship and a shared sense of political community may have been lost permanently.

Investment for Development

The role of public investment in the political economy of development has been the source of major contention in recent years. On the one hand, public investment was identified by the United Nations (UN) as a key component of the March 2002 Monterrey Consensus for financing the development of the lesser-developed economies. To further the common pursuit of growth, poverty eradication, and sustainable development, the UN has agreed upon the need for public resources to be mobilized effectively for investing in basic infrastructural needs, such as education, health, nutrition, shelter, and social security programs. Subsequently, the UN's Millennium Project has suggested that, for the poorest countries, an increase in public investment is vital, not only to meet certain critical needs but also to increase private investment held back by the lack of infrastructure, service delivery, and a healthy, skilled labor.

On the other hand, while both the International Monetary Fund (IMF) and World Bank have emphasized the importance for effective structural adjustment

of country ownership and participation in recent years, the conditionality attached to their Poverty Reduction Strategy Papers for medium-term development has attached an increasing importance to the privatization of water supply and other public utilities. For example, in 1999, while a civil war in Sierra Leone was still raging, the IMF was advocating the privatization of the country's utility sector. In 2001 and 2002, similar conditionality was attached to Sierra Leone's receipt of aid and participation in debt relief. However, privatization has met with fierce political resistance, both from domestic interests and from nongovernmental organizations, because of their legitimate fear that vital public services such as water and power supply will no longer be affordable.

Despite an increasing emphasis upon the importance of entrepreneurship and investment by the private sector, the role of public investment is still widely seen as being vital if the international community's Millennium Development Goals (MDG) are to be achieved by 2015. To achieve the MDG, the UN has estimated that public investment in Official Development Assistance (ODA) for direct MDG support will need to rise from $16 billion in 2002 to $73 billion in 2006 and $135 billion in 2015. Total global public investment in ODA will need to double from $69 billion in 2003 to $135 billion in 2006 and $195 billion, according to UN figures. The UN Millennium Project has identified the goal of combining public infrastructure investments and human capital with market-oriented economic policies in order to ensure private-sector growth. It has further suggested that, once developing economies become richer, they will be able to finance an increasing share of their core infrastructure services from the private sector. However, the evidence of PPPs in industrialized economies suggests that for the foreseeable future, public investment will remain the primary source of funding for vital public goods.

Public investment therefore remains critical for the provision of the core investments in infrastructure and human capital in both the industrialized and industrializing economies, which will enable people to be empowered with the political, economic, and social rights that, in turn, enable them both to participate in

the global economy and promote their own human development.

—*Simon Lee*

See also Citizenship; Investment

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PUBLIC OPINION

The most popular meaning of public opinion refers to the beliefs, attitudes, and preferences prevailing among the members of a given community. Although public opinion is often personified, it is, in fact, a random aggregation of individual opinions that are lacking any internal coordination. The influence of the concept of public opinion arose with the growth of modern democracies, with their expanding electorates in the twentieth century. Polling citizens' prior to presidential elections in the United States started as early as 1904, but the rapid growth of the industry of public opinion research took place after World War II. Increased literacy, improved means of communication and the emergence of mass consumerism made public opinion research an indispensable tool for politicians, but also for advertising and marketing experts, who needed to know what most of the public thinks. Nowadays, market research is a multibillion-dollar worldwide industry, and using public opinion polls to monitor satisfaction with government activities and to inform electoral campaigns are standard practices.

Growth of interest in public opinion resulted in the emergence of various methods of interviewing respondents, as well as methods of sampling of who is to be interviewed. Different types of questions and wordings have been invented to most accurately measure subtleties of opinions and beliefs. The most popular surveys are either face-to-face or telephone/mail surveys aimed at random or quota samples. Random polls involve interviewing randomly selected members of a population: As each of them has a known probability of being selected, the error resulting from under- or overrepresentation of certain types of individuals can later be taken into account. Quota polls are based on samples that reproduce the social distribution of individuals in the population. Both methods are aimed at reconstructing opinions that would be representative for the general public. The establishment of *Public Opinion Quarterly* in 1937 brought official acknowledgment of public opinion research as a part of the social sciences. Since then, public opinion surveys are a recognized source of data for research in the social sciences, particularly in sociology and political science.

While the knowledge of public opinion is certainly an important cue for assessing relevancy and adequacy of governmental policies, it is important to remember that public opinion is susceptible to manipulation, especially by the media. So-called persuasion, when the tone of information coverage causes shifts in public opinion, and agenda setting, when media's attention makes the public see a given issue as particularly important, are among the most common strategies of influencing public opinion. It is also known that negative information has a stronger effect on public opinion than positive news, which, in turn, affects the choice of campaign strategies.

—*Natalia Letki*

See also Civic Engagement; Legitimacy; Participation

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PUBLIC-PRIVATE PARTNERSHIP

While public-private partnership (PPP) is an ancient phenomenon, scholars did not pay serious attention to analyzing it before the late 1980s, probably because its use became widespread in public administration and management during those years in both developed and developing countries. Today, a large variety of PPPs are contributing to the design and implementation of public policies, and it seems there will be a strong trend for greater use of partnership in the future. Even so, there is much debate on this topic, especially regarding what constitutes a genuine PPP and also regarding the costs and benefits of partnerships.

Definitions

At first, it has to be said that *partnership* is one of those catchall terms that may be used to convey all kinds of different meanings. On the one hand, some people consider any kind of relationship to be a partnership, and on the other hand, some genuine partnerships may be designated by other words. In France for instance, in addition to practitioners (in the financial sector in particular), the only academics to have used the expression PPP are economists and town planning specialists. French lawyers refer more willingly to "outsourcing administration of public services" (more restrictive than PPP), and political scientists refer to the "co-production of public policy or negotiation of contractual policies" (which has a broader meaning). However, the expression PPP is becoming more generalized as the phenomenon has grown.

According to dictionaries, partnership's most basic definition is any business or institutional association within which joint activity takes place. A PPP can be discerned from the moment such associations bring together one (or more) public organization(s) and one (or more) private organization(s) of whatever formal status, and they agree to act in concert. PPPs embrace public-sector partnership with both business and organizations in civil society, including community organizations, voluntary organizations, and nongovernmental organizations (NGOs).

The point is that one should not consider partnership as simply an equivalent to any contractual relation. Although such relationships are sometimes labeled partnerships by the parties concerned, when they are based simply on the traditional contracting principles of management, monitoring, and enforcement of a detailed specification contained within a legally binding agreement, they do not constitute genuine PPPs. The main reason for which not every contract between a public authority and a private-sector service provider constitutes a PPP is the following: Genuine partnership implies a triangular relationship binding the public authority, the private-sector partner, and the members of the public concerned with the service (users, customers, citizens). PPP is (or should be) a win-win agreement directed toward a social purpose.

But it is also true that (1) a multiplicity of agreements or contracts, more or less formal in nature and sometimes very informal, may give rise to a partnership; (2) the most institutionalized forms may go as far as the formalization of permanent structures mobilizing a coalition of interests and bringing them together around a common agenda between partners charged with taking policy decisions; and (3) in practice, PPPs produce a layering of practical solutions because it is in the nature of a partnership to develop and to adapt to the special circumstances of its particular field of operation. In this regard, political cultures and traditions have considerable impact. For instance, it is possible to distinguish between substitutive and collaborative forms of partnership. Under substitutive partnership, the private partner replaces the public agency more or less completely, as has happened in the French system of outsourcing public services. However, under collaborative partnership, typical of German organizations, each partner has its specific function that corresponds to a specific profession.

In summary, PPPs are a polymorphous reality that is difficult to conceptualize. Partnership implies a mutual commitment, but is, to some extent, different from other collaborative relationships. Based on the town planning experiences, François Ascher has proposed a definition of PPPs as public and private agencies engaged in long-term risk sharing to carry out a multifaceted process regarding the services, such as housing, amenities, transport, and other services.

Emergence of PPPs

In many countries around the world, the rise of PPPs has been quite spectacular. They are now written into legislation in a lot of developed countries, for example, the United States and United Kingdom (urban policies, economic development policies); France (infrastructure and public transport, urban services and development); Italy and the Netherlands (economic development policies), to name just a few. In the United Kingdom, the Private Finance Initiative (PFI, which is only one of many British PPPs), accounted for more than £8 billion of capital works contracts signed between 1997 and 1999, and at least half of UK local authorities use partnerships as an approach to supplier relationships.

In France, the PPP concept is quite long standing. But since the 1980s there has been a wide application of PPP in almost all areas of public policies. In addition to the industrial and commercial services that have traditionally involved partnerships, social services, and even activities fundamental to and characteristic of the state's authority are opening up to PPP. Local authorities no longer confine themselves to services such as water, trash collection, or household waste disposal; they now seek partnerships, for example, for legal services, communications, or services for the elderly. The state itself is openly contemplating partnerships between national public services and private enterprises. The economic weight of concessions (in which most of the concessionaires, but not all of them, are from the private sector, some of them being from the public sector or mixed-economy companies) is considerable. The annual turnover of water and sewage concessions has been estimated at

5 billion euros, while the treatment of waste and urban transport is worth at least 2 billion euros. Even more important is the fact that if PPP is still not a stabilized part of the framework of political values within French society, it has nevertheless imposed itself on reality because public-sector decisionmakers are using it pragmatically. The choice of management method—direct control or delegation—is now made on the basis of a financial calculation whose objective is to obtain the best service at the best price instead of adhering to an ideological dogma. Indeed, there are as many mayors on the Right opting for public-sector companies as there are mayors on the Left choosing outsourcing. This signifies that PPP has now been taken on across the board, even if this fact is not always advertised.

Recent enlargement of the European Union can only stimulate the demand for PPP further. To take one example, the investment required to install water services in Poland to a standard that meets European norms is estimated at between 15 billion and 20 billion euros over the next ten years. It is reasonable to consider that only PPPs are capable of smoothing the way for increases in tariffs and avoiding the brutal increases that would be inevitable just as they are socially unacceptable.

Concerning the international level and developing countries, partnerships between international donors and nongovernmental development organizations (NGDOs) are essential and rapidly increasing. The World Bank seeks to cooperate with NGDOs as partners, and several reports and evaluations call for improvements in World Bank procedures. Meanwhile, the most lofty partnership rhetoric comes from the United Nations (UN). Kofi Annan, the Secretary-General of the UN, has said that a true partnership between NGDOs and the UN is essential, and identified UN-NGDOs partnerships as vital to enforcing the Universal Declaration of Human Rights. The United States Agency for International Development (USAID) has also undertaken efforts to promote partnership. For example, its New Partnership Initiative (NPI) has produced many reports and guidelines culminating in an intersectoral partnerships handbook to support intersectoral PPPs within the agency.

There are, of course, a wide range of reasons leading to this success of PPPs, partly depending on national characteristics and special contexts. But, generally speaking, the considerable flexibility of a PPP means that it is most often in a position to provide an adequate response to the increasing complexity of public administration. Within developed countries at least, PPP appears to be a formula adapted to the contemporary circumstances of public policies and state intervention, one of the main reasons being the changing nature of public-sector problems. These are no longer restricted to the relatively simple production of goods, facilities, or activities that can be mastered and standardized through the use of technology. Rather, these problems have become increasingly complex as services become more qualitative and participate in the quest for global coherence within each local area. More lateral or horizontal public policies should promote a better environment, achieve the ambitious objectives of urban policy, fight against poverty and exclusion, and so forth in order to generate territorial development. In short, policy has to take into account all issues and agencies involved in the region in which it is developing. As a result, partnership in general—not only, but of course including, PPP—arises in the nature of what can be called modernizing public policy. In addition to these reasons, there are two other key drivers. First, the fiscal problems of the state mean that the mobilization of private funding for public services is no longer a real choice; this is why, in some cases, it is encouraged by national legislation and funding regimes. Second, the exponential rise in interest in e-government drives governments to seek resources from the private companies of the information technology (IT) sector, both to finance massive capital investments and, above all, to access the expertise of these companies. Nevertheless, when, reflecting upon this success, the big question is, What is the additional value of PPP?

PPPs and Governance

Because of the huge diversity of the phenomenon, it is almost impossible to take stock of the results of PPPs as a whole in regard to better governance. On the one hand, partnerships are able to bring real advantages, such as economies of scale in the provision of services or activities, the ability to maximize complementary competences, and provide opportunities for mutual learning between partners. On the other hand, PPP brings much fragmentation of structures and processes, leading to a blurring of responsibilities and of accountability; therefore employees fear losing their jobs or perks, and service users or citizens may fear becoming objects of profit making rather than recipients of public services.

Ultimately, PPPs can produce the best as well as the worst outcomes, depending on the configuration of factors involved in each of them. Generally speaking, PPPs should pay more attention to public governance issues. In the case of partnership between international donors and NGDOs, overcoming administrative or operational obstacles is not enough—the political and economical ramifications of the relationships of NGDOs and donors must be accounted for. PPP offers a favorable framework well adapted to contemporary needs in terms of public policy. It facilitates innovation and experimentation. By definition, it encourages the sharing of responsibility. It imposes increased transparency (in relative terms, depending on the complexity of its operations) in the management of services through contractual negotiations and the process of drawing up specifications. It may give marginalized groups, kept on the fringe of representative institutions (foreigners, women, young people, especially in the inner city) access to negotiations and a certain legitimacy. However, in every instance, PPPs take shape through the actions of the agents involved, with their personal ethics, their varying capacity for taking opportunities, their ulterior motives, their corporate or community culture and the rational expectations they inspire.

—*Pierre Sadran*

See also Contracting Out; New Public Management; Public Sector; Third Way

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PUBLIC SECTOR

The public sector is defined as the portion of the economy composed of all levels of government and government-controlled enterprises. Therefore, it does not include private companies, voluntary organizations, and households.

While the notion of the public sector is often used to classify distinct areas of economic activity, for example, in the area of national accounting, it also implies a definition of public activity that goes beyond the core domains of public administration. The general definition of the public sector includes government ownership or control rather than mere function, thereby including, for example, the exercise of public authority or the implementation of public policy.

When pictured as concentric circles, the core public service in central and subnational government agencies defines the inner circle of the public sector. In this case, the distinction of the public from the private sector is relatively straightforward—it is evident in terms of employment relationships and the right of exercising public power. The next circle includes a number of different quasi-governmental agencies that are, however, placed outside the direct line of accountability within government. Examples range from social security funds to regional development agencies. The outer circle is populated by state-owned enterprises, usually defined by the government's ownership or its owning the majority of shares. Since the 1980s, a number of developed countries have witnessed extensive privatizations of state-owned enterprises, whether in parts or in full (examples range from airlines to the telecom sector), although public ownership continues to be a widespread feature, for example, in the field of local public transport.

The term *public sector* is also used for analytical purposes, in particular, as a contrast to the private and third, or voluntary, sectors. This allows for the mapping of the scope of state activities within the wider economy (also allowing for comparison across space and time). Furthermore, it highlights distinctive patterns and operating procedures within the public sector. This relates to the contemporary interest in cross-sectoral learning, especially the learning of "private" management practices for application in the public sector.

Among the key themes of public-sector research is its growth, and whether growth is inherent to the public sector. For example, William Baumol identified a public-sector "disease," suggesting that those activities characteristic of the public sector were those that could not be "automatized," therefore leading to lower productivity gains in comparison to the private sector. William Niskanen linked public-sector growth to the incentives of budget-maximizing bureaucrats. Others have focused less on public-sector size overall, but on the relationship between the different circles of the public sector. Patrick Dunleavy's "bureau-shaping" model points to incentives among politicians and senior bureaucrats to shuffle institutional responsibilities from the first to the second circle of organizations.

The notion of governance highlights the difficulties in defining what the public sector is. Privatization, delegation of public power (for example, in prisons), the joint public-private provision of services, usually regarded as "public," as well as institutional rearrangements have made the identification of the public sector difficult, especially for purposes of

comparative analysis. For some, therefore, the notion of the public sector has lost all conceptual strength, given these problems of defining clear boundaries.

—*Kai Wegrich*

See also Bureau Shaping; Civil Service; Public Administration; Public-Private Partnership; Service Delivery

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PUBLIC SPHERE

The public sphere is the political arena where citizens discuss issues of common concern. Besides participation in the electoral process, citizens' contribution to public debate represents one of the main avenues open to them to influence the process of democratic decision making. For this reason, an accessible public sphere characterized by robust discussion is considered to be an indispensable element of modern democratic politics.

Given that discussion in the public sphere focuses on issues of general interest, it is less individualistic and less personal than discussions in the private realm. At the same time, public discussion is less rigidly structured than deliberation in such organized political arenas as governments, which have formal rules of order and set membership requirements. Loosely structured, public debate is governed by the laxer standards of general political civility. Formal requirements regulating participation are also absent; ideally anyone concerned with an issue should be able to voice an opinion. Public debate results neither in legislation nor in administrative rules; these remain the purview of government and the state respectively. Instead, public debate generates influence. By mobilizing opinion in the public sphere, citizens have the opportunity to convince their representatives and state officials of the need to take action on an issue or to voice their opposition to government action in a specific policy area. In this way, citizens influence the process of political decision making; they do not directly make the decisions.

While public sphere has spatial connotations, it possesses no precise location. Debate can take place in venues as varied as public squares, political conventions, and the virtual space of the media, including, of course, the Internet. Some argue that the public sphere is also increasingly transnational. Political perspectives that transcend a national frame of reference now frequently characterize public debate. Also public participation has expanded beyond members of the nation-state to include international nongovernmental organizations and representatives of international institutions.

Although consensus exists regarding the public sphere's democratic significance, widespread disagreement persists concerning the rationality of public opinion and its desired scope. Scholars who stress democracy's deliberative quality consider the rational potential of public debate to be high. Thus, they argue that public discussion should play as large a role in political decision making as possible. Others who work with the various permutations of postmodern democratic thought deny that public debate can generate a rational political consensus. Instead, the public sphere is best thought of as an arena of agonistic competition regarding identities and political positions. To the extent that such competition contributes to the dynamism of democracy, it should be encouraged. Finally, a third group argues that the rationality of public debate is limited to finding a balance between competing interest groups. It cannot hope to achieve rational agreement on controversial issues. Given this limited potential and because citizens never possess the policy knowledge of experts, debate in the public sphere should play a relatively minor political role.

—*John Brady*

See also Civil Society; Communicative Action; Democratic Theory; Feminist Theory; Functionalism; Pragmatism

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Punctuated Equilibrium

Punctuated equilibrium describes a pattern of development in which rapid change occurs during brief periods, followed by longer periods of stasis. Originally proposed in the study of biological evolution, this concept has been applied to the development of political institutions as well.

The concept of punctuated equilibrium was developed by Stephen J. Gould and Niles Eldredge as an alteration of Darwinian theory of evolution. While the latter holds that evolution occurred in a gradual and continuous manner, depending on individual mutation, the theory of punctuated equilibrium argues that change occurs in sudden "fits and starts," followed by long periods of relatively minor changes across species.

Like many other concepts in the physical sciences, the model of punctuated equilibrium has been applied by social scientists to describe patterns of change seen in social and political institutions. Political arrangements often exhibit the same pattern of change involving short periods of major destruction, creation, and transformation followed by longer periods of equilibrium.

Among the numerous applications of this concept to political science, Stephen Krasner's consideration of state sovereignty is an early example. Considering the ways in which the existing institution of state sovereignty and the state system more generally are less than optimal arrangements, Krasner argues that such political institutions exhibit features similar to the biological model: change is difficult, the availability of past institutional models limits the possibilities for new developments, and chance often has a role in determining final outcomes.

Later authors have contributed to the use of the punctuated equilibrium concept by proposing mechanisms to explain what is essentially a description of a pattern of change. For example, the concept of critical junctures offers an explanation for sudden change followed by stasis or path-dependent development. Ruth Berins Collier and David Collier's work on Latin American political development is a major example of this. In another vein, Paul Pierson proposes that the economic concept of increasing returns can be applied to political institutions, arguing that some institutional arrangements can become "locked in" and, hence, be resistant to change, even when the forces behind their creation have disappeared.

On the other hand, punctuated equilibrium has been criticized for overemphasizing stasis and exogenous shocks and for not being able to explain gradual change. Kathleen Thelen, for example, argues that political and social developments actually occur in a more gradual fashion, and that even catastrophic political events (such as defeat in a war) often lead to very little change in major institutional arrangements.

—Jordan Branch

See also Institution; Institutionalism

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Purchaser-Provider Split

The term *purchaser-provider split* refers to a model of public service delivery where the functions of paying for and delivering goods and services are separated.

The purchaser-provider split model of service delivery entails two components. First, it involves the existence of dedicated purchasing agencies with responsibility for financing services and for ensuring the needs of the population entitled to services that are covered, but who are not directly involved in the provision of services. Providers of services relate to purchasers through contracts rather than direct forms of accountability, and these contracts specify their roles and responsibilities in delivering the public goods or services. The second component involves giving purchasers and providers a degree of autonomy and responsibility with respect to their functions in purchasing or providing services. Both components stand in contrast to an integrated model of service delivery, where a single organization or set of organizations is responsible for financing, planning, and providing services and accountable for the overall structure of the service.

The separation between purchasers and providers of public services has long existed in a number of continental European countries and the United States, where social or private insurers or governmental agencies have responsibility for purchasing services but not directly providing them. For instance, many publicly financed health care systems have been built around a split between social insurers who are responsible for funding health care services and the hospitals and doctors who provide these services but are independent of the insurers.

In recent years, a number of countries that have traditionally relied on integrated models of service provision have introduced purchaser-provider splits in public services. These reforms have been particularly popular in the health care sector, where countries like the United Kingdom, New Zealand, Italy, and Sweden have experimented with them as a way of moving away from an integrated health care delivery system.

However, these reforms have also been introduced in a range of other areas, from child welfare to prison services, and across a range of countries.

The introduction of a purchaser-provider split generally aims to accomplish two sets of goals. First, it is intended to stimulate clearer lines of management accountability by clarifying different functions in the production of public services. Second, it is often introduced as part of a larger movement toward stimulating competition among the providers of services. This move toward competition may occur primarily within the public sector, thus creating an internal market where public providers compete for contracts from public purchasers. However, purchaser-provider splits often occur alongside greater contracting and purchasing from the private sector. These reforms, then are a key component in the marketization of the public sector and are often part of the prescription for public service reform advocated by proponents of new public management. This movement is intended to stimulate a more marketlike governance of services, rather than directing government steering.

—Jane Gingrich

See also Internal Market; Marketization; New Public Management; Quasi-Market; Service Provider

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Q

Quango

The term *quango*, an acronym for quasi-autonomous nongovernmental organization, has come into use as a label for a wide range of public bodies and extragovernmental organizations that are responsible for developing, managing, and delivering public policy under largely appointed, rather than elected, governing boards.

The definition of quango has been the subject of considerable dispute. Quangos differ in their size, their funding, their legal and organizational forms, their accountability mechanisms, and their relationships to their reporting ministry. Reflecting these differences, quangos have also been named differently in different countries: service agencies in Canada, independent administrative authorities in France, crown entities in New Zealand, departmental public bodies in the United Kingdom, and independent agencies in the United States. Despite such differences, there seems to be some consensus on three basic features of quangos:

1. They are created as a result of governmental action, although not necessarily directly created by governments, and are considered part of the public domain.

2. They have no direct electoral accountability and operate, to a greater or lesser extent, at arm's length from government officials.

3. While they spend public money and fulfill key public functions—ranging from advising policymakers to commissioning, purchasing, and delivering public services—they are not government departments or even subsections of government departments.

Yet some analysts suggest that the conceptual problem is that the plethora and range of bodies that the term *quango* can refer to, with such broad features, is so wide as to render the term completely worthless, making it difficult to use the term *quango* as an analytical category. One proposition has been to map the field of quangos as a continuum moving away from direct governmental control toward organizations that are clearly in the private sector but perform some public tasks. The location of one organization on the continuum would then depend on several factors including its managerial autonomy, its governance structure, its policy dependence, and its legal structure. This continuum approach, while acknowledging the diversity of quangos, also highlights their dynamic nature and the fact that quangos can change into other types of organizations by adopting new organizational features.

As suggested by many governmental reports and scholarly works, the creation of quangos in modern democracies has been driven by three main objectives:

1. An increased autonomy for public actors. The transfer of functions from elected politicians to

organizations enjoying a degree of autonomy is conceived of as a means of insulating certain activities from political and bureaucratic influence, creating a buffer zone between the spheres of policy formation and policy delivery, and consequently protecting some areas of public administration from the cut and thrust of day-to-day politics.

2. An increased participation in public policy. One of the key arguments for supporting the creation of quangos is their potential to offer new opportunities for involvement and participation. Thus, quangos are conceived of as tools to involve societal actors that are often underrepresented through the electoral process (disabled people, ethnic minorities, women). Quangos are also used as a means of drawing specific groups of people into public services, such as specialized professionals and experts that would not otherwise be attracted to the world of politics.

3. An increased effectiveness and efficiency of public services. The creation of quangos has also been driven by the widespread perceptions of the inadequacies of state-run organizations and the quest for greater effectiveness and efficiency of public services. The rationalization for the disaggregation of large, multifunctional bureaucracies into a range of quasi-autonomous bodies draws upon the assumption that the structural isolation of these bodies from the political arena, their management autonomy, their smaller size, their focused objectives, and the opportunity they offer to separate the roles of purchaser and providers will create conditions for innovations, will generate new incentives, and will make them more responsive, more adaptive, and more efficient.

Although the creation of quangos is an old feature of statecraft strategy and is common to all modern democracies, the rapid establishment in recent years of a range of unelected bodies has raised widespread concerns as to their impact on public governance. A first chief concern relates to the capacity of the quango state to maintain the coherence of public policy. The institutional fragmentation occasioned by an increase of quangos inevitably produces a dispersion of

governmental activities and may cause problems of coordination. This creates a challenge to the maintenance of government and policy coherence across a complex network of service bodies. Such a fragmentation may also reduce the strategic capacity of governments due to the growth in the potential constriction points through which each initiative must pass. Another main concern relates to potential threats to accountability. The growth of fringe bodies that are insulated to some degree from direct governmental or political supervision is often perceived of as a retreat from the traditional democratic framework. In particular, there has been much criticism of the lack of transparency surrounding the appointments of quangos' boards and their benefits. In addition, observations have shown that governments and elected politicians may use nonelected bodies as a means of paying political allies or extending their influence over areas of public activity that are politically strategic and difficult to control centrally. In some cases, quangos have been created to replace functions previously performed by local authorities. In such cases, the creation of quangos may be interpreted as a project to substitute new agencies, operating from a centrally determined agenda, for local authorities. Government officials facing difficult political choices may also prefer to create a quango that will take responsibility for possible failures, even though these failures may result from poor policy decisions.

In summary, a great number of public bodies with various degrees of separateness from governments have become integral components of state activities in many countries. Different goals have been pursued through the creation of these extragovernmental bodies. However, the development of these governing institutions is confronted by the challenges of finding the right balance between autonomy and accountability, maintaining the steering capacity of central governments, and preventing conflict with local governments' prerogatives.

*—Carl-Ardy Dubois and
Damien Contandriopoulos*

See also Global Civil Society; Hybrid Organization; New Public Management; Quasi-Market

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Quasi-Market

Quasi-markets, also sometimes described as planned markets or internal markets, are organizationally designed and supervised markets intended to bring us more efficiency and choice than bureaucratic delivery systems while maintaining more equity, accessibility, and stability than conventional markets.

From the viewpoint of economics, a market is an exchange mechanism of commodities that is able to match supply and demand, mostly through price adjustments. In this way, a market can also be conceptualized as a self-adjusting monetary incentive system that influences the behavior of consumers and providers so they agree on terms of exchange. Quasi-markets are also an exchange system that aims to emulate competitive markets' characteristics of being self-adjusting incentive systems that influence consumers' and providers' behaviors. However, those systems are "quasi" markets because they have characteristics both at supply and demand levels that differentiate them from conventional markets.

On the supply side, quasi-markets are a form of market system because there is competition between many providers to attract consumers. However, most of the time, these providers do not merely seek a maximization of their profits. In the public sector, these providers are often quangos or other forms of more-or-less nonowned organizations or NGOs (nongovernmental organizations). Providers can also be components or sectors of a single organization that internally trade their services inside a specific form of quasi-market called an internal market. Moreover, internal markets are not open markets because providers and their products or services often need a third party or purchaser approbation to enter the market.

On the demand side, quasi-markets are designed to create or enhance consumer choice, obliging providers to be responsive to those choices. However, welfare-state quasi-markets differ from conventional ones because generally, consumers are not directly paying for the service they choose and because price plays only a marginal role, if any, in the consumers' choice. In private sector internal markets, pricing does have a direct influence on internal resource allocation, though it does not directly influence a company's bottom line.

The implementation of any form of quasi-market implies that purchaser and provider are distinct entities and that there is more than one provider. The process by which some entities are granted a purchaser status and the allocative prerogatives that come with it, while other entities are given a provider status and broader latitude in their own governance and strategic planning, is called a purchaser-provider split.

In most welfare-state quasi-markets, while consumers have a level of choice in the services they consume, it is a third party, often a state-based purchaser, who will pay or reimburse the provider for those services. Quasi-market purchasing can be implemented through fee-for-service reimbursements, vouchers, retrospective budgeting, and the like. Hence, while consumers' choices will be made according to such factors as perceived quality of service, waiting time, or availability, price will generally play no role in their choice. However, price will matter for the third-party payer, who is expected to limit consumers' choices to services that have a comparable high value for money. Successful providers are expected to simultaneously respond to purchasers' demands for low price or good value as well as to consumers' demands for quality, availability, waiting time, and the like. However, this implies that the necessary information to make a rational choice of providers and services will be accessible in a timely and usable form to both consumers and

purchasers. This involves important transaction costs that are supposed to be compensated for by added efficiency.

At the beginning of the 1980s, a shift in the theoretical foundations of state welfare schemes took place in many countries, while neoclassical economics started to replace some of the Keynesian postulates that once predominated. The main purpose of welfare systems shifted from an enhancement of equity and social justice to a maximization of value for money and consumer choice. Quasi-markets have been one of the principal means used to reform the delivery of welfare in order to achieve those results. Many sectors have been targeted, from education to health care or social housing in countries ranging from New Zealand or Sweden to the United Kingdom. However, the interest in quasi-markets is far from limited to welfare-state interventions, and corporations such as the British Broadcasting Company (BBC), Intel, and British Petroleum (BP) have implemented forms of internal markets in some sectors.

Where they have been implemented, the actual functioning of quasi-markets has often been less conclusive than theory would have predicted. The existing delivery infrastructure often considerably limits the extent of potential competition in the market. For example, if there is only one hospital in a given rural region, for many interventions, the extent of consumers' choice of providers is very low unless they are willing to travel to other regions. Moreover, creating new providers to enhance competition would run opposite to the quasi-market goal of maximizing efficiency.

Even where there are a sufficient number of providers to allow for competition, in many sectors where quasi-markets have been implemented, inter-provider competition has often been below the expected level. Many factors can account for this. First, in the case of welfare interventions, those who consume the most services (the very young, the very old, the very poor, and disabled people) are the least likely to be able to access, treat, or use the information needed to make a rational choice. Second, from the purchasers' viewpoint, many services have intrinsic characteristics that make them difficult to assess in terms of value for money. And, whereas the quasi-market provides at least theoretical incentives to maximize providers' performance, it is not clear what the incentives are that would convince purchasers to make the extra effort needed to compare available services. Finally, the underlying incentive behind the notion of competition is that low-performing providers would either improve or disappear, something that governments have often proved reluctant to see happen.

—Damien Contandriopoulos
and Carl-Ardy Dubois

See also Hybrid Organization; Internal Market; Purchaser-Provider Split; Quango; Service Provider

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R

RATIONAL CHOICE INSTITUTIONALISM

See NEW INSTITUTIONALISM

RATIONAL CHOICE THEORY

Rational choice theory is a theory of human action that is committed to expectations over probabilistic outcomes and game theory. From its original articulation, this theory of rational decision making was put forward as a new approach to economics, warfare, and social science more generally.

Rational choice theory is often simplistically considered to be a theoretical generalization of either technical instrumental rationality, requiring that an agent adopt the means necessary to realize a chosen end, or of economic efficiency, demanding the effective use of scarce resources as exchangeable means to achieve ends. Instead, rational choice theory represents a unique approach to social science that locates human rationality in an agent's mutually consistent hierarchy of preferences over all conceivable global nonexchangeable end states. Additionally, rational agents are presumed to make decisions (a) in strategic environments in which one agent chooses actions in direct response to the actions that others are calculated to take and (b) in situations with either unknowable (uncertain) or well-defined (risky) probabilities of what outcomes may result as a consequence of actions.

Elements and Structure of Rational Choice Theory: Expectations and Game Theory

In rational choice theory, agents are described by their unchanging sets of preferences over all conceivable global outcomes, such as whether candidate Smith, Davidson, or Nelson will win an election, whether dinner will consist of chicken, fish, or tofu, or whether a public policy is one of waging war, negotiating a settlement, or relying on the international community of nation states to provide leadership. Agents are said to be rational if their preferences are complete, that is, if they reflect a relationship of superiority, inferiority, or indifference among all pairs of choices; and logically ordered, that is, they do not exhibit any cyclic inconsistencies of the sort: Chicken is preferred to fish, fish is preferred to tofu, and tofu is preferred to chicken. In addition, for choices in which the probabilities of outcomes are either risky, or uncertain, rational agents exhibit consistencies among their choices much as one would expect from an astute gambler. All of these consistency relations among preferences over outcomes are stated in mathematical axioms; a rational agent is one whose choices reflect internal consistency demanded by the axioms of rational choice. Rational choice theory holds that all considerations

pertinent to choice (that may include attitudes toward risk, resentment, sympathy, envy, loyalty, love, and a sense of fairness) can be incorporated into agents' preference rankings over all possible end states. Social scientists only have indirect access to agents' desires through their revealed choices; therefore, researchers infer back from observed behavior to reconstruct the preference hierarchy that is thought to regulate a rational agent's decisions.

It is generally not appreciated, but important, that the consistency constraints defining rational choice theory are not equivalent to those specifying maximization of marginal utility under a budget constraint, although formal bridging conditions may be added to achieve congruence. It is also the case that even though many social scientists that use rational choice theory adopt one canonical axiomatized form specified as "expected utility theory," the research paradigm sustains alternative views as well. There are subtleties in probability theory that divide researchers: Are probabilities objective features of the world or are they best regarded as subjective features of individuals' psychology, and what sorts of consistency conditions apply to decision problems that incorporate both attitudes toward risk and unknowable probabilities? The intractability of decision making in uncertain circumstances has lead to the formulation of bounded rationality that grounds rational choice in manageable rule-of-thumb calculations in a series of one-time circumstances. As well, psychologists have observed several prominent and predictable empirical deviations from rational choice theory that has made it possible to identify patterns of what may be termed "folk psychology."

Game theory, which relies on some form of expectations theory, provides a mathematical framework for analyzing individuals' mutually interdependent interactions. These agents are defined by their preferences over outcomes and the set of possible actions available to each. As its name suggests, game theory represents a formal study of social institutions with set rules that relate agents' actions to outcomes. Such institutions may be thought of as resembling the parlor games of bridge, poker, and tic-tac-toe. Game theory assumes that agents are like-minded, rational opponents that are aware of each other's preferences and strategies. A strategy is the exhaustive game plan each will implement, or the complete set of instructions another could implement on an agent's behalf, that best fits individual preferences in view of the specific structural contingencies of the game. These contingencies include the number of game plays, the sequential structure of the game, the possibility of forming coalitions with other players, and other players' preferences over outcomes.

For social scientists using game theory to model, explain, and predict collective outcomes, games are classified into three groups: purely cooperative games in which players prefer and jointly benefit from the same outcomes; purely competitive games in which one person's gain is another's loss; and mixed games, including the prisoner's dilemma, that involve varied motives of cooperation and competition. Game theory is a mathematical exercise insofar as theorists strive to solve for the collective result of various game forms, considering their structure and agents' preferences. Equilibrium solutions are of the most interest because they indicate, following the Nash equilibrium concept, that given the actions of all other agents, each agent is satisfied with his chosen strategy of play. Equilibrium solutions have the property of stability in that they are spontaneously generated as a function of agents' preferences. Solving games is complicated by the fact that a single game may have more than one equilibrium solution, leaving it far from clear what the collective outcome will be. Moreover, some games have no equilibrium solutions whatsoever.

One perplexing feature of game theory relates to the assumption of reflexivity on the part of agents: Agents must choose strategies in response to their beliefs of what strategies others will choose. This idea of reflexivity leads some researchers to associate methodological individualism with game theory. This is the assumption that the individual is the pivotal unit of analysis for understanding collective outcomes in politics and economics. However, as the use of game theory for understanding interactions in populations studied in evolutionary biology makes clear, the assumption of reflexivity and a view of the individual that could sustain a liberal understanding of politics

and economics are not essential. Still, having made this observation, it remains the case that many who adopt game theory in social science find it consistent with individualistic approaches that view the individual as the sole determinant of personal preferences, goals, and values. It cannot be ignored that part of rational choice theory's outstanding successes in the late twentieth century is inseparable from its extensive refashioning of our understanding of how and why markets and democracy function to respect individual choices.

Applications of Rational Choice Theory to Problems of Governance

Bargaining, democratic processes for reaching decisions, the bases of social contracts, various constitutional designs, systems of incentives and punishments, processes for achieving conflict resolution, collective actions and the provisions of public goods, the assignment of rights, and distributive justice have all been studied using game theoretic models. Rational choice theory has become paradigmatic of social science because it has successfully navigated between explanatory and descriptive analyses of political phenomena on the one hand, and has provided useful tools for leveraging social scientific knowledge to better design institutions on the other hand. Thus, supposedly nonnormative findings from rational choice research have been applied to formulating public policies and to designing institutions. Much of the research within the paradigm with direct relationship to political economy and governance has been achieved in one of three schools: positive political theory, public choice, and social choice.

The first result derived from rational choice theory with clear implications for social welfare and democratic theories was the "impossibility theorem" derived by Kenneth J. Arrow in 1951. Starting with the assumption of individuals' rational preferences, the theorem proves that, given minimum conditions that many believe consistent with democratic will formation, regardless of what procedure is used, it is impossible to generate a collectively rational preference ordering over global social states. Given that democracy traditionally drew its legitimacy from claiming to deliver government of,

by, and for the people, the impossibility theorem is a setback for hopes that collective-will formation based on individual preferences can accurately reflect people's preferences. Similarly, the impossibility theorem challenges policymakers' ability to fashion public policies consistent with the public interest, as there is at this time no scientifically credible means to derive a comprehensive statement of the public good or social welfare from individuals' desires. The impossibility theorem thus served to cast the cogency of the paternalistic social welfare state into doubt.

In the 1950s, researchers exploited rational choice and the impossibility theorem to investigate further how individual choice leads to collective outcomes. Duncan Black developed the insight that under special conditions in which individuals' preferences exhibit the characteristic of being "single-peaked," that is, specially arranged from lowest to highest on one universal hierarchy between two poles, then collective-will formation can said to be a valid expression of individuals' interests. The "median voter" theorem, first stated by Anthony Downs, performs an analysis of rationally self-interested voters, finding that in running campaigns designed to win elections, rational candidates will cater to the average voter, as this mathematically ensures receiving the highest number of votes. In turn, William Riker demonstrated a feature the median voter theorem missed: That candidates' motives to cater to the average voter are limited by the extent they must reach to accommodate voters' preferences to establish a minimum winning coalition.

The insight that collective outcomes are best analyzed as the result of individuals' acting on rational preferences was also applied to the question of what types of constitutions such agents would select. Early research suggested that rational individuals would only agree to a constitutional framework as a result of unanimous voting that neutralized any citizen's fear that others' encroachment on personal interests could result. As well, rational choice research scrutinized the standard rule that collective decisions cast in accordance with majority rule are legitimate. Instead, it was proposed by James M. Buchanan and Gordon Tullock that rational citizens would uphold a greater-than-majority threshold for many legislative decisions

as a function of a cost-benefit analysis balancing the time and energy costs of reaching any decision against the costs of living under a government whose policies violate personal preferences. Rational choice was also used to define the problems of the "free rider" and collective action by demonstrating that rational individuals cannot easily cooperate to achieve mutually beneficial outcomes. Research on the behavior of rational voters raised the question of why individuals vote in the first place, given that there is only a minute mathematical probability that any single vote will affect the final election outcome.

More recently, the rational choice approach has been used to reconsider central questions in traditional political philosophy. The Western social contract tradition, relying on individuals' consensual agreement to abide by contracts, has been reexamined using the idea that some multiparty, repeated form of the paradigmatic prisoner's dilemma game is characteristic of the state of nature from which government and social contracts must emerge. Political theorists employing game theory revisit Thomas Hobbes's seventeenth-century social contract theory put forward in his work *Leviathan* to understand how social order emerges from the state of nature characterized by a total lack of security consistent with each having the natural right to all things, including each others' person and property. Rational choice theorists ask how it is that individuals can form a sovereign state given their character is governed by rational self-interest. As the prisoner's dilemma suggests, whereas each person can see the prospective gains from cooperation, he or she has the ever-present incentive to cheat, either as a defensive tactic to avoid being the sucker, or as an offensive strategy to gain the most for oneself. It is widely held by game theorists that the prisoner's dilemma captures tensions between individual action and collective outcomes that typify government: Each person calculates better personal payoffs by cheating the system or one's fellow citizen, with the final result that each person is worse off.

Rational choice theorists disregard Hobbes's social contract theory on the basis that it seems to presuppose what is in fact impossible: Agents can contract their way out of a prisoner's dilemma game by promising compliance with an agreement without an external enforcement mechanism to ensure compliance. As game theorists realize, Hobbes proposed an absolute sovereign that would enforce the social contract by coercive means to ensure compliance. However, it remains unclear how agents can establish a sovereign by mutual contract: If contracting were possible in the first place, then why the need for the absolute sovereign?

Instead of a social contract theory of government, rational choice theorists propose a coordination theory of government. Given that social contracts require third-party enforcement through incentives or punitive measures, and that such a third party cannot be presupposed in a state of nature, rational choice theorists argue that government emerged as a coordination game. In this understanding of social order, parties mutually realize that they are forever caught in the bind of the prisoner's dilemma, with each poised to cheat the other. The only solution to the prisoner's dilemma that is consistent with rational choice theory, leaving aside nonanonymous interactions in indefinitely repeated games more typical of small communities, is for all the parties to agree to establish an enforcement body to ensure individuals' compliance with contracts. Thus, the contract itself is not a solution to the prisoner's dilemma supposed to structure the state of nature. Instead, individuals' mutual acknowledgement of the intractable nature of the prisoner's dilemma is resolved though a more encompassing coordination game in which all parties accept the need for contracts combined with the need for sanctions to ensure compliance. As coordination games are defined by all agents having aligned preferences that reflect their agreement over ends, no recourse to promises, duty, or commitment to principle is required to understand the establishment and maintenance of government. Crucially, then, the social contract is disregarded as means by which stable government is secured.

Along with the social contract, theories of state legitimacy based on consent are also in disfavor among rational choice theorists because legitimacy requires a normative foundation that positive political theory cannot countenance. Instead, rational choice theorists rely on the concept of "mutual best-reply"

from game theory to assess whether state institutions are stable. Rather than relying on consent to a set of rules or constitutional principles to indicate their legitimacy, rational choice theorists look to individuals' revealed choice of actions as a clear demonstration of their preferences. In this view, the mere fact that individuals choose their own actions and, therefore, participated in the creation of a given collective end point, indicates their compliance in bringing about that end point. Even though a collective outcome cannot be evaluated for its legitimacy, game theorists do ask whether each agent would choose a different course of action if all other agents' actions remained constant. A stable, self-reinforcing equilibrium is achieved when every agent selects the same action in view of what every other agent selected to do. This is an informal statement of the "Nash equilibrium," which has become prominent for playing a role in political theory that resembles the role that consensual theories of legitimacy played in traditional social contract theory. The idea of consent to a set of governing principles is replaced by the idea that each person is satisfied with his strategy and outcome given what all other agents decide to do.

Rational choice theorists have reformulated the concept of trust, basing it on straightforward coordination, supplemented by sanctions, rather than principled agreement that may at some point in the future deviate from agents' assessments of their personal best interests. In this view, because it is irrational for any individual to go against personal preferences, trust among individuals must always be consistent with preferences in order to be a meaningful social category of engagement. Thus, for example, in a marriage, according to rational choice theory, trust among partners cannot be of the form captured by the traditional oath "for richer or poorer, for better and for worse, in sickness and in health, until death do us part." A viable marriage must, at all times, be consistent with both members' preferences, or it will result in at least one individual defecting from the marriage contract. Trust, in this view, is not predicated on loyalty or commitment through unforeseeable circumstances, but is instead based on moment-by-moment agreement with rational and unchanging preferences.

Other views of trust that invoke an agent suffering in violation of personal expected utility maximization are regarded as naïve and unrealistic.

Commutative and distributive justice have received copious attention from rational choice theorists. John Rawls's 1972 book *A Theory of Justice* was the most path-breaking attempt to develop a robust theory of justice to be wholly consistent with the idea of rational preferences. Rawls's attempt was communicating how useful rational choice theory may be for understanding the implications of constitutional principles of government. Whereas Rawls's first principle of justice, the priority of liberty, is familiar and protects individuals from external interference, his second principle of justice, the difference principle, is novel and was taken directly from game theory. Adapting von Neumann's argument, Rawls suggested that rational individuals, when deciding how to organize society, would adopt a strategy of minimizing the outcome that can be expected in the worst possible scenario in a multiparty game. Rawls maintained that the rationally self-interested individuals, who were selecting constitutional principles unaware of which specific role they would play in the resulting society, would only permit inegalitarian institutions that guaranteed some positive benefit for society's poorest members. Although the inherent rationality of the minimax strategy continues to be debated, it is significant that Rawls and others believed that the entire project of constitutional design could be analyzed as a complex decision-theoretic problem that considers agents' anticipated outcomes in complex social interactions.

Conclusion

As an axiomatic treatment of rational human decision making, and as a method for studying collective decision processes, rational choice theory is studied in philosophy and mathematics departments, as well as throughout the social sciences in political science, economics, sociology, and psychology. The science of rational choice is both research on the abstract conditions, or norms, governing human rationality, and it also encompasses research that explains and predicts outcomes assuming rational agency. There are two

views on whether the theory simply represents a descriptive means to model behavior without presupposing that agents actually reason in accordance with the theory, or whether instead it actually describes the decision rules manifested by rational agency. Researchers upholding the first view are content to use the axioms of rational choice to model actions and predict outcomes. The second view maintains that rational actors exhibit purposive action consistent with the behavioral norms of rational choice. The first view is modest by not suggesting anything about the internal thought processes of agents; the second view upholds rational choice theory as a theory that describes the normative foundations of rational decision making. Even though the first view is more restrained, and is sufficient for applying rational choice methods to understanding social and political phenomena, many researchers hold the view that rational choice theory is a powerful analytic tool precisely because it reflects the actual principles that must characterize purposive agency.

Rational choice theory has been central to methodological debates throughout the social sciences because of its adherence to a limited view of human rationality as consistency among preferences that categorically deems irrational modes of conduct not reducible to this description. As with any robust research tradition, intense controversies abound both internally and externally. Debates internal to the field have tended to focus on complex nuances of the formal theory, as well as the suitability of associating consistency of choice with choices characterized by narrow self-interest. Whereas the former is previously touched on, the latter attempt, for example, is to determine if altruistic behavior can be consistent with rational choice. As it currently stands, researchers agree that altruistic preferences can be readily encompassed within rational choice theory, but this leaves open the question of whether a satisfactory concept of altruism can be reduced to agents' preferences over outcomes. Even though it seems widely recognized that any agent whose behavior fully resembles that predicted by rational choice theory would be either a mythical construction at best or a nonfunctional social idiot at worst, it also seems to be widely accepted that

at the current time there is no compelling alternative that better captures what many people now refer to as purposive agency.

Rational choice theory is advanced as a positive as opposed to a normative theory of social science because it obeys what many consider to be a canonical rule of scientific investigation: Build testable theories with observable facts, mathematical relationships, and uncontroversial minimalist assumptions. From its birth in the eighteenth century, social science is believed by many to stand in contrast to philosophy, morals, metaphysics, and religion, specifically because it studies humans as they are and not as they may, in some ideal world, be. Social scientists attempt to describe human agency as it currently exists and do not strive to alter people's underlying motivational rationales. This steadfast commitment among many social scientists to advance value-free theories of human behavior and collective outcomes is consistent with the abiding understanding of many since the Enlightenment, that the individual is the final and sole judge of her own ends, conscience, and rationales for conduct. Many researchers believe rational choice theory to be consistent with this distrust of normative theories of human choice and social formations that purport to tell people how to live their lives or govern their society.

—*S. M. Amadae*

See also Bounded Rationality; Collective Action; Communicative Action; Communicative Rationality; Equilibrium Theory; Game Theory; Impossibility Theorem; Logic of Appropriateness; Optimal Decision Making; Pareto Optimality; Positive Political Theory; Principal-Agent Model; Prisoner's Dilemma; Public Choice Theory; Revealed Preference; Satisficing Behavior; Social Choice

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Rationality

Rationality may be the most contested concept in all of the social and human sciences. Since the European Enlightenment, it has been a primary normative goal of humankind. The empirical view of humans as rational creatures has justified setting us apart from other species, even as it has served as the cornerstone for the most elaborated theories of human behavior. Attempts to cure irrationality have been at the heart of the development of psychology and the goals of social institutions. The attempts to define rational behavior and the question of under what circumstances humans exhibit it have been central to debates among and within the major social science disciplines. Meanwhile,

chronicling the folly of man's attempts to act rationally is regularly explored in the humanities. Understanding rationality has even been a key driver in the attempt to use natural science (in the form of neurobiology) to put social science on a firmer basis.

This central role has often brought controversy more than it has led to cumulative theory or research. Whether and in what way man is rational is a central question of philosophy, but it is also the basis for social science, as it defines the way that people will react to others and their environment. The conventional wisdom on the connection of rationality to human nature differs dramatically by discipline. In economics, a purely rational man is often assumed and said to imply self-interested action for personal gain. Though sometimes used as a close approximation rather than a cognitive theory, the assumption of rational man allows the mathematical tractability for the great aggregate theories of social life that drive the creation of the market economy. In sociology, scholars say that people are driven by conformity to social norms about acceptable behavior and react to their position in society. This view is either offered as an alternative to rational man or established as an alternate definition of rationality. In anthropology, rationality is either a Western construct designed to impose our form of knowledge generation on others or a term wide enough to encompass all forms of human learning. In psychology, rationality is either an ideal type of behavior that we should emulate and intervene to create or, instead, one theory of cognition that can be updated or discarded with current knowledge of the brain.

Part of the cause of the wide variety of uses of the word rationality is a lack of clarity about the purpose of invoking it. In psychology and the cognitive sciences, researchers are typically trying to describe the mechanisms of human thinking and the patterns of behavior that arise as a result of cognition. A rational decision-making model may serve as a basis for comparison. In philosophy and the applied social sciences, in contrast, the goals are often normative. There are rational options, and we seek to explain how to find them. In economics, political science, anthropology, and sociology, the cognitive process and the manner of decision making are not the primary object of

study. Assumptions about how humans will act allow scholars to build aggregated theories of how humans will act in society, given their interactions with others making similar decisions and the environment in which they interact. To assist theory development, scholars use simplified models of individual decision making and then ask whether models based on rationality best predict the development of social life when compared to other models of human behavior.

Models of rational decision making in the cognitive sciences rely on advances in the study of the brain to examine the mechanisms of thought. They are tied to explanations of the development of human cognitive faculties generated in linguistics and evolutionary biology. These theories ask what kinds of cognitive responses to the environment would have improved survival and thus become a product of natural selection. Many of these theories are explored in simulations and attempts to emulate human thought patterns in computer science. Rationality is often seen as the advance of the human mind that allowed humans to develop language and society. Researchers of artificial intelligence attempt to understand this rationality to copy it for use in new applications.

In philosophy, the use of rationality to explain or endorse human thought has a long lineage. It is intimately tied to the debate over whether reason should be considered the only source of knowledge. Ideas from logic and probability theory are used to defend conclusions by some philosophers and dismissed by others as arbitrary reasons to prefer a particular set of conclusions. Members of the continental rationalism school of thought believe that rationality is the only proper way to build knowledge. The empiricist school, in contrast, argues that the primary source of knowledge is human experience through the senses. To philosophers, how we make decisions is secondary to the debate about how we should see the world.

Rational Decision Theory in the Social Sciences

The theories of decision making used in empirical social science are not as detailed as evolutionary cognitive theories or philosophical ideas about knowledge

generation, though they often appeal to the same notion of rationality. The branch of behavioral theory with the largest set of deductions, rational choice theory, employs a highly specific theory of rationality that builds on utility theory and noncooperative game theory. Other social science theories of rationality typically use this set of ideas, based in economics, as their basis for comparison. In utility theory, individuals have preferences over the state of the world. Those preferences are rational as long as they are (1) complete (they cover the entire spectrum of possibilities), (2) stable (they are not constantly in flux), (3) transitive (individuals do not prefer A to B, B to C, and C to A), and (4) context independent (additional options do not change the preference ordering of the original options). Preferences that meet those assumptions can be assigned utilities and used to predict the decisions of the actor. Individuals are rational if they make the best decision given their desires and beliefs about how their actions will affect those desires. Some authors say that rational actors should also have internally consistent beliefs and desires. In noncooperative game theory, individuals also have beliefs about how other actors will influence outcomes and may have information about the beliefs and desires of others. The term *perfect rationality* is invoked to further hypothesize that people are capable of unlimited deductions from their beliefs and desires to find the rational course of action.

To most practitioners of rational choice social science, these assumptions serve as a baseline for theory building and are not deeply considered. Jon Elster has been a prominent voice in the efforts to consider the logical and empirical problems of these base assumptions. He argues that rationality implies intentionality, that a behavior must be based on a set of cognitions and desires that are used to make a decision in the way that rational choice theory describes. He extrapolates additional conditions from this idea, including internal consistency of beliefs and desires, the optimality of choices given options and beliefs, the appropriate causal relationships between thoughts and actions, and a basis for action in one's cognitions. Others respond with a view of rationality that does not include these additional assumptions or that labels

them as convenient fictions rather than hypotheses regarding cognition.

Refinements and Challenges

In applied game theory, ideas about rationality have been refined to include many differences across individuals regarding how they perceive and think about options. We can incorporate differences in individual attitudes toward risk, preferences over time, levels and uses of information, and views of choices. Researchers have also expanded their lists of rational benefits that people may claim as a result of their actions. Rather than economic or self-interested gains, in this view, individuals may obtain reputational and expressive benefits from their actions, or they may behave according to their conception of moral rights. In this view of rationality, people may also be differentially influenced by people in their social networks or with whom they have group ties.

These extensive refinement programs were driven by several problems discovered when applying rational behavior to collective decision making. First, Ken Arrow popularized the notion that collective rationality could not occur from any nondictatorial decision-making system. This finding was of prime importance to those who study committee decisions, where it appeared that no decision would be stable because enough people would always have an incentive to act to change the current decision. However, empirical researchers found many stable social institutions that seemed to imply collective rationality. Second, a strict rational choice theory argued that collective action in large groups would be impossible because everyone would have an incentive to free ride on the activities of others and choose not to contribute to public goods. Again, empirical researchers discovered many examples of collective action that did not seem to include the incentives hypothesized by the theory. Third, many potential equilibrium solutions were found to common noncooperative games. Researchers disagreed about the criteria for selecting the likely course of action in these circumstances; they went about generating reasons to prefer some outcomes over others that imposed additional constraints on rational behavior.

However, the most extensive set of refinements of economic ideas about rationality came in response to common findings in empirical studies of organizations and in experimental social psychology. Herbert Simon studied the way that people make decisions within organizations and identified a large list of limits on the cognitive capability of these individuals. The individuals he studied did not formulate or solve problems the way that rational decision making implies, often because they processed information differently than theory assumes. His set of ideas became known as a theory of "bounded rationality." In the most commonly referenced part of this theory, individuals are said to engage in "satisficing" rather than optimizing; they select the first acceptable option that they find rather than search for the best possible option.

The experimental critiques of common theories of rational decision making were pioneered by Daniel Kahneman and Amos Tversky. They showed that individuals use a large class of heuristics, or shortcuts, in decision making rather than always making the decisions implied by traditional theory. Their experiments showed that individuals assume that the events they see are more representative than they actually are, leading to the use of unrealistic stereotypes in many circumstances, rather than individual assessment of new pieces of information. Further, individuals rely on information that is easily retrieved and matched to current events, rather than all available information. Finally, individuals are influenced by "anchor" values or obvious preexisting ideas that frame their response to new information. Researchers have since found many other examples of similar behavior.

These debates about the kind of information processing that rationality implies occur alongside a long-standing but separable series of critiques about whether individuals act in a self-interested manner. Self-interest is usually compared to altruism, or behavior that acts in the collective interest. More recently, however, researchers have found that many individuals often respond to group-based or class-based interests, even when they have no personal incentive. If behavior is driven by group membership or social network position, it can be defined as rational but may be more

difficult to track than traditional rational decisions. When considering these personal, social, and public interests, researchers generally find that people conflate their individual interest with the group interest and the public interest. They are driven to make their normative ideas about how the world should be converge with their self-interested ideas about what outcome would most benefit themselves—they rationalize their altruistic beliefs by implying that the results they favor will be in their own interest in the long run, or they rationalize their interests by changing their normative opinions to match their self-interested motives.

Alternatives

To some researchers, this set of findings presents a more global problem to the rationality thesis than can be accounted for by additional refinements. Rather than continually adjusting decision theory as new challenges arise, sociological theories of rationality generally begin with an entirely different premise. Max Weber argued that rationalization was a general social pattern arising in response to the rise of large-scale organizations in the aftermath of the Enlightenment and the Industrial Revolution. Specifically, organizations tried to institute goal-oriented rationality and move away from traditional reasons for behavior and the blind following of leaders. Rational notions of decision making were infused throughout society. In a more extreme extrapolation of this theory, George Ritzer argues that the move toward rationalization is a period effect; it is part of the nature of current times defined by vivid examples of rationalized enterprises. This view of rationality no longer even implies that better decisions are being made with additional information; they are just decisions that are in line with current thinking.

Several related alternatives to the rationality thesis have come from scholars of political science. Followers of Murray Edelman argue that politics is primarily a fight over symbols, rather than rational choices among options. In this view, people have affective responses to their choices that originate in early life experience; as choices arise, individuals merely categorize incoming choices to make their

decisions based on reflexive application of their existing normative ideas. Many political scientists also have inherited sociological theories about acting in response to institutionalized norms or social group and class identities. Researchers of political opinions often combine many categories of motivations for action in one multivariate analysis of a particular decision. These empirical models imply that individuals make decisions based on the perceived consequences of their decisions as well as their membership in groups, their normative ideas, and their attachment to symbols. In this view, we need not define rationality as anything other than how all of these effects combine in the mind to influence behavior. Rational decisions are merely decisions that consider all these potential reasons to prefer each option.

However, to some opinion researchers, this hodgepodge of motivations implies that there is something fundamentally wrong with the general theory of rational decisions. John Zaller and Stanley Feldman argue that people deal with internal conflict concerning their basic values, their allegiances, and their opinions. They change their mind more frequently than one would expect and respond to the framing of questions in ways that imply that they lack consistent and strong views. In Zaller's view, we should think of the human mind as a container for the many different ideas that they find in society. Though some elites are driven to rationalize their views and make them consistent, most people make decisions by accessing some of their conflicting views. Rationality, in the common view, may be limited to elites. Whether or not rationality is in need of major redefinition will continue to be a lightning rod for major debates throughout social science.

—Matt Grossmann

See also Bureaucratic Politics Approach; Communicative Action; Communicative Rationality; Deterrence; Groupthink; Planning; Rational Choice Theory; Rationalization; Sociology of Governance

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RATIONALIZATION

Rationalization denotes the shift from traditional, habitual, and particularistic methods of economic, social, and political organization and administration to methods that are instead calculative, systematic, and universalistic. In contemporary governance, rationalization is often shorthand for streamlining government for the purpose of maximizing the efficient provision of public goods and services. This is accomplished, for example, by introducing uniform standards, applying universal and impersonal rules, enhancing transparency and accountability, eliminating redundant staff and overlapping agencies, and promoting the functional specialization of services.

As theorized by Max Weber, rationalization referred to a process by which rational methods—for example, the calculation of cost and benefit—lead to a devaluation of traditionalism. The sacred and transcendental are replaced by the secular and utilitarian; the particularism of kinship ties is replaced by the impersonal universalism of the market and bureaucracy. By extension, contemporary usage focuses on the application of market rationality to government. This idea is clearly reflected in the "good governance" movement associated with the World Bank, which emphasizes fiscal responsibility, efficiency, transparency, and accountability as keys to good governance.

In the developed world, fiscal challenges emerging from a number of sources over the last thirty years have increased pressure on states to reduce spending. In this context, rationalization is an attempt to reduce spending without abandoning established goals. Efforts to rationalize states and produce more efficient governance may result in governments shifting responsibilities to functionally specialized organizations, such as semiautonomous public agencies (like central banks) or firms and civil society organizations in the private sector. If it does, then rationalization implies a loss of autonomy for states as they are increasingly drawn into wider networks to create and implement policies and achieve their goals.

In the developing world, rationalization implies conflicting trends for states. On the one hand, rationalization implies a trend toward state building and increased state capacity through the creation of bureaucracies and state administrations that displace inefficient and particularistic forms of economic and political organization. On the other hand, rationalization may mean a diminution of state autonomy, if fiscal or other concerns push governments to turn to private firms, nongovernmental organizations (NGOs), and international organizations in order to more efficiently create and implement policies.

Rationalization raises an interesting paradox about the nature of contemporary governance. While efforts to rationalize governments appear to be leading to new forms of network governance, this new governance may itself be irrational. As in the European Union, governing through formal networks can be cumbersome and inefficient. Consequently, the locus

of governance may shift to informal networks. While informal networks may facilitate more efficient governance in some ways, they may also be based on particularistic ties, like ethnicity or kinship, with significant potential for corruption and other kinds of inefficiency. What shape will attempts to rationalize these new forms of governance take?

—*Jeremy Darrington*

See also Efficiency; Groupthink; Organizational Structure; Rationality

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REALISM AND NEOREALISM

Realism and neorealism have dominated the post-1945 academic study of international relations (IR). Realists claim to offer both the most accurate explanation of state behavior and a set of policy prescriptions (notably the balance of power between states) for ameliorating the inherent destabilizing elements of international affairs. Realism, at a general level, stresses the centrality of the state, national interest, and military power in world politics. It focuses on the continuity of patterns of interaction in an international system lacking a centralized political authority. This condition of anarchy means that international politics often follow a different logic from domestic politics, which is regulated by a sovereign power. Realists are pessimistic about the possibility of radical systemic reform. Realism is a broad tradition of thought, composed of a variety of different strands. The most significant break is between classical realism and neorealism.

Classical Realism

Realists frequently claim to draw on an ancient tradition of political thought. Their canon includes Thucydides, Thomas Hobbes, Niccolo Machiavelli, Jean-Jacques Rousseau, and Max Weber. Realism as a self-defined tradition of reflection on international politics emerged during the mid-twentieth century, inspired by the British historian E. H. Carr. Carr attacked what he perceived as the dangerous and deluded "idealism" of liberal internationalists and, in particular, their belief in the possibility of progress through the construction of international institutions (especially the League of Nations). He focused instead on the perennial role of power and self-interest in determining state behavior. World War II converted many people to this pessimistic vision. Thereafter, realism became established in American political science departments, its fortunes boosted by a number of émigré European scholars, most notably Hans Morgenthau. It is the realism of Carr, Morgenthau, Reinhold Niebuhr, and their followers that is labeled classical.

Classical realism was not a coherent school of thought: It drew from a wide variety of sources and offered competing visions of the self, the state, and the world. Carr was influenced by Marxism, Niebuhr by Augustinian theology, while Morgenthau drew on Friedrich Nietzsche, Weber, Carl Schmitt, and American civic republicanism. They were united mainly by that which they opposed. Classical realism is a philosophy of limits. Critical of the ambition, optimism, and explanatory focus of liberal internationalists, realists have instead tended to stress the barriers— whether inscribed in human nature, political institutions, or the structure of the international system—to progress and reform. The fortunes of classical realism, grounded as it was in a combination of history, philosophy, and theology waned under the 1960s onslaught of social scientific behaviorism. Its fortunes were revived by the emergence of neorealism during the 1970s.

Neorealism

Associated in particular with Kenneth Waltz, neorealism is an attempt to translate some of the key insights

of classical realism into the language and methods of modern social science. In the *Theory of International Politics* (1979), Waltz argued that most of the important features of IR, and especially the actions of great powers, could be explained solely in terms of the anarchical structure of the international system. This was not a new argument, but in systematizing it and attempting to establish it on scientifically defensible grounds, Waltz simultaneously reinvigorated realism and further detached it from its original roots.

The shift from classical realism to neorealism was marked by continuity and change. The changes were along two main axes: the method and the level of analysis. In terms of method, realism was reconfigured as a rigorous and highly parsimonious social scientific theory, drawing in particular on microeconomics. Regarding the level of analysis, Waltz argued that traditional realist arguments about domestic institutions, the quality of diplomacy and statecraft, national morale, and human nature were largely irrelevant. He conceived of states as unitary rational actors existing in a self-help system. Concerned above all with survival, and operating with imperfect information, states are socialized by the logic of the system into similar patterns of behavior. The international system is defined by remarkable continuity across space and time. The trajectory of IR is explained by the distribution of power across the units in the system, and Waltz argued that the most stable arrangement was bipolarity, a balance between two great powers.

Neorealism(s) and Beyond

Both Waltz's conception of IR theory and his substantive arguments proved influential, and debates between neorealists and their critics dominated the field for much of the 1980s and 1990s. While a competing school of neoliberal institutionalists dissented from his claims about the difficulty of cooperation under anarchy, they nevertheless adopted his method and many of his assumptions. Neorealism divided between "offensive" and "defensive" variants. "Defensive" realists, following Waltz, argue that states tend to seek security, and as such a stable international

equilibrium is possible via balancing. This position has been attacked for displaying a status quo bias. "Offensive" realists argue that states seek to maximize power rather than security, making equilibrium harder to achieve. Recently, neoclassical realists, while remaining within a social scientific framework, have refocused attention on the domestic sources (both individual and institutional) of international action.

Neorealism has numerous detractors, including many sympathetic to classical realism. It has been chastised for failing to engage seriously with history, sociology, and philosophy; for falsely claiming scientific credibility; for an inability to account for systemic transformation (including the end of the Cold War and globalization); and for a self-defeating analytical reductionism. Nevertheless, it remains a powerful research program. Recent years have also witnessed a resurgence of interest in classical realism, which its admirers present as a far more complex and radical position than many contemporary realists and their critics allow.

—Duncan Bell

See also Cosmopolitanism; Groupthink; Hegemony; Liberal Internationalism; Mercantilism; Power; Regime Theory; Security; Sovereignty

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RECIPROCITY

Reciprocity is essentially a principle of exchange. It requires that like be exchanged for like, such that the value of that being exchanged is perceived by participants to be of roughly equivalent value, although it is not an exchange of the same thing. It is most commonly associated with trade agreements. For example, if country A agrees to cut tariffs on a certain product, say clothing, such that country B can export a greater quantity of clothes to country A, country B must then offer tariff cuts on a product of export interest to country A, say computers, such that the value of the increased clothing exports from B is perceived by both countries to be of roughly equivalent value to the increase in computer exports from A.

Diffuse and Specific Reciprocity

We can distinguish two forms of reciprocity—specific and diffuse. Specific reciprocity is characterized by the involvement of a limited number of participants, each known to the others, who exchange items of equivalent value over a finite, delimited period of time. Initial offers are known to all and are made contingent on the granting of concessions of a roughly equivalent value by the other actors.

By contrast, diffuse reciprocity is less precise. Partners are viewed more as a group than as individual actors, and the sequence of exchange is more open. The expectation is not for equivalence of concessions in any one exchange, but rather a balance is expected over an ongoing, potentially indefinite, series of exchanges with a group of partners. A balance of concessions is not required between any two specific participants, but each individual actor expects to have a rough equivalence over time between the aggregate benefits it receives from the group as a whole and the overall concessions it makes. As such, reciprocity in this instance is more diffuse in character.

Relationship to Trade Liberalization

Reciprocity has its intellectual roots in mercantilist economics, in which increased exports are seen to be beneficial because they lead to inflows of foreign exchange and increased imports are conversely seen as harmful because they require an outflow of foreign exchange. Politicians and trade negotiators are generally considered to instinctively embrace mercantilist ideas, seeking each dollar's worth of increased imports arising from the granting of trade concessions to be balanced by concessions from trading partners worth a dollar in increased exports. Liberal trade theory, current economic orthodoxy, by contrast, sees liberalization of one's own trade policy as economically preferable to maintaining protectionist measures, regardless of whether or not one's trading partners reciprocate that liberalization. According to this view, import restrictions cause losses to a country's welfare that exceed the domestic gains. Therefore, neoclassical economists argue that a requirement of reciprocity in trade policy makes no economic sense. Furthermore, reciprocity may lead to higher tariffs being maintained even when those tariffs are economically harmful, as a requirement of reciprocity in trade negotiations encourages countries to stockpile such tariffs for use as bargaining chips in subsequent negotiations.

However, reciprocity can aid the trade liberalization process by creating political support for liberalization agreements. While protected industries will oppose liberalization measures that subject their markets to greater competition, the linking of the liberalization of the domestic market to liberalization by other countries via reciprocity helps to garner support from exporters that stand to gain from increased access to foreign markets. Therefore, reciprocity eases the difficult political process of undertaking trade liberalization by increasing the stake that exporters have in that process, encouraging them to put their political weight behind the trade agreement.

Operation in the GATT and the WTO

This garnering of political support for liberalization has been an important element in the success of the World Trade Organization (WTO) and its predecessor, the General Agreement on Tariffs and Trade (GATT). Reciprocity was used to help prevent countries from

free riding on other countries' tariff cuts, which were automatically extended to all members of the GATT through the application of the most-favored nation (MFN) clause. However, a potential exception was made for developing countries contained in Part IV of the GATT agreement, appended to GATT law in 1965 to address their growing discontent with the multilateral trade system, which they perceived to be biased against their interests. Part IV released developing countries from the requirements of reciprocity under some circumstances, although the commitments developed countries took on not to seek reciprocity from developing countries were not legally binding, but served merely to exert a degree of moral suasion in future negotiations.

In subsequent GATT rounds, developing countries used the waiver in Part IV to take advantage of tariff cuts made by developed countries while offering little in return. However, any advantages they gained through this were severely limited because developed countries focused their liberalization on those areas in which they had a strong commercial interest, such as high-technology manufactured goods. Developing countries had little interest in such areas because their principal exports were in raw materials, semimanufactured and low-technology goods. Sectors in which developing countries had the most to gain from liberalization, namely agriculture, textiles, and clothing, were excluded from the GATT framework.

This illustrates the value of reciprocity in trade negotiations. The benefits of liberalization commitments agreed to in successive GATT rounds were concentrated among those countries that themselves made commitments to liberalize, despite the force of moral suasion contained in Part IV. The waiver developing countries had from the requirements of reciprocity meant that they had little influence on negotiations, leaving developed countries to dominate the process and exclude from the agenda areas of commercial interest to developing countries.

—*James Scott*

See also Generalized Exchange; Human Capital; Mercantilism; Multilateralism; World Trade Organization

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REFLEXIVITY

Reflexivity evokes the explicit acknowledgement of personal sources of bias when describing and acting upon reality. It highlights the fact that in any interaction with the external world, we are simultaneously disclosing something about ourselves. Being reflexive denotes a critical stance that challenges both the traditional scientific ideal of objective inquiry and the modern ideal of a clear-cut separation between individuals and impersonal institutions.

Anthony Giddens, Ulrich Beck, Scott Lash, and others identify reflexivity as an organizing systemic principle in late modernity. Reflexive modernization refers to a recursive turning of modernity upon itself, which is of significant relevance to the concept of governance. According to this thesis, linearity and the following of rules, in consonance with a set of pre-established roles, characterized the functioning of prereflexive modern institutions (e.g., family, ethnic group, and the state). These institutions are now in crisis, and functions that were once taking place at the interface of institution and role are now taking place much closer to the subject. Rigid rules and roles are progressively being denormalized in light of nonlinear reflexivity. Yet the outcome is neither chaos nor irrationality. Instead, the outcome is a reorganization in which the subject relates to institutions by being reflexive, rather than by the strict following of rules and roles.

In late modernity, reflexivity transforms governance by opening institutions toward culture and tying them to the political attributes and capacities of self-reflexive individuals. In this context, cultural governance arises as a political practice of promoting citizens' empowerment and self-discipline. This new governance requires a willingness to learn, to be self-reflexive and question oneself, to seek wisdom, to be accepting of other perspectives and consider what one can learn from them, and to trust others in this process of mutual reexamination. Political and administrative research must reformulate the concepts of government and state them in order to include the various perspectives about how to do politics and govern themselves. Effective governance relies increasingly on the ability to empower lay people and to affect their identities in such a way that they act effectively and self-responsibly for the sake of coherence and integration of the socioecological system to which they belong.

Reflexive governance implies moving to more network-oriented forms of strategic communication. Reflexivity can enhance the dialogue and collaboration among different institutions. It can also help create a process of self-reflection within institutions in which people ask why they do the things they do and how things could be done differently. This kind of reflexive exercise is fundamental not only to understanding and contrasting different versions of reality and situating different perspectives within a wider argumentative context, but also to discussing the alternative courses of action in order to deal with the new risks and opportunities posed by modernity and globalization.

—*David Manuel-Navarrete*

See also Communicative Action; Communicative Rationality; Globalization; Interpretive Theory; Pragmatism; Social Practice; Sociology of Governance

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REGIME

The concept of a regime evokes a system of social control. Simply, a regime refers to an institution with a clear substantive and geographical remit, bound by explicit rules, and agreed on by governments. So, the concept is often preceded by a spatial adjective—international, national, or urban, for example—referring to the area over which it has jurisdiction and can be used to refer to all manner of substantive remits over which it has control—development, environment, labor, trade, and so on. A more detailed definition documents the means through which an institution forms. The emphasis is on the principles, norms, rules, and decision-making procedures around which the expectations of individual actors (normally governments) converge and are institutionalized.

Uses of the regime concept often involve an association with a specific individual (e.g., Nicolae Ceausescu's regime), a particular ideology (e.g., a fascist regime), approach (e.g., a military regime), or political project (e.g., a neoliberal regime). In theory, the term need not imply anything about the particular government to which it relates, and most social scientists used it in a normative and neutral manner. The term, though, can be used in a political context. It is used colloquially by some, such as government officials, media journalists, and policymakers, when referring to governments that they believe are repressive, undemocratic, illegitimate, or simply don't square with the author's own view of the world. Used in this context, the concept of regime communicates a sense of ideological or moral disapproval or political opposition. So, regime change, as for example recently witnessed in the case of Iraq, refers to the overthrow of a government considered illegitimate by an external force, and its replacement with a new government according to the ideas or interests promoted by that force. So, in the case of Iraq, a U.S.-led coalition of national armies led the overthrow of the Saddam Hussein regime and oversaw its replacement by, first, a U.S.-led interim government and then, subsequently, an elected regime.

While not as well-developed as the work on international regimes, two other uses of the regime concept

have been advanced, and remove the usage of referring to one national government or another. The first describes supranational agencies, often involved in the regulation of one or more issues. Examples include the International Labour Organization and its regulation of labor conditions, and the European Environment Agency and its regulation of the environment. These have a different set of resources—economic, political, and social—to draw on than national governments, and their activities can either empower or constrain individual nation-states. The second alternative use of the regime concept is in describing the formation of institutions to govern urban relations. Implicit and explicit norms and rules inform the decision-making procedures, in and through which urban regimes make judgments over the types of strategies to be pursued in, for example, balancing the need for cities to be economically competitive while, at the same time, ensuring citizens enjoy a good quality of life.

—*Kevin Ward*

See also Authoritarianism; City-Region; Democratic Theory; Institutionalism; Nation; Urban and Regional Planning

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REGIME THEORY

Regime theory emerged within the study of international relations (IR) in the mid-1970s in order to explain cooperation among states that pursue their self-servingly defined interests rationally in the international system, which is characterized by anarchical structures. The most commonly accepted definition of regimes has been put forward by Stephen Krasner. Krasner defined regimes as sets of implicit or explicit principles, norms, rules, and decision-making procedures around which actors' expectations converge in a given issue area. Regimes are usually understood as specific cooperative

institutions. In contrast to general institutions, such as organizing principles like sovereignty, regimes are tied to specific issue areas. Unlike organizations, they cannot appear as actors in the international system. Academic interest in the IR regime debate became strong and peaked in the 1980s, In view of the relative American decline in the 1970s, the transformation of the postwar economic order, which was based on U.S. hegemony, generated substantial theoretical and normative challenges for IR scholars. Since the 1980s, the study of local and urban politics has made use of the regime concept. The urban regime concept is more explicit than the original IR regime notion and entails the specification of additional properties. It describes processes and structures of cooperation among public and private actors that form an informal but relatively stable group with access to institutional resources.

Regime Theory and the Study of International Relations

In IR, we can broadly distinguish between three different regime theoretical approaches: interest-based, power-based, and knowledge-based theories. Interest-based (also known as neoliberal) theories have become the leading school of thought in IR regime analysis. Neoliberals, like Robert Keohane, who shaped this approach decisively, draw on microeconomic (or rationalist) assumptions concerning human action and extend these to state behavior. States are depicted as rational egoists, which seek to maximize their gains. However, in contrast to power-based theories, states seek absolute, and not relative, gains. Neoliberals explain regime creation through this orientation toward absolute gains: In situations where states have homogeneous interests that cannot be attained unilaterally, they tend to cooperate in order to achieve gains through collective action, even if other participants benefit to a greater extent from this cooperation. Thus, the impact of regimes is not to change the interests of the participating states. Instead, they function as catalysts of cooperation that leave the interests of states essentially untouched.

The neoliberal approach regimes further contribute to international cooperation through the reduction of

transaction costs. The latter are reduced, for example, because regimes offer a framework for negotiation. Cooperation is facilitated as negotiating partners, procedures, and basic objectives are already established. In addition, regimes can reduce transaction costs by providing control mechanisms in order to ensure compliance among cooperative partners and may thus also contribute to reliability in terms of actors' expectations. Cooperation is also facilitated through issue linkage, which increases the scope for trade-offs across different (sub)sectors. Moreover, regimes help define what cooperation entails in the first place. As a result, states can no longer justify breaches of cooperation with the uncertainty as to what international cooperation asks of them. Default becomes more costly because the reputation of being a trustworthy cooperation partner is damaged. This is of particular importance, especially as most cooperation processes are continuous. Game-theoretical models have been applied by neoliberals to simulate different preference constellations that affect the likelihood of regime creation and maintenance. Interest-based theories highlight the significance of international institutions for the structure of the international system and the realization of common interests. Regimes are portrayed as effective and resilient. States can be shown to have an interest in maintaining regimes even after the conditions that brought the regime into existence are no longer operative. Neoliberals primarily stress the objective of economic welfare and have focused, for example, on issue areas of finance and trade, such as the international trade regime (General Agreement on Tariffs and Trade, or GATT).

Power-based approaches, which are also referred to as (neo)realist theories of international relations, share with neoliberals the emphasis on self-interested actors, the anarchical nature of the international system, and the predominance of states within this system, although power-based theories attribute somewhat stronger weight on the last two points than neoliberal approaches. The central determinant of outcomes is not the distribution of interests, but of power; although interest-based theories are not completely insensitive to the latter. The central factor distinguishing power-based from interest-based theories is that states are assumed to seek relative, rather than absolute, gains, that is, greater benefits than their cooperation partners. This makes cooperation among states a difficult undertaking from the realist perspective. Hence, power-based approaches contend that regime creation is mainly dependent on the existence of a hegemon that is willing and able to bear most of the costs for the provision of collective goods necessary for the establishment and maintenance of the regime. This strand of realist regime analysis has also been referred to as hegemonic stability theory. It also holds that the decline of a hegemon or its decreasing supply of collective goods would lead to the gradual disintegration or collapse of the existing order and the regimes it constitutes.

Other than through hegemonic stability, realists see only limited chances for successful cooperation among states that seek relative gains, or at least aim to avoid relative losses. Joseph Grieco views regime creation and maintenance as promising when gains from cooperation can be distributed evenly among the participating states. On the whole, power-based theories attribute considerably less causal importance to international regimes than interest-based approaches. The significance ascribed to international institutions varies within this paradigm. While most neorealists acknowledge that regime-based international cooperation constitutes a real phenomenon and a major puzzle to the realist research program, few (arch)realist scholars do not take international institutions seriously and consider the study of international regimes a false promise. Neorealists attribute particular importance to the goal of (military) security. Thus, their (regime) analysis has especially focused on cooperation in the field of security. But some neorealist authors like Grieco have also analyzed regimes in the economic realm.

Both interest-based and power-based theories are rationalist approaches. They (1) assume strategic and interest-maximizing actors and (2) take strategies and preferences as exogenously given. Knowledge-based, also known as reflexive, cognitive, or social constructivist, approaches generally do not share the rational choice tenet of exogenously given interests. Instead, the normative orientations of actors, their state of

knowledge, their perceptions, values, and so forth are taken into account. Cognitive approaches assume that actors' preferences are not fixed but variable entities. The formation of regimes and their development is viewed not as the result of interest maximization or certain power constellations, but as the distribution of knowledge, predominant (and evolving) norms, mutual (often discursive) interaction, as well as socialization and learning processes.

We might distinguish here between weak and strong cognitivism. The weak strand seeks to fill a gap in rationalist theorizing by adding a theory of preference formation. This can be seen as complementary to interest-based theorizing on international regimes. Weak cognitivists, like Peter Haas, emphasize the importance of knowledge and expertise for facing the challenges of international politics. In order to reach decisions in complex issue areas, policymakers often need to resort to transnational professional communities of knowledge-based experts, also referred to as epistemic communities. Haas holds that problems characterized by a high degree of uncertainty from the perspective of decisionmakers; a far-reaching consensus concerning causes, effects, and solutions within the epistemic community; and the latter's access to the political decision-making processes impacts favorably on the formation and development of international regimes. The impact of epistemic communities is estimated particularly high in cognitively complex issue areas, such as environmental, energy, and technology policy, which require substantial scientific expert knowledge as a basis for reaching decisions. Research on epistemic communities has thus focused, for instance, on ozone or climate-change regimes.

Strong cognitivists also contest the other main rationalist assumption pointed out previously, that is, actors and states as utility maximizers. Instead, actors such as states may also be role players, norm followers, or truth seekers. This more maximalist approach emphasizes not only the actors' strategic competence, but also their discursive and argumentative competences. Hence, strong cognitivists, like John Ruggie, have criticized interest-based approaches for failing to adequately embrace the repercussions of institutionalized practices on actors' norms and identities. They

view institutions and regimes as not only constraining or shaping but as constituting actors' preferences. Overall, knowledge-based theories ascribe international regimes the strongest significance among the three approaches.

Research on international regimes has undergone a number of different phases. In the early stages of regime analysis, scholars focused particularly on the conditions for regime formation and maintenance. Since the 1990s, the study of international regimes has gradually focused more on questions of implementation, compliance, design, and effectiveness. The issue of regime effectiveness especially has generated a fair amount of scholarship. After many years of research on international regimes, there is little or no doubt that regimes in various issue areas make a certain impact. However, the challenge is to ascertain and measure the extent to which they are effective. One of the foremost scholars on the question of regime effectiveness is Oran Young. He advanced research on this question, for example, by specifying several different dimensions of regime effectiveness. These include problem solving (are the problems that led to regime creation solved?), goal attainment (are the objectives defined for the regime met?), normative effectiveness (are criteria like justice and sustainability fulfilled?), behavioral effectiveness (does the regime change actors' behavior?), and process effectiveness (are the regimes' provisions implemented?). Most of the research on effectiveness has concentrated on effectiveness as problem solving. In recent years, scholars have managed to quantify regime effectiveness. In addition, recent research has begun to focus more strongly on the interaction of different regimes and on the role of nonstate actors and policy networks.

Regime Theory and the Study of Local and Urban Politics

Urban regime theory elaborates the regime concept drawn from the international relations literature. It goes beyond the IR conceptionalization of regimes as cooperative institutions that are characterized through informal or formal structures—principles, norms, rules, and procedures—that contribute to the solution

of conflicts. In the study of local and urban politics, the regime concept entails additional properties. Largely following Clarence Stone, the urban regime concept describes processes and structures of cooperation of public and private actors in urban areas and their ability to find access to institutional resources. An urban regime is a relatively stable coalition of actors that has, or seeks to achieve, a sustained role in making governing decisions on the local level. Political power is sought by regimes as the power to act, rather than the power over others. Cooperation is attained through both formal institutions and informal networks. Regimes bridge the divide between popular control of government and private control of economic resources. They are stable because they bring together fragmented resources and manage to establish long-standing patterns of cooperation for the accomplishment of tasks.

The urban regime concept has developed through induction from exemplary case studies. The wide-ranging and multifaceted concept combines, for example, elements of political economy, pluralism, and institutionalism. The urban regime concept bears certain similarities with both elite and pluralist theories. Yet, while these two approaches have the idea in common that urban politics is characterized by struggle concerning the distribution of public goods and income, regime theory stresses the importance of the role played by the cooptation of private interests and the need of combining and commonly using private and public resources in order to implement local policy agendas. Urban regime theory also differs from the concept of policy networks. The latter theorizes at a higher level of abstraction and cannot sufficiently hypothesize which logics spur cooperation in local and urban politics.

Authors have developed a number of different typologies of urban regimes. Stephen Elkin holds that the structural features that define urban regimes stem from the division of labor between market and state. He thus distinguishes between entrepreneurial, pluralist, and federalist regimes. Stone also differentiates between three types of urban regimes that are defined through the properties of governing coalition structure and development outcomes: corporate, progressive, and caretaker regimes. Corporate regimes

are characterized by the central role of private interests. They entail the risk that the preferences of citizens are circumvented. Progressive regimes are based on neighborhood organizations of the lower and middle classes. This type is considered unstable. Caretaker coalitions represent tight neighborhood networks and associations of small firms or minorities. They tend to need the city council or political organizations in order to become operational.

Urban regime theory has covered quite a number of interdisciplinary debates and substantive issues within its research agenda. These include, first, the potential of cross-national comparisons. Comparative research on urban regimes has the potential to break the concept out of its focus on the governing coalition by comparing processes within different contexts. This potentially allows for an explanation of the impact of changes in the larger environment on the formation and evolution of regimes. Second, the importance of business participation in defining urban regimes has been subject to discussion. Some scholars have contested the inclusion of business as a critical element of urban regimes. They contended that Stone's social production model reflects a U.S. bias as American local governments are dependent on the private sector for critical resources. Thus, they called for a broader conception of urban governance. Karen Mossberger and Gerry Stoker, among others, have refuted this view. They suggest that through the broader conception of urban governance, the regime concept would surrender features that have made the concept distinctive, such as the collaboration with business entities. Moreover, there is evidence of government-business partnerships from research on European local politics. A third substantive issue on the urban regime agenda deals with the application of the regime concept to new contexts. Despite the dangers of concept over-stretching and creating conceptual muddle, the regime concept has been productively applied to some new areas. For example, its application to the regional level has been promising, not least because many issues that are traditionally dealt with in urban regimes, like economic development, cannot be adequately dealt with within the confines of local government. Limitations of the urban regime concept have

been demonstrated concerning noneconomic issues, for example, in the area of identity politics, such as civil rights issues.

—*Arne Niemann*

See also Cooperation; Epistemic Community; International Regime; Internet Governance; Local Governance; Neoliberalism; Pluralism; Policy Network; Realism and Neorealism; Self-Regulation; Social Constructivism

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Regional Authority

A regional authority is an administrative body responsible for governing a geographically defined region. Its responsibilities may be general or limited to a given sector of activity, and its autonomy may range from almost autonomous to directly controlled by an upper level of government.

A renewed interest in the regionalization of the state's responsibilities in the 1980s and 1990s at the international level spurred the creation of many new regional authorities and the reinforcement of existing bodies' functions.

Regional authorities are generally established as intermediary governance bodies between local institutions or service providers on the one hand and national or provincial governments on the other. Regional authorities' existence can be explained according to the subsidiarity principle regarding the optimal equilibrium between centralization and decentralization of governance functions. The subsidiarity principle states that each governing task must be carried out at a level that is close enough to production or delivery levels to have a good understanding of local conditions, while controlling enough resources to maintain integration of services, coordination, and economies of scale. The creation of regional authorities may thus constitute a mix of centralization and decentralization, as power and responsibilities are transferred downward from central governments to the regional level, while functions previously performed by local authorities or organizations are shifted to the regional level.

While regional authorities can have broad responsibilities, they are often in charge of sector-specific responsibilities (for example, in health care or education). As intermediate governance bodies, regional authorities' autonomy is never absolute. They can only exist in equilibrium between complete centralization and total decentralization. In a totally centralized governance system, regional authorities would disappear, while they would become privatized organizations—or, at an extreme, autonomous states—in an absolutely decentralized system. In between, their autonomy can range from a simple deconcentration of an upper-governance-level's powers to a complete devolution. In a deconcentration scheme, the regional authority is limited to the regional implementation of centrally established policies and decisions without significant decision-making autonomy. In a delegation scheme, the upper level of government transfers some decisional

power to the regional authority. These powers are usually sector specific and limited to a capacity to define the modalities by which policy objectives set by the upper level will be met at the regional level. Both in deconcentration and delegation, regional authorities' legitimacy is mainly, if not entirely, derived from the upper level of governance's own legitimacy. Last, in devolution schemes, the regional authority has its own electoral system and the capacity to levy its own taxes: Thus, it can rely partially on autonomous sources of legitimacy. Devolved bodies are often in charge of multisectoral responsibilities.

At the administrative level, regional authorities are generally accountable to a board of directors. Regional boards can be appointed, elected, or a mix of both. Regional authorities having a devolved status are expected to have a mainly elected board, while deconcentrated regional authorities are expected to have no boards at all or a centrally appointed one.

—Damien Contandriopoulos
and Carl-Ardy Dubois

See also Center-Local Relations; Devolution; Intergovernmental Relations; Local Governance; Multilevel Governance; Substate Regionalism

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REGIONAL DEVELOPMENT BANK

Regional development banks are membership-based multilateral development finance institutions intended to assist with economic growth, poverty reduction, industrialization, and social progress in specific regions of the developing world. Their overarching goal is to reduce poverty in the developing countries in their region, and they pursue this objective by financing loans and technical assistance across a range of development activities, including agriculture projects, infrastructure building, social sector improvement, and good governance projects and policy reform. Regional development banks pursue many of the same projects and promote similar objectives at the regional level that the World Bank does for developing countries all over the world.

Regional development banks are a major source of multilateral funds for socio-economic development, poverty reduction, and institutional capacity building in their regions. They provide financing to governments and to enterprises in both the private and public sectors in their developing member countries, which are also their shareholders. Their principal instruments are loans, grants, and technical assistance, intended to support governments in identifying high-priority development programs and carrying out specific development projects. Country assistance strategies are designed in conjunction with government counterparts in member countries to ensure that assistance from regional development banks support development investments that are based on a country's own priorities. The regional development banks also provide differing degrees of policy advice to their member countries, and carry out policy and economic analysis that forms the basis of ongoing dialogue with governments. Some of them provide investment guarantees. In addition, regional development banks facilitate regional integration, promoting cooperation around development issues and helping countries learn from others in their region and at their level of development.

Major regional development banks include: the African Development Bank (AfDB), the Asian Development Bank (ADB), the Caribbean Development Bank (CDB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IDB or IADB), and the Islamic Development Bank (IsDB). These all have slightly differing mandates and operating structures, but the similarities across the group allow us to understand the concept of the regional development bank.

While they work in partnership with the International Bank for Reconstruction and Development (IBRD, commonly known as the World Bank) and bilateral aid agencies, regional development banks are separate and independent institutions. The International Monetary Fund (IMF) and the World

Bank were created at the Bretton Woods Conference in 1944 and are part of the United Nations system. Regional development banks, on the other hand, were created by their regional shareholders at different points in time. Their shareholder membership overlaps partly with that of the Bretton Woods institutions. But, unlike the IMF and World Bank, the majority of regional development bank funds and shareholder power belongs to their developing country members rather than the world's developed countries.

Furthermore, while regional development banks do provide some lending at concessional rates, most of their development loans are made at interest rates based on the cost of raising funds in international capital markets. This differentiates them from the concessional lending that the World Bank's International Development Association provides to the world's poorest countries. It also differentiates them from the bilateral foreign aid programs of governments, such as those managed by the U.S. Agency for International Development, the United Kingdom's Department for International Development, and the Japan International Cooperation Agency, which provide grants for development purposes. The aims of regional development bank and the recipients of their financing are also different from those of institutions that promote a country's exports, such as the Export Import Bank of the United States (Ex-Im Bank).

The first regional development bank was the Inter-American Development Bank (IADB). It was established in 1959 at the initiative of the Latin American countries, designed as a institution with a new mandate and tools for development in the region. In particular, its lending programs and modes of technical cooperation and assistance for socio-economic development were intended to go beyond the strategies common for financing economic projects. In many respects, the IADB became the model for the creation of other regional development banks.

The IADB finances its projects and technical cooperation programs in member countries through market rate or concessional loans. Different entities—including governments, civil society, subregional organization, and financial intermediaries—are eligible for lending, depending on the nature of the

particular project and the specific financing instrument and fund involved. The IADB does not invest directly in private equity itself, but its affiliates invest in private businesses, and the IADB and its affiliates also finance a number of grants for micro- and small business development in the region. When private financial sources lend to the public and private sectors in Latin America and the Caribbean, the IADB can guarantee these loans in order to encourage investment in the borrowing countries.

Similarly, the Asian Development Bank (ADB) promotes economic and social development in its member countries in Asia through a variety of different mechanisms. It designs and provides technical assistance, helps to coordinate and offers advisory services for development programs, and facilitates capital investment in both the private and public sectors through loans, equity investments, and other forms of non-financial support. The Islamic Development Bank (IsDB) aims to foster socioeconomic development in member countries and Muslim communities using financing modes that are in conformity with Shari'a, or Islamic law. It provides financing for development projects in agriculture, industry, and infrastructure, trade, and private sector development, and also offers technical assistance and facilitates technical cooperation among its member countries.

Regional development banks have, like the World Bank, moved over time from a heavy focus on agricultural development and infrastructure building toward a greater emphasis on social sector (health and education) development and strengthening governance and institutional capacity. Both their financial and non-financial interventions now involve non-governmental organizations (NGOs) and other community-based stakeholder groups. Moreover, they have recently moved toward a greater emphasis on providing economic opportunities for poor women and incorporating sound natural resource management and environmental impact mitigation measures in their operations.

—*Naazneen H. Barma*

See also Capacity Building; Regional Governance; World Bank

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REGIONAL GOVERNANCE

While the nineteenth century and the beginning of the twentieth century could be deemed the golden age of the nation-state, a new process of diversification of levels of governance has changed the political organization of a large number of liberal democracies since the end of World War II. First, a progressive generalization of subnational territorial governance meant that decentralized and federal systems greatly progressed since 1945. More innovatively, however, a certain number of supranational regional organizations also resulted in the emergence of a higher level of governance. Altogether, these new multilevel systems of governance and the crowning of regional governance as a new unit of decision making represented a quiet revolution in the life of many Western democracies, though attempts at regional governance have not been confined to these countries. Nevertheless, it is the case that regional governance is most advanced in Europe and less so outside of the West.

Arguably, the origin of regional governance could be found in the long imperial tradition of the European continent, from the Greek and Roman extended areas of sovereignty to the Austro-Hungarian empire from 1867 to 1914. However, the notion of a nonimperialist form of regional governance that is based on a union of independent sovereign states is not quite as new as one may first suspect. In 1464, the King of Bohemia at the time, George of Podehrady, wrote to his European colleagues suggesting that they unite in a new form of European Union (EU) for the common good of themselves (the monarchs) and of their people and to avoid more unnecessary bloodshed.

Four hundred and fifty years later, in the early twentieth century, other idealists revived the idea of a political unification of Europe that finally stopped to be an abstract dream following the end of World War II. Belgium, Luxembourg, and the Netherlands created the Benelux area of preferred trade, and some leaders tried to think of ways in which the German Zollverein of the early nineteenth century could be replicated at a trans-European level. In the Congress of the Hague in 1948, Western European political and intellectual elites, as well as a number of their liberal colleagues from the center and east side of the continent, decided to launch this political process, which resulted in the creation of the Council of Europe, a cultural organization.

By and large, the unification of the Western European continent became the single most outstanding example of regional governance in the world. Starting as a primarily economic and peace-oriented project, European unification progressively transformed into a fully fledged, quasi-federal political system with its own policies, institutions, citizenship, and constitution. The various treaties that marked the deepening of the European model of regional governance (Rome, Schengen, Maastricht, Amsterdam, Nice) all participated in this profound transformation of our understanding of regional governance.

Indeed, the EU is no longer a simple single market area, but the source of eighty-five percent of the new legislation that applies in every single member state every year. Within the spirit of multilevel governance, an EU citizenship now exists, which allows any citizen from a member state to freely travel, work, or live in any part of the European Union. A unified European Union passport, the direct election of a European Parliament through a single transnational election (nationally organized at the same time across the member states), and the right to vote in local and European elections in one's country of residence have completed this new conception of a European citizenship. Among the institutions of the new supranational political system, apart from the European Parliament and traditional executive (European Commission) and state-representing second legislative institution (the Council of the European Union), a Court of Justice of

the European Communities has, by and large, the role of a national supreme court and can be directly solicited by individual citizens, unlike traditional supranational judicial instances. Similarly, a European ombudsman deals with the problems occurring between EU citizens and their institutions.

Following the example of the EU, a certain number of other continents or subparts of continents have tried to initiate processes of regional governance, usually with a primary economic dimension. One can mention the cases of the Association of Southeast Asian Nations, the North American Free Trade Agreement, the Mercosur union in South America, and several attempts of the subparts of the African continent, as well as the Arab League, which has a predominantly political and diplomatic orientation. These new initiatives largely follow from the success of the EU and the new situation it has created, whereby even the largest and most powerful nations may occasionally find themselves undersized when it comes to reasserting their world position in a number of policy areas.

—*Michael Bruter*

See also Commonwealth of Independent States; European Union; Hemispheric Integration; Interregional Relations; Mesoregionalism; Monetary Union; Multilevel Governance; Pacific Islands Forum; Regional Development Bank; Regionalism; Transnational Governance; World Health Organization

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REGIONALISM

Regionalism has recently emerged as one of the key areas of research and debate in international relations (IR) and international political economy (IPE), together with the nature of the state and of globalization. As with the state and with globalization, regionalism is a complex phenomenon and its definition depends on the theoretical perspective employed within these fields. From a neofunctionalist perspective, regionalism involves the process of integration of nation-states toward regional institutions that possess the authority to provide functional needs. Similarly, neoliberal institutionalists argue that regionalism is a process whereby regional institutions, such as the European Union (EU), assist in reducing the costs associated with collective action and enhance the potential for states to engage in long-term reciprocal relationships. By contrast, neorealists argue that states regionally cooperate in order to balance power against other states or regions in an anarchical world. Economic approaches to regionalism place focus on the market-oriented welfare effects of economic interaction, such as lowering regional trade barriers and harmonizing external tariffs. Other approaches, from the field of "critical" IPE, identify regionalism as a process by which states and state-society complexes interact with processes of globalization to further their insertion into the economic and political world order. Finally, and in a related manner, the new regionalism approach seeks to understand the post–Cold War rise in regional formations as a process emerging from civil society in order to respond to the various challenges posed by globalization.

Theories of Regionalism

Early empirical studies of regionalism focused on the then initial stages of European integration from a mainly neofunctionalist perspective. Neofunctionalist interpretations of regional integration retained the thrust of the functionalist approach, which is that cooperation between nation-states begins with low-level economic and social cooperation, but then shifted their analytical focus from the international to the regional and introduced a utilitarian framework to describe the motives of rational political actors. As such, the neofunctionalist perspective seeks to understand and explain why sovereign nation-states choose to integrate in such a manner as to exchange aspects of their sovereignty for the authority of

regional institutions. Proponents of this view argue the explanation lies in the concept of "spillover" and the interests of national and supranational political actors. Through the interdependence inherent in the various sectors of modern economies, integration in one sector "spills over" into other sectors and necessarily leads to sectoral integration. Furthermore, due to the interwoven nature of the economic and political spheres, according to this argument, functional and political spillover induces the processes of regional integration to take place. The result is that supranational regional institutions are created with the jurisdiction over their member states to facilitate these integrative functions.

In a similar manner, neoliberal institutionalists emphasize the role of institutions in the formation of regional organizations. These institutions, it is argued, lower the transaction costs of increased cooperation and thus satisfy the demand of increased interconnectedness at the regional level. Unlike neofunctionalist theories, neoliberal institutionalists focus their analyses on the state as a rational actor in an anarchical international system of states. From this perspective, states seek long-term, absolute gains from cooperation and are discouraged by the actions of states that seek to cheat or defect from their mutual obligations. Regional institutions, it is argued, may provide the transparency, unified expectations, and the mechanisms to inhibit cheating through their coordination role at the supranational level. Thus, for neoliberal institutionalists, as with neofunctionalists, the creation of regional institutions depends on the benefits of cooperation accorded to the regional actors involved. Therefore, these regional institutions are subject to the actions of states and motivated by internal political interest groups and domestic political objectives. The success and longevity of these regional institutions, then, depend on their ability to successfully carry out their coordinating and problem-solving functions.

Neorealist accounts of regionalism, however, while also shifting analytical focus to states as rational actors in an anarchical international system, argue that integration is dependent on their concern for their own security from external threats. Within this context, neorealists emphasize several key criteria with regard to the possibilities and rationale of integration. The underlying constraint to integration, unlike cheating or defection in institutionalist explanations, is that of the relative gains and losses of the states involved. As states are concerned with the relative gains from cooperation, an uneven distribution of gains, where some states experience losses relative to others, will affect their security and hinder efforts to form and maintain regional arrangements. In addition, the role of a hegemonic power (a state with the military and economic resources, as well as the impetus to impose order—both at the global and regional level) may affect the creation and dynamics of regional institutions. Some neorealist arguments point toward the creation of regional economic blocs in the face of the decline in power of a global hegemon, while others have emphasized the role that a hegemonic state may play in strengthening economic and military relations among smaller and medium-sized allied states.

While these theories of regionalism recognize the role of the market and of economic factors that contribute to the creation of regional institutions, they emphasize the political rationales of actors. Theories of regionalism stemming from the field of economics, which have had a dominant impact on the study of regionalism, emphasize the market-oriented economic rationality of actors and the welfare effects of integration. One of the pioneering studies in this regard is Jacob Viner's *The Customs Union Issue,* first published in 1950. A customs union, Viner explained, is created in order to lower or eliminate trade barriers among its members and harmonize tariffs on imports from outside the union. The issue then becomes that of trade creation and trade diversion. Trade creation, which has a positive overall welfare effect for member countries, it is argued, occurs when products from high-cost producers in any one member country are replaced by less-costly output from other member countries (which are freely traded within the union due to the elimination of trade barriers). Trade diversion, which has an overall negative welfare effect, occurs when the common external tariff discourages trade with the lowest cost producers outside the union and diverts trade toward less efficient industries from

within the member countries. Extending and refining Viner's arguments, Bela Balassa proposed that economic integration occurs along evolutionary lines, beginning with a free-trade area, where internal tariffs are eliminated among its members; continuing on to a customs union as defined by Viner; progressing, then, toward a common market, where labor and capital are allowed to move freely among member countries; advancing to an economic union, which includes the harmonization of economic policies; and finally, reaching a stage of complete economic integration, with a supranational authority ensuring the unification of all economic policies, including fiscal and monetary policy. These arguments have influenced many important debates among policymakers and academics regarding the benefits of regional integration versus bilateral or multilateral free trade and the role of regional organizations as either building blocks or stumbling blocks to a globalized economy.

Indeed, it is within the context of globalization that the next set of theories seeks to understand the phenomenon of regionalism. Working from within a framework that analyzes current and historical social changes with respect to the interaction of ideas, institutions, and material capabilities at various levels in society, such as state/society complexes and world orders, Andrew Gamble and Anthony Payne set out an agenda in *Regionalism and World Order* that sought to critically explain the renewed interest toward regionalism that had been taking place within the world order since the mid-1980s and early 1990s. From this perspective, this new form of regionalism is understood as a process by which states and state actors politically and economically adjust to the pressures of globalization. Globalization, seen as a social process with a set of evolving structures, may interact with regionalist projects in such a way as to further, change, or set back these processes. Regionalism and globalization, then, are interrelated and, as such, do not seek to exert dominance over one another. Thus, the increased pace of states toward regionalism, from this perspective, does not signify the construction of a protective front in the face of the declining power of a global hegemon, as in the case of neorealist perspectives. Instead, regionalist projects emerge as a means

by which these states manage to further their insertion into the existing world order.

In a similar vein, Björn Hettne and his colleagues at the United Nations University/World Institute for Development Economics Research (UNU/WIDER) have sought to understand and explain the rise of new regional formations in the midst of the global structural transformations that were taking place in the mid-1980s. As such, new regionalism theory (NRT), which they have proposed, seeks to explain this process of regionalism, which exhibits qualitative differences from the processes of regionalism that took place soon after World War II. The theory sets its focus on the region as a complex construct, consisting of such attributes as geography, politics, economics, and culture, that is consistently created or reshaped by human agency. In this context, regionalism represents a process with many forms that interact with processes of global transformation in the world order. The NRT outlines five levels of "regionness"—regional space, regional complex, regional society, regional community, and region state—defined as the process by which a region is capable of representing its transnational interests. At each level, the political, economic, and cultural aspects of society become ever more regionally articulated and deepened. However, proponents of this view are careful to point out that this theory of regionalism does not imply stages of regionalism but rather forms of regions constructed and deconstructed by human agents interacting with the forces of globalization.

Regionalism and Regionalization

Beginning with the studies of the new regionalism, scholars in the field of IPE have emphasized that regionalism must be understood in the context of the process of regionalization. Although definitions vary somewhat, regionalization is often compared to, and indeed is argued to act in tandem with, globalization, as a social process of integration that exerts pressure on states and societies. Therefore, regionalism as understood as a state- and society-led process, in the approaches put forward by Gamble and Payne and the UNU/WIDER project, is seen to interact with the

forces of regionalization in much the same way as regionalism interacts with the forces of globalization, as a source for social, political, and economic restructuring. While some, such as Hettne, have argued that regionalization acts as a force that encourages political, cultural, and economic homogenization at the regional level, others have emphasized that regionalization, like globalization, may affect regional societies in uneven ways, such as to benefit certain groups of people or certain geographical areas and marginalize others. Thus, it is argued, regionalization may be a force that encourages disintegration through its potential to polarize societies at the regional level, which integrative, state-led regionalist projects may face as a challenge.

Examples of Regional Organizations

As regionalism is a global phenomenon, examples of regional organizations may be found in Europe, the Americas, Africa, Asia, and the Pacific. In Europe, the European Coal and Steel Community, established in 1953 between France, West Germany, Italy, and the Benelux countries, initiated the process of European integration and led to the signing of the Treaty of Rome in 1958, which established the European Economic Community (EEC). By 1992, the Maastricht Treaty on European Monetary and Political Union was adopted, and by 1993, the Community was formally known as the European Union to signify the level of integration that it had achieved (encompassing most of the countries in Western Europe by that point). In the Americas, examples include Mercosur (the Mercado Común del Sur or Southern Common Market), including the countries of Argentina, Brazil, Paraguay, Uruguay, and Venezuela (Bolivia and Chile are associate members), and the North American Free Trade Agreement (NAFTA), including Canada, Mexico, and the United States.

Among the many such organizations on the continent of Africa, the Southern African Development Community (SADC), consisting of the countries in its southern cone, was relaunched in 1992 to promote economic and social development objectives. Finally,

in Asia and the Pacific, the Association of South East Asian Nations (ASEAN), which encompasses most of the countries of South East Asia and intends to promote regional political stability as well as economic development, and the Asia Pacific Economic Cooperation forum (APEC), are just two examples. APEC, which was formed in 1989 to promote open free-trade and investment, includes as its members the countries of ASEAN and spans the Pacific to include Japan, South Korea, China, Russia, Taiwan, Hong Kong, Australia, New Zealand, Papua New Guinea, the United States, Mexico, Chile, and Peru.

—*Stephen Buzdugan*

See also Asia-Pacific Economic Cooperation; Baltic State Cooperation; Caribbean Community; Caribbean Governance; Chiang Mai Agreement; Common Market for Eastern and Southern Africa; Coordination; Globalization; Hegemony; Interregional Relations; Mercantilism; Mesoregionalism; New Regionalism; Open and Closed Regionalism; Regional Governance; World Health Organization

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REGULATION

Regulation has a variety of meanings that are not reducible to one single concept. In the field of public policy, regulation refers to the promulgation of targeted rules, typically accompanied by some authoritative mechanism for monitoring and enforcing compliance. Accordingly, for a long time in the United States, the study of regulation has been synonymous with the study of the independent agencies enforcing it. In political economy, it refers to the attempt of the state to steer the economy, either narrowly defined as the imposition of economic controls on the behavior of private business or, more broadly, to include other governmental instruments, such as taxation or disclosure requirements. The two meanings share a focus on the state's attempt to intervene in private activities. A third definition moves beyond an interest in the state and focuses on all means of social control, either intentional or unintentional. This understanding is most common in anthropology, sociolegal studies, and international relations because it includes mechanisms such as voluntary agreements or norms that exercise social control outside of the reach of a sovereign state and not necessarily as an intentional act of steering. Thus, different strands of regulation studies share an agreement on the subject of regulation (the state), the object (the behavior of nongovernmental actors), the instruments (an authoritative set of rules), or the domain of application (the economy), but they do not necessarily agree on all of these elements.

Especially in its broader meanings, the concept of regulation resembles the concept of governance: It points to the rules that structure the behavior of individuals within a given political context without postulating where these rules come from and how they are imposed.

The diversity of meanings has led to a certain amount of controversy and misunderstandings between scholars, most notably on the topic of deregulation. In the economic tradition, deregulation refers to the elimination of the specific controls that the government imposed on the market interactions, in particular the attempt to control market access, prices, output, or product quality. However, if regulation is conceived of more broadly as a form of economic governance, it is difficult to imagine the total elimination of state intervention. Moreover, the relationship between regulation and competition seems to be transforming. Previously, regulation was depicted as the enemy of free market interactions. Competition necessarily required deregulation. Today, there is a sense that some regulation facilitates competition, while others impede it. Regulation is no longer the antonym of free markets or liberalization, and scholars increasingly prefer using the terms reregulation or regulatory reform instead of deregulation.

The theoretical debates around the concept of regulation reflect different disciplines and research agendas and can be broadly divided into approaches to regulation as an act of government and perspectives on regulation as governance.

Regulation as State Activity

Two aspects of this particular governmental activity have been studied extensively: (1) the reasons for and (2) the process of regulation. The first question has led to a normative-positive debate about the origins of regulation. The second concentrates on empirical dynamics and analyzes its administrative process.

Public Versus Private Interests?

The original justification of government intervention in economic interactions was public interest. This

perspective considers the market as an efficient allocation mechanism of social and economic welfare, but cautions against market failures. Market failures commonly include natural monopolies, externalities, public goods, asymmetric information, moral hazard, or transaction costs, and regulation was considered necessary to overcome these difficulties.

Theorizing regulation as a tool for overcoming market imperfections has been criticized on a number of points. First, with the evolution of economic theory, several scholars have questioned the understanding of market failure underlying the explanation of government regulation. Second, economists have pointed out the often-considerable transaction costs of imposing regulation, which might make it an ineffective policy tool and harmful to social or economic welfare. Finally, the market failure approach argues that regulation is put into place with the goal of achieving economic efficiency. However, this makes it hard to account for other objectives, such as procedural fairness or redistribution at the expense of efficiency.

The Chicago School, or the Virginia School of public choice theory, focused instead on private interests as the source of regulation. The principal aim of this perspective is to understand how private interests and public officials interact. The central claim of these studies is that policy outcomes are most often contrary to societal or public interest because industry representatives lobby the government for benefits they might gain through protectionism or other forms of economic controls. Politicians are susceptible to these demands because they are interested in contributions that business actors can offer. Thus, interest groups compete for specific policies in a setting that has been called the political market for governmental regulation. As long as interest groups exist, we should expect regulation, which impedes the achievement of maximal social and economic welfare.

The theory of economic regulation has been criticized for its risk of tautology. Because regulation is in place because private interests lobbied for it effectively, one can only know who asked for it by looking at who benefits from it. Therefore, a particular industry advantage is the cause and effect of regulation. Furthermore, if regulation is defined in a narrow sense

as specific economic policies aiming at the control of prices or market entry and access, the decrease in regulation of several industries in the United States during the 1970s and 1980s seemingly refutes the theory. Indeed, Sam Peltzman, one of its best known advocates, conceded in 1989 that the theory cannot account for the entry and exit of regulation. Nonetheless, as a model of business-government interactions, the theory of economic regulation directly or indirectly informs a large number of studies in the field of political economy until this day.

Pragmatic-Administrative Analyses

A large number of studies have grappled less with the normative-positive debate about the existence of regulation, but instead with the empirical fact of it. These pragmatic-administrative perspectives shed light on regulation as an act of policy making. The study of the politics of regulations is informed by the tools of public policy analysis, organizational sociology, or political science more generally. In an early study, Marven Bernstein identified the rhythm of regulation in what he termed the life cycle of regulatory commissions. He distinguishes between the gestation, youth, maturity, and old age of agencies in order to analyze the initial activism in the formulation of a regulatory policy approach and the specific management problems that occur in the course of its lifetime. Regulation had been classified as a specific type of public policy, indicating that policies should be categorized according to the degree and application of governmental coercion and separating regulatory policy making from distributive and redistributive policy making.

In the U.S. literature, the administrative study of regulation is often assimilated to the study of independent governmental agencies. Peter Selznick defines regulation as the sustained and focused control exercised by a public agency over activities that are generally regarded as desirable to society. In Europe, the study of regulation is much broader, not least because the elaboration, monitoring, and enforcement of targeted rules are often handled by a multitude of governmental bodies and not just independent agencies. It is considered an act of governmental intervention more

broadly, and empirical investigations have looked at its implementation and the politics of its reform.

Furthermore, the study of regulation has aimed at characterizing different policy regimes or, more ambitiously, state capacity. The predominantly European literature on the regulatory state seeks to show that governmental action is increasingly based on the use of authority, rules, and standard setting, rather than distributional or redistributional tasks, such as public service provision. In an extension of this debate to the European level, it has been argued that the governmental capacity of the European Union (EU) is strongly biased toward regulation. As a political system, the EU might therefore develop into a regulatory state, but not into an interventionist welfare state.

Regulation as Governance

In the context of globalization, regulatory studies have moved away from focusing on independent agencies and governmental control of the economy only. The incorporation of different disciplinary perspectives has brought with it a considerable amount of insight, but also leads to theoretical diffusion. Yet, the conceptual expansion appears to be necessary given that recent developments have shown that some interactions of market participants, product standards, or processes are no longer regulated through state intervention, but through international agreements or even self-regulation arrangements between private actors. Because it seems pertinent to address these new modes of economic governance, it has become common to address regulation in the absence of direct governmental authority. Other studies have pointed at patterns that govern the behavior of certain actors without reference to a unitary subject of regulation. Of these studies, we will only consider the French *école de la régulation* to avoid broadening the understanding of regulation unnecessarily.

Regulation Without the State

As in the context of the EU, students of regulatory reform have become interested in regulation at the international level. In certain sectors, such as the

e-commerce or telecommunication services, international agreements have been decisive for controlling the market behavior of individuals. Moreover, many studies have pointed out the effect of self-regulation of firms or various sets of public-private partnerships for the elaboration, monitoring, or the implementation of targeted rules. Different forms of private authority structure the economic behavior of firms in sectors as diverse as maritime transport, mineral markets, or financial services.

Yet even at the national level, self-regulation has existed for quite some time. Surveying different forms of sectoral regulation within countries, rule-making structures have been categorized according to the relationship between and the power of governmental and societal actors and distinguish between statism, corporatism, colonization, policy networks, and market dynamics. Sectors with a high degree of state capacity and little implication of private actors are statist. Once important functions are in the hands of societal actors without much state intervention, we find colonization. Public and private actors share roles in corporatism, policy networks, or market dynamics, which can be distinguished by the degree of action capacity of both actors (from high in corporatism to low in a market setting). By studying the varying agents of regulation, the question "Who regulates?" has become an important element of regulatory investigations.

Finally, it is often hard to identify exactly who or what leads to the rise or fall of regulatory reforms. While regulation and deregulation in the United States can be identified closely with specific political leaders and parties, a growing literature investigates what mechanisms lead to the diffusion of regulatory reforms across countries or policy contexts. Animated by the desire to understand regulatory emulation, this new research agenda connects the study of regulation with the ongoing debate about the roots and consequences of liberalization and globalization.

Governance Through Regularization: L'École de la Régulation

The French *école de la régulation* also studies patterns of societal behavior without being interested in

concrete governmental action. Yet its insertion into the literature on regulation is more due to translation difficulties than to conceptual proximity, even though it shares with Anglo-Saxon political economy an interest in the governance of the economy. Inspired by Marxist thought, *l'école de la régulation* is a social theory that investigates the mechanisms by which power structures are produced and maintained. The term *régulation* refers here to the often implicit routines, norms, and conventions by which actions become regularized or normalized—an understanding similar to the biological sense of regulation as the reproduction of life forms such as DNA. To distinguish the theoretical focus from the Anglo-Saxon literature, Bob Jessop has suggested translating *régulation* into English as "regularization" or "normalization" to avoid confusion with an analysis of administrative rule making.

In this perspective, regulation is a governance mechanism that helps to reproduce capitalist economic and social relations over time. Through an analysis of the success and failure of Fordist modes of production, scholars have sought to explain economic crises and understand the national forms economic growth and crisis can take. The perspective asserts that (a) capitalism as a mode of production is inherently unstable and characterized by class conflict and antagonism, and (b) the history of capitalism is one of a succession of patterns of economic development and expansion, disturbed infrequently by structural crisis. Therefore, the central question is how capitalism succeeds in being so stable despite the inherent tensions. The answer lies in the way in which capitalism reproduces itself, in other words, in its regularization, which hinges on accumulation as a central mechanism. The approach that emerges from this analysis seeks to understand the variation and transformation of social and institutional forms that contribute to this regularization.

The French *l'école de la régulation* and the regulatory approach that followed it provide an important contribution to the study of state-market relations, but it is unified much more by the questions it poses than by the answers it has yielded. Because it arguably applies to a research area much larger than the transition from Fordism to post-Fordism, it should be viewed as an ongoing research project about the transformation of societal relations rather than a part of the literature on regulation in the Anglo-Saxon meaning.

All different branches of the literature on regulation share an interest in the rules that structure the behavior of individual actors in a given political setting. In the narrowest sense, the making of these rules is an act of governmental decision making, most often over economic interactions. Broader notions also included rule making in the absence of a state or study merely the existence and effect of rules without focusing on their origins, which makes the study of regulation quite similar to certain aspects of the study of governance.

—*Cornelia Woll*

See also Governance; Liberalization; Market Failure; Rational Choice Theory; Regulation Theory; Regulatory Enforcement; Regulatory Negotiations; Regulatory State; Rent Seeking; Self-Regulation

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REGULATION THEORY

Regulation theory is a distinctive paradigm in critical political economy. It originated in Europe and North America in the 1970s in response to the emerging crisis of the postwar economy and its mode of regulation, and it has since been applied to many other periods, regions, and contexts. Its name derives from its French originators, who describe it as *la théorie de régulation* (the theory of regulation) or *l'approche en termes de régulation* (the approach in terms of regulation). Similar ideas were developed by other schools. Their common core concern is the contradictory and conflictual dynamics of contemporary capitalism considered in terms of its extraeconomic as well as economic dimensions. In highlighting the latter, regulationists engage with other social sciences. One such affinity is with work on governance, especially economic governance. Indeed, regulation theory has been seen as the European equivalent of American institutionalist interest in macroeconomic and sectoral governance. This is overstated because there are important theoretical differences rooted in the Marxist background of the regulation approach and its focus on the logic of capitalism rather than the broader issues studied by governance theorists.

The various regulation schools examine the role of extraeconomic as well as economic factors in securing, albeit for limited periods and in specific economic spaces, what they regard as an inherently improbable and crisis-prone process of capital accumulation. Overall, while well aware of the invisible hand of market forces in this regard, they also explore how extraeconomic factors embed profit-oriented, market-mediated capitalist production in the wider society and help to tame, displace, and defer its contradictions and class conflicts. This process is associated with alternating periods of relatively stable expansion and crisis-induced restructuring, rescaling, and reregulation. Capitalism is deemed so contradictory and conflictual that crises will periodically trigger a trial-and-error search to find new ways of regularizing capitalist expansion. This provides the basis for regulationist work on different stages and varieties of capitalism.

Starting from real social relations in specific historical periods rather than from the abstract, transhistorical, rationalist assumptions of orthodox economics, all regulation schools largely share four goals: (1) describe the historically specific institutions and practices of capitalism, (2) explain the various crisis tendencies of modern capitalism and likely sources of crisis-resolution, (3) analyze different periods of capitalism and compare their respective accumulation regimes and modes of regulation, and (4) examine the social embedding and social regularization of economic institutions and conduct through their articulation with extra-economic factors and forces.

These goals provide potential links to research on governance. Governance theorists often distinguish among the invisible hand of the market (exchange), top-down management (command), reflexive dialogue and deliberation among equals with different but complementary interests (networking), and unconditional solidarities based on identification with a (real or imagined) community. Regulationists certainly recognize the importance of exchange mechanisms, but they argue that markets alone cannot secure economic growth or stability because they are inherently prone to market failure, especially in capitalist economies. Regulationists also argue that markets assume different forms and functions in different epochs, economic periods, and economic sectors. They also examine the state's role in providing many of the extraeconomic supports—material, institutional, policy driven, and discursive—that enable markets to operate or that compensate for their inevitable failures. They explore historically specific forms and functions of state intervention and insist that these cannot be reduced to purely technical questions but are always shaped by various kinds of social struggle. Therefore, they study the state's forms and activities in terms of successive patterns of institutionalized compromise. Equally significant are the other extraeconomic forms through which capital accumulation comes to be unevenly and provisionally stabilized. Here regulationists discuss the role of networks, interfirm linkages, norms, values, conventions, and other social forces in regularizing capital accumulation.

The dominant Parisian School introduced three major concepts for addressing these questions. An industrial paradigm is a model that guides the development of the technical and social division of labor (e.g., mass production, flexible specialization). An accumulation regime is a specific pattern of production and consumption that can be reproduced over a long period. For example, Fordism involves a virtuous circle of mass production and mass consumption. A mode of regulation is an ensemble of norms, institutions, organizational forms, social networks, and patterns of conduct that can stabilize an accumulation regime. This is the closest equivalent to other work on governance. Parisians generally distinguish five structural axes around which regulation (or governance) must occur in capitalism: (1) the capital-labor relation, broadly conceived; (2) the enterprise form, which includes many aspects of corporate governance, such as the main source of profits, forms of competition, interfirm linkages, and links to banking capital; (3) the monetary and financial systems; (4) the forms, functions, and social bases of state intervention; and (5) international regimes, including the regulation of trade, investment, and monetary flows and the political arrangements that link national economies, nation states, and the world system. Other schools have similar concepts but each has its own distinctive features reflecting its concerns with the sectoral, national, or transnational dimensions of regulation, broadly conceived, and its interest in the market economy or its embedding in a wider institutional and sociocultural context.

While regulation theorists are more narrowly concerned with basic structural features of capitalism and their medium- to long-term constitution and stabilization, more general theories of governance tend to focus on institutions and practices across many different social fields. Nonetheless, there has been a partial rapprochement between regulationist work and studies of economic governance at the sectoral, local, regional, national, and international levels. Thus, regulationists have shown increasing interest in different mechanisms of governance and their role in regularizing the key structural forms of the economy in its inclusive sense. And students of governance have become interested in why different economic sectors have different modes of coordination, in the problems of economic governance at different scales from the local to the global, in the shift from government to governance in the state and interstate systems, and in the rise of networked forms of sociality and network societies. There is certainly scope for continued dialogue and mutual learning in these two traditions.

—*Bob Jessop*

See also Economic Governance; Fordism and Post-Fordism; Governance Failure; Marxism; Political Economy; Regulation

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REGULATORY ENFORCEMENT

Regulatory systems comprise three components: standard setting, supervision, and enforcement. Enforcement refers to actions undertaken by regulators to penalize or modify behaviors that deviate from the standard set by the system. For example, enforcement tools may be applied by an environmental regulatory agency in response to a firm's disposal of toxic waste, which infringes environmental regulations.

Enforcement is usually discussed with regard to state agencies' actions and business compliance with laws. However, in the age of governance, enforcement further applies to regulation of informal norms by nonstate actors.

The implementation of enforcement varies in the extent to which regulators are inclined toward deterrence or compliance styles. Deterrence style is rule bound and reliant upon formal punitive measures, such as criminal prosecution and civil fines. Compliance

style is disposed toward persuasion, education, negotiation, and flexible interpretation of regulatory requirements. Regulators that exercise a deterrence strategy presume that individuals and corporations would not abide by the law unless threatened to do so. In contrast, those preferring a compliance approach assume that most people would voluntarily comply with regulations if they understood their requirements and logic.

The previously mentioned difference in enforcement styles has been explained in both rational choice and sociocultural rationales. From a rational choice perspective, it is arguable that regulators are more likely to manifest a compliance style when they are reliant on their regulated industry for information, technical expertise, and personnel—exchanging lenient regulation for resources. Applying a sociocultural perspective, the difference in regulatory styles is explained as a function of public trust in government and corporations. It is claimed that societies characterized by a high level of mistrust in governments and corporations tend to prefer a rule-bound deterrence style, which allows regulators little discretion. Another sociocultural explanation views the difference in regulatory style as a function of the sociological affinity between regulators and their regulated industries: that is, the scope, frequency, and length of their interaction. It is argued that greater sociological affinity will be associated with a compliance approach.

Going beyond the deterrence and compliance dichotomy, it is recognized that in order to be effective, regulators should vary their enforcement strategies and match the gravity of their enforcement tools to firms' relative resistance to comply. Research has shown that this is how most regulators behave in practice. Accordingly, regulatory agencies a priori prefer communication and persuasion to punishment and employ severe punishment only after less-severe means of attaining compliance have been exhausted. Thus, the difference between the deterrence and compliance styles regards the rate of escalation from persuasion to punishment tools, rather than two extremes.

—*Sharon Gilad*

See also Competition Policy; Regulation; Regulatory
Negotiations

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REGULATORY NEGOTIATIONS

Regulatory negotiations broadly refer to the process of negotiating regulations between particular groups and administrative agencies. However, the term has recently become synonymous with negotiated rule making—a specific process of regulatory rule making in American government that involves all affected groups sitting down with the governing agency and achieving consensus on new regulatory rules. These negotiations supplement the "notice and comment" process of rule making, where agencies construct new rules and affected groups respond with their opinions, as specified by the Administrative Procedure Act of 1946.

Regulatory negotiations are most feasible when the costs and, to a lesser extent, the benefits of regulatory programs are concentrated upon particular groups, as it is then easier to bring representatives of those groups to the bargaining table. The regulating agency must determine who will be affected by the new rule and what information is needed to reach consensus on a new rule. Members of the agency and the affected groups will then form a committee and publicly negotiate a new rule to be issued. The new rule can still be challenged in court later, but proponents of negotiated rule making claim that such challenges are fewer when consensus is achieved.

Many scholars claim that traditional rule making became more costly through the 1970s as procedural hurdles imposed by Congress and the courts delayed completion of new rules and resulted in

frequent litigation. In 1982, the Administrative Conference of the United States (ACUS) formally recommended that government agencies utilize Alternative Dispute Resolution (ADR) techniques, such as arbitration and mediation, to elicit feedback from all affected parties in the creation of new rules. The ACUS recommendations provided the intellectual foundation for negotiated rule making, while executive agencies in the Reagan administration served as laboratories.

In 1990, Congress enacted the Administrative Dispute Resolution Act and the Negotiated Rulemaking Act, which does not mandate the use of negotiated rule making, but establishes a procedure by which agencies can initiate negotiations with interested parties. In 1993, the National Performance Review issued by Vice President Gore praised negotiated rule making, and shortly thereafter, the Clinton administration started pushing for greater use of the process throughout the federal government. Congress permanently reauthorized the Negotiated Rulemaking Act in 1996. Although many federal agencies engage in regulatory negotiations, the Environmental Protection Agency (EPA) probably employs the procedure more than anyone else, as EPA rules have been frequent targets of litigation.

As the use of regulatory negotiations by federal agencies began to spread in the 1980s, scholars praised it as an ideal supplement to the rule-making process. Proponents claim that the process allows everyone's concerns to be acknowledged, it leads to a more efficient exchange of relevant information, and it makes rule making a less time-consuming and litigious process. Recently, however, some have argued that negotiated rule making does not adequately represent all relevant interests, that it does not save time or reduce litigation, and that participating agencies can issue rules different from those agreed to at negotiation. Despite these criticisms, regulatory negotiations continue today to be widely utilized by all types of federal agencies.

—*Colin Provost*

See also Regulation; Regulation Theory; Regulatory Enforcement

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REGULATORY STATE

The notion of the regulatory state suggests that the role of the state in economy and society is shifting from positive intervention to arms-length regulation and arbitration, particularly in advanced industrial economies. The supposed rise of the regulatory state has thus both a policy and an institutional dimension. It signals a formal end of Keynesian demand management as the dominant economic policy paradigm and highlights the creation of new administrative tools to steer market dynamics. It also has an international dimension, as the instruments of the regulatory state—independent agencies, commissions, and courts—engage in transnational governance through regulatory networks. Finally, the rise of the regulatory state poses important questions about the transparency and democratic accountability of governance.

Across the advanced economies, governments are relying less on direct economic intervention through fiscal and monetary tools and increasingly on arms-length regulation to stimulate competition and ensure the provision of social goods. Likewise, they have withdrawn from directly running companies in fields such as transportation, telecommunications, and utilities. In these newly liberalized sectors, the role of government is now one of a neutral watchdog that ensures competition and, where necessary, social protection. What has happened, then, is not a sweeping deregulation, but rather a complex reregulation associated with a redefinition of the state's role in the economy.

While the process of delegating regulatory authority to nonmajoritarian institutions gained widespread appeal with the New Deal in the United States, it has picked up considerable speed in the 1980s and 1990s.

In constructing the regulatory state, governments have developed a set of agencies, commissions, and special courts that develop, monitor, and enforce market rules and that increasingly shape policy at home and abroad. Regulatory agencies may set the policy agenda, specify regulatory statutes, and punish noncompliance. The formal and informal resources delegated and available to these institutions affect the state's capacity to shape political outcomes. Increasingly, these institutions take advantage of their domestic autonomy to work with their foreign counterparts, spearheading a new form of global governance rooted in transgovernmental networks. Thus, the regulatory state is at once the foundation and stimulus of transgovernmentalism.

Although the regulatory state is often heralded as a fast and flexible alternative to the cumbersome and overly bureaucratic strategies of a previous era, its emergence raises several important questions about democratic governance and accountability. Unlike Keynesian policies that were generally proposed and adopted by elected executives and legislatures, market rules are increasingly developed and implemented by unelected technocrats. To advocates, this mode of economic governance takes the politics out of market regulation; to skeptics, this is precisely the problem. Whereas the independence granted to new regulatory institutions is supposed to buffer them from capture by political and business interests, it also threatens to isolate them from direct democratic control. This dynamic has been most pronounced at the international level, where projects such as the European Single Market continue to suffer from a legitimacy deficit that many analysts attribute to the democratic deficit of new arms-length regulatory institutions.

—David Bach and Abraham Newman

See also Keynesianism; Political Economy; Regulation; Regulation Theory; State; State-Society Relations

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RELIGION

Religion has long been considered an effective instrument of governance and social control: Religion can uphold the authority of leaders, bolster the dictates of morality, and contribute to the formation of collective identity. The two primary roles of religion in governance, therefore, are the production of belief and the distribution of services. Along with facilitating governance, it has also long been recognized that religion can produce fanaticism, fundamentalism, and sectarian division. In addition to the long-noticed effects of religion in creating belief, the recent resurgence of public religion has brought renewed attention to the role of religious institutions in administering public services.

While religion is notoriously difficult to define, we might isolate the following five general features: Religion is (1) a symbolic system that (2) instills durable human motivations by (3) codifying and explaining the order of existence (4) authoritatively and (5) beyond doubt. The system of meaning and belief codified in the doctrines of religion and reinforced through the practices of its observance present powerful motivation for the actions of human agents. Religion functions to insulate the beliefs it establishes from criticism. These features lead both to stability and instability. In the post-Reformation era in Europe, powerful and insular religious motivations often led to violence between the adherents of conflicting Christian doctrines. As the forces of globalization continue to bring the disparate regions of the world system into tighter connection, religious belief is again contributing to conflict.

The forms of liberal governance prevalent in the developed world are predicated on a sharp distinction between public and private life. Classically, liberalism consigns religion to a private realm and locates the affairs of state in the public realm. Nonetheless, it is

widely recognized that there has been an ongoing global resurgence in public religion since the 1970s. Because of focus on the permeability between public and private administrative functions, governance scholars have a clear view of the impact of religion on administration. Along with the resurgence of religious symbolism in public life, religious institutions are participating in an increasing number of the functions of governance. In addition to expanding roles in education, child care, and elder care, religious institutions are increasingly participating in interest group politics, developing new media outlets, and contributing to the agendas of international development and human rights projects.

—Matthew Scherer

See also Confucian Governance; Hindu Governance; Human Rights; Islamic Governance; Liberalism; Multiculturalism

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RENT SEEKING

Rent seeking is the competition for politically protected transfers of wealth. The typical rent-seeking scenario includes a "prize" and a set of actors that create, capture, and finance the prize. The government creates the prize by setting, for example, a public subsidy, an import license, or a monopoly protected by legal entry barriers. Interest groups struggle to influence the government and capture the prize, a contest that may include lobbying, public-relations campaigns, and bribery. Unorganized segments of the public complete the rent-seeking picture, for they are the actors from whom resources are extracted to finance the prize, via taxes or higher, monopolistic prices.

Research has focused both on the consequences and the causes of rent seeking. Major social problems are commonly seen as a consequence of rent seeking, especially decreased economic output. Pioneering work by economists has shown that the political creation of economic rents, in inducing interests groups to fight for political influence, causes a dissipation of resources that is potentially more serious than the waste associated with the rent itself: Groups struggling for the prize invest time and money in the transfer of wealth rather than in the creation of wealth.

The policy implications of this research are clear. Reallocating resources from rent seeking to productive activities should result in a greater economic output, which in turn is a necessary condition for a "Pareto-superior" outcome: The benefits from the larger pie can be split between the parties so that at least one member of society is better off and no one is harmed. This line of analysis provides a theoretical justification for promarket reforms, such as those implemented in many rich and poor countries in the 1980s and 1990s. However, promarket reforms in Eastern Europe and Latin America have shown that the process of privatization and trade liberalization can generate an avalanche of rent-seeking activities among formerly protected groups rushing to control the positions abandoned by the state.

Analyses of the causes of rent seeking have traditionally classified political decisions based on their relative costs and benefits for winners and losers. Governments are more likely to create political prizes and induce rent seeking when such prizes involve (a) large benefits for a small, well-organized interest group and (b) small costs for a large number of consumers or taxpayers in the unorganized public. In such a case, the costs to each consumer or taxpayer of gathering the relevant information and organizing other individuals in the same situation into a comparable interest group outweigh the benefits of dismantling the prize. Conversely, the creation of prizes is less likely when potential losers are well-organized and must bear a high individual cost, while potential winners lack organization and must broadly share the benefits of the prize. Because the creation of prizes depends on the political configuration of winners and losers, levels of rent seeking correspondingly vary across policy realms and countries. Another argument about the causes of

rent seeking conceptualizes it as a low-quality trap in a multioutcome coordination game. A further insight is that the decision to establish the political prize—not just the competition for it—is a rent-seeking activity, thus including politicians as rent seekers.

Notwithstanding the increasing separation between the disciplines of economics and sociology, it is clear that the concept of rent seeking, as developed by economists, is a specific example of what classical sociology called political capitalism, which Max Weber differentiated from rational capitalism in terms of the role of political authority in the creation of economic benefits. Weber posited an "elective affinity" between political capitalism and patrimonial institutions of rule and advanced multiple hypotheses about their origins. A dialogue between the Weberian tradition and economists' perspectives may, in the future, yield important gains in our understanding of rent seeking.

—*Sebastián L. Mazzuca*

See also Corruption; Pareto Optimality; Regulation; State Capture

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REPRESENTATION

In modern politics, the idea of representation is commonly deployed in relation to three related processes. Representation suggests the forms through which political action can take place in the context of a principal-agent relationship, so that, for instance, a government can be said to act in the interests of its people. Representation identifies the place, or places, through which political power can be exercised responsibly and with a degree of accountability, thus enabling citizens to have both a degree of influence and some control over such power. Finally, representation determines the ways in which political voice can be embodied with a certain degree of equality and recognition; traditionally the right to vote for representatives is considered a simple means and measure of political equality.

It has long been recognized that such processes, and the related meanings of political representation, are both complex and contested. Establishing what representation, or fair representation, is often implies what we want to do with it. In this sense, the idea of representation is related to both its history and its changing applications.

The Meanings of Representation

The English words "representation" and "to represent," and their equivalents in many other modern languages, derive from the Latin: *repraesentatio* and *repraesentare.* The original meanings of these words were not political. Indeed, representation has maintained a rich variety of meanings that do not directly apply to things political. Although independent, the deployment of representation in our political vocabulary maintains, nonetheless, some important conceptual and semantic connections with uses in other vocabularies and areas, so that paying attention to them is not irrelevant.

The original Latin meanings referred to three different acts: (1) payment in ready money, (2) bringing something before the mind, and (3) an image in art. Each of these particular meanings involved ideas of "substitution," "presenting something again," and "presenting something in a different form." How these uses and their more general connotations developed into a constellation of differentiated meanings in unrelated fields is an exceedingly complex story. The crucial period is probably the time between the twelfth and the thirteenth centuries, when more abstract ideas of representation acquired currency and the Latin meanings of the term were variously conjugated with (or used to translate) more philosophically established Greek ideas such as *phantasia* (as the faculty of representation) and *mimesis,* or the process of abstraction through which particular things are related to their "representation" in

the mind. The philosophical refinement of the word is important to understand some later uses in political discourse. But equally if not more important is the way in which theological and religious ideas of representation established some of the conceptual paradigms influencing the development of ideas of political representation. In particular, ideas of the vicarious presence of God and Christ through the *corpus mysticum* of the Church, the Pope, and the Cardinals proved decisive to inform political ideas of representation.

Since then, separate uses have developed, informing discourses about "artistic representation" in both figurative and symbolic contexts; practices and theories of "acting" and "impersonating" in theater; and, at some remove from political ideas, conceptions of "mental representation." Representation has also become a central concept in the overlapping discourses of politics, law, and, more recently, social research. As already noted, the connections between political and other uses are not just diachronic but also synchronic, continuously enriching and revitalizing the political understanding of representation. It is less obvious whether a metatheory of representation, encompassing all such disciplinary fields and discourses, is possible. One distinction that originated in the philosophy of "mental representation," that is, between the problem of representations (plural) and that of representation (singular), may have useful applications in politics. Robert Cummings distinguishes between problems concerning the means of cognitive representation (in the plural) and problems concerning the relationship of representation (in the singular): that is, what representations represent. A philosophical approach to political representation may have to do with a similar analytic distinction between an investigation of the institutions of representation and one of the nature of the representative relationship in politics.

The History of Political Representation

The history of political representation in the early modern age can be characterized through two different processes: the establishment of the representative nature of the state and of its institutions and the

emergence of "representative government." These two processes are concerned with what Hanna Pitkin has characterized as "formal" views of representation. The former, often associated with Hobbes, is concerned with the act of authorization: Through what processes and to what extent do people transfer their personal power of action or decision to political or legal authorities? By emphasizing the act of authorization, this view of representation insists on the fact that the actions of the representative agent(s) can be ascribed to the principal, and that the represented are bound by such acts. The latter process, the one connected to the emergence of representative forms of government, is instead concerned with the reverse aspect of representation: how and to what extent the representatives can be made accountable to the represented. Therefore, the two views respectively emphasize the initial and the final stage of the representative relationship.

By extreme simplification, one can conceive these two processes as taking place sequentially: one coinciding with the emergence of ideas of sovereign and absolute power in the sixteenth and seventeenth centuries; while the other takes root through the establishment of modern parliamentary institutions and constitutional government in the eighteenth and nineteenth centuries. Institutionally, this meant a gradual passage of the claim of political representation from the more personalized institutions of the monarchy to the more diffuse institutions of modern governments. Socially, this also meant a reconfiguration of the political space, from the more fragmented and hierarchical structure typical of feudal societies to the more unitary and undifferentiated relations underlying modern commercial, and eventually industrial, societies. In the process, the relationship between territory and power was fundamentally transformed, a fact reflected in the attempts to divide the national population in roughly equal territorially based electoral constituencies. However, it is also worth noting that, at least historically, the claim to represent the people advanced by governments was first, and almost invariably, made in the name of the whole body of the legislature and not in that of individual members of it, as representatives of their own separate constituencies. Such a holistic claim directly challenged that of the

monarch as the absolute sovereign. Nonetheless, it subsequently became a matter of continuous underlying tension between more strictly "political" views of representation, insisting on the priority of the common good as expressed by the whole government, and "interest-based" views, emphasizing the more discrete nature of representation as reflected by the particular attachments of individual representatives to their constituencies. This opposition became a classical *topos* of the political and constitutional thought of the eighteenth and subsequent centuries and was discussed in terms of the contrast between "free" and "imperative" mandate: Whether the representatives should act with a degree of independence and according to their own personal opinions in their role as government leaders or whether they should act like delegates, following more or less precise directions from the members of their own constituencies. The former opinion has generally prevailed in both the theory and practice of modern constitutional democracies, though the "imperative" mandate has remained an unexpressed principle of more participatory conceptions of democracy.

The Concept of Representation

From this rough historical sketch several conceptual issues have already emerged. On the one hand, representation involves asking the question of how different people and institutions come to advance their claims for governing. On the other hand, it involves the question of what they actually do when they act in such a capacity. Pitkin's distinction between formal and substantive concepts partly captures such a difference of perspectives. As we have seen, formalistic understandings and theories focus either on authorization (by the "principal") or accountability (of the "agent") as the two key factors according to which claims to political representation are assessed. Substantive theories, instead, are concerned with the way in which the relationship works. The dispute over "free" and "imperative" mandate fits here. Pitkin suggested that substantive concepts can view representation either as a way of "standing for" someone or something else or as a way of "acting for" someone or something else. "Standing for" suggests a more passive way of taking

someone's place, while "acting for" indicates a more independent way of doing the same thing. However, such simple characterization can be overdrawn.

In fact, "standing for" can take descriptive and symbolic forms, both of which allow for interpretation and independence on the representative's part. Think, for instance, of the way in which opinion polls (a form of descriptive "standing for" through statistical generalization) can be used to orient government's action. Or think of the way in which activism and political mobilization can take the form of either a symbolic "standing for" or, occasionally, "acting for" the population at large. "Acting for" can also give rise to different understandings of the relationship involved in representing another person. One can act in lieu of someone else by acting as a trustee, a deputed agent, a fiduciary (in the sense of a "free" agent), or an expert. Each of these ways of "acting for" involves different interpretations of the relationship between the representative and the represented and different expectations (and obligations) on the former.

Two things seem to be conceptually relevant here. First, at the core of political representation there is a relational element between the entity that represents and the entity that is represented. The implication is that both sides of the relationship have an "agency" role, both contributing—through their actions, expectations, and interpretations of their respective roles—to determine the nature of the relationship itself. Second, the act of political representation is a "constructed" one, being dependent on both contextual and ideological beliefs. Such socially constructed aspect of representation is evident in all discussions about what is represented in the political process: people, interests, values, characteristics, or any other element of a group.

More specifically, when one looks at the mechanisms of electoral representation as one of the key aspects of modern political representation, it is possible to distinguish between two conceptions of it. One focuses on the more procedural- and input-related processes of electoral representation; that is, the way in which selection processes operate fairly by either reproducing or mirroring the relevant features of the electorate. The other, instead, looks at the output element of the selection process and the way in which

the process of representation achieves its end of good and responsive government. This difference of perspectives underlies, for instance, disputes over the merits and failures of proportional versus majoritarian electoral systems, or assessments on the relationship between "descriptive" and "substantive" aspects for the representation of minorities or of other traditionally disadvantaged groups in society.

Democratic Representation and Its Transformations

At the core of the different concepts of representation there is a fundamental ambiguity, in so far as "representation" makes present what in fact is absent. In political discourse, such an ambiguity has come to the fore as "representative government" and "democracy," which have increasingly been treated as synonymous. In the early modern period, arguments in favor of representative government were often directed against a classical conception of direct, participatory democracy, and the former was promoted as a way of tempering the presumed excesses of growing social and political egalitarianism. The practice of democratic government has relied on various forms of representation as a way of introducing aristocratic and elitist components in the fabric of modern democracy. However, with the emergence of mass democracy, a number of representative institutions, such as large popular parties and class-based organizations, have offered opportunities for broadening political and democratic participation. The practice of democratic representation should therefore be seen as a two-faced relationship, amenable as much to exclude from as to include people in politics. This tension between presence and absence in representation is indicative of some more general tensions in modern democracy, as this often stands in between the pitfalls of populism and elitism.

The close connection between the idea of representative government and that of democracy has informed much of the research on modern political representation. The discussion of electoral systems and of the way in which the elected legislators relate to their own constituencies have taken priority, though it has become increasingly evident that political representation in democracies is a rather more complex process, involving more than the one-to-one relationship between legislators and their electors. The most obvious transformation has been the increasing dominance of political parties in both the electoral process and the business of government. Along similar lines, there has been the development of "private interest government," through the proliferation of a neocorporativist structure of informal and semi-informal institutions around the legislative and the executive powers, guaranteeing a more diffuse (though often power-sensitive) representation of interests.

More generally, political representation in modern democracies is not exclusively limited to the direct relationship between citizens and their legislators because the division and balance of power characterizing constitutional democracies give different, and occasionally conflicting, claims of representation to a variety of institutional figures. This is evident in presidential or federal systems, for instance, which provide multiform grounds for representation. In addition, public spheres and civil society organizations perform an important role in the formation and channeling of public opinion so that mechanisms of political representation are diffuse throughout the sociopolitical system rather than exclusively concentrated in the formal relationships between the electors and their representatives.

From a more theoretical perspective, but also in terms of institutional change, the last twenty years have been characterized by the debate on "quotas" and on whether more descriptive and mirroring, rather than generally promissory, forms of political representation may redress entrenched forms of bias and discrimination in the political process (affecting particularly women, but also ethnic minorities), thus reestablishing some kind of political equality. This has reopened the discussion on what "to represent" means and on territorial versus other bases of institutional representation.

Representation and Governance

The weakening of the "territorial" dimension as the primary basis for democratic representation has become evident with the emergence of discourses of governance, signaling the crisis of the paradigms of national sovereignty and governmental control over the

decision-making process. Contemporary democracies have evolved in ways that further undermine the adequacy of the standard model of political representation based on the formal relationship of authorization and accountability established between the representatives and their constituency. The emergence of transnational decision-making arenas, where new international and global players operate, tends to escape the reach of the nation-state and its representative institutions. Decision making increasingly requires a specialized degree of knowledge and expertise, while decisions in modern regimes of governance have greater externalities, which are difficult to determine in advance.

These developments have produced more complex practices of representation and brought in new "agents" of political representation both at national and international levels. There has also been a diffusion of more informal structures and opportunities for democratic representation and influence. This development partly reflects the diminishing role of formal political structures in social decision making and also the increasing diversification of the forms of association in modern societies.

As the new institutions of governance change the nature of decision making in politics, the three main processes characterizing democratic representation come into question. The principal-agent relationship is too simplified to provide an account of the democratic dynamic. There is no easy way in which to fix the place(s) where government can be seen to operate responsibly. Finally, there is no longer a single or simple way in which the people can be given voice. In such circumstances, the discourse of political and democratic representation is wide open once again.

—*Dario Castiglione*

See also Accountability; Elections; Governance; Legislature; Representative Democracy

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REPRESENTATIVE DEMOCRACY

Democracy means rule by the demos—or people—as opposed to rule by the one (monarchy), rule by the few (oligarchy, aristocracy), or by the skilled (technocracy, meritocracy). The democratic principle is that individuals have the right to control their own lives. Any other form resulting in rule by the few over the many requires some degree of oppression.

Direct democracy involves citizens participating directly and equally in collective decisions. However, large numbers of people involved in decision making is cumbersome, if not impossible. Likewise the complexity of modern government is beyond the reach of most citizens. Representative democracy resolves the problems of size and expertise.

The challenge for representative democracy is to construct a participative policy process that integrates the diverse preferences of the population. One perspective of representation asserts that representatives must "mirror" the preferences of citizens. An alternative perspective (sometimes known as "agency theory") is that elected representatives make decisions in the "best" interest of the collective, regardless of citizen preferences. Government structures and institutions may support either perspective.

Representation is more challenging with a diverse citizenry. A homogenous group that shares interests, preferences, and beliefs may be represented by a small number of like-minded people. A diverse group must have a way to integrate a variety of perspectives if its decision making is to be representative.

Institutional structures affect representation. They can favor elites, organized groups, large parties, and

status quo powers, or they can encourage minority representation and new power configurations. This entry explores how governments may be structured to achieve representative democracy. It examines government structure, election foundations, representative selection systems, terms of office, legislative decision rules, and other factors affecting representation.

Government Structure

In the simplest form of representational government, one person makes decisions for the group. This format may be used by small groups or organizations. However, most groups are reluctant to place absolute power in the hands of a single person. Historically, representative government evolved from groups of aristocrats balancing royal power. These representatives of the people, initially identified by birth and class, were later selected by election from an ever-broadening citizen base. How democratic representation is derived involves a complex variety of factors.

Representation is affected by the relationship between the three core governmental functions of executive, legislative, and judicial authority. These functions can be combined or fragmented in a variety of ways. Concentrated power is more time efficient. Fragmented power limits potential abuse by requiring wider agreement to take action. Election structures concentrate or fragment governing power in several ways.

Parliamentary System

In parliamentary structures, the executive and legislative functions are combined in a representative assembly. The union of these functions results in ease of governability because of less opportunity for opposition. The same institution makes and directs implementation of public policies.

Presidential System

The presidential structure of government separates the executive and legislative functions. This separation limits concentration of power while increasing potential for disputes and delays. The president is normally elected by all citizens (although the position may be appointed by the legislature), and thus represents the entire country, while members of the legislature represent their party or district.

While the legislative function is to set policy, within the presidential form of government this function is further divided between the president and the legislature. A constitution, laws, or legal tradition articulate this division of power. Decisions made by a representative of the whole are less responsive to preferences of individual districts.

Unicameral Versus Bicameral Legislatures

The legislative function may be performed by one (unicameral) or more assemblies, but normally not more than two (bicameral). A bicameral structure divides legislative power, increasing possibilities for representation while decreasing time efficiency. Citizen groups have more legislators available to represent them, but the division of power between the two legislative houses makes agreement more difficult. The bicameral structure may be used to represent different stakeholders or to affect the distance between the legislator and the represented.

Federal or Unitary Structures

The larger the organization or country, the more difficult it is for the people at the administrative center to comprehend the variety of factors involved in local governance. Most recognize that local administrators need to be able to evaluate and act upon local circumstances. In unitary governance this takes place within an undivided organizational structure. There may be some decentralization of power, but ultimately the lines of authority flow uninterrupted from the central executive power to the smallest local jurisdictions.

A federal structure separates power between central and regional authorities. While local discretion may be allowed in unitary structures, a federal division ensures that separation. Federal structures fragment power. They allow for the expression of regional preferences while often limiting the consistency and equality of public policy. Federal structures can also address concerns of minority groups that feel

overwhelmed by the will of the majority. Providing minority groups with semiautonomous regional governments often satisfies their need to be represented.

Election Foundations

At the center of representative democracy is the selection of representatives that carry out the legislative, executive, and judicial functions. Their selection shapes the distribution of power, and thus "representativeness." Democratic representation is influenced by voter eligibility, election logistics, representative qualifications, candidate selection, reserved seats, and campaign rules.

Voter Eligibility

Democracy is rule by the people, but the issue of which people or how many people is unspecified. "The people" must be specified before we can turn to the issue of how to represent them in governance structures. There are always limits and qualifying characteristics of who is considered part of "the people." There are differences of opinion on who is capable and who "deserves" to participate.

Every collective grouping specifies the characteristics of their membership. They may be geographical or based on common characteristics or practices (religion, ethnicity, vocation, etc.). Membership in the group often does not guarantee participation in collective decision making. There may be residence or longevity requirements. Participation may require tests of literacy, knowledge, or language ability. There may be limitations based on sex, race, religion, age, and mental or social status. And participation rights may be withdrawn by the collective for violation of rules or determination of incompetence. Democracy, it turns out, is a continuum rather than an absolute.

Election Logistics

The convenience of voting affects who is able and willing to participate in the process. Location of voting sites, dates and hours of balloting, time required to vote, ballot complexity, and voter registration procedures significantly affect who can and will vote, regardless of

other structural elements. Control of election logistics often favors status quo power structures.

Representative Qualifications

Electoral structures also limit who can be an elected representative. One common criteria requires representatives to be eligible voters. Another requires candidates to be residents of the jurisdiction they aspire to represent. Restrictions intend to increase the quality of representation, but any restriction limits citizen choice, perhaps decreasing representativeness.

Candidate Selection

Representativeness is also affected by the selection of candidates. Democracy depends on an underlying freedom of association. Candidate selection must be determined by independent political associations (parties) that identify and support candidates. While unrestricted nominations make a ballot cumbersome and difficult to implement, limits on the ability of groups to place nominees on the ballot supports status quo power structures and impedes democracy.

Reserved Seats

The geographic base of most electoral systems limits representation of interests that are small or scattered. Reservation of seats or offices may represent groups that would not otherwise receive representation. Reserved seats may be based on ethnicity, religion, sex, language, or any other criteria. The number of seats reserved is often based on the proportion of that group in the larger population. Reservation structures assume group interests are not otherwise represented and tend to encourage group solidarity.

Campaign Rules

Democracy can also be subverted by limiting or controlling information dissemination to voters. Campaign or media restrictions can favor one group over another. When access to voters is determined by financial resources, wealthier interests will have an unequal advantage, decreasing fair representation and

supporting status quo power structures. Campaign finance laws and mandated media access may increase the quality of representation.

Representative Selection System

Representative democracy is achieved by the selection of representatives. Rules and regulations governing selection have a significant effect on the quality of representation. A variety of complex electoral systems have been created to attempt achievement of fair, equal, and effective representation. These include majority and plurality systems, proportional systems, and district design.

Majority and Plurality Systems

The most basic element of election is how many votes are required to select a representative. Increasing the percentage requirement (threshold) increases those who are represented, but also increases the difficulty in achieving that percentage. Consensus may be achieved in small organizations but becomes impractical as size increases. Requiring two-thirds, three-fourths, or any large percentage increases the representational quality of the elected, but may be difficult to achieve. Election may be achieved by a simple plurality (also known as "first-past-the-post"), meaning more votes than any other candidate. Such an outcome is the easiest to achieve but may lead to a minority of voters controlling one hundred percent of the legislative seats.

If a specified percentage of the vote (threshold) is required, the system must determine what happens if no candidate reaches that threshold. In single member districts, a runoff election is often required between the top candidates.

Runoff elections are costly and turnout is often so low that the winner may receive fewer votes than in the first election. One solution is preferential voting, sometimes called "instant runoff," where voters identify a second (and perhaps third) choice of candidates. If no candidate attains a majority, the votes of the bottom candidate are redistributed according to voters' second choice. This continues until one candidate attains a majority. In such a system, a vote for a minority candidate is never "wasted," thus encouraging minority parties. Single member districts determined by plurality encourage fewer, more dominant parties.

A further modification of this process is found in the electoral college system used in the United States. In this indirect model, citizens select electors from their state who, in turn, vote for the president. The number of electors is a function of the population plus two additional electors for each state, regardless of size (integrating the rural bias of the Senate). The winner must achieve a majority of the electoral votes, which may not be a majority of the popular vote. Indirect voting tends to favor status quo power structures.

Proportional Systems

Proportional electoral systems are the most common method to ensure representation of a broader range of the citizenry. The basic intent is that percentage of votes received equals voting power in the legislature. Such results may be accomplished by voting for parties in addition to, or in place of, voting for individuals.

Representatives are elected from party lists in proportion to the votes received by that party. Lists established by the party strengthen the power of the parties who determine list order. An alternative format allows citizens to select individuals as well as parties. This format deemphasizes the power of the party, but the ballot may become complex. Proportional representation may also be achieved through district magnitude.

Individuals Versus Parties

Whether citizens vote for individuals or parties has a significant effect on representational outcomes. Voting for parties tends to emphasize policies and group identity. Voting for individuals focuses on the personal characteristics of legislators. Voting for parties increases party unity, while voting for individuals limits party discipline and allows more independence of representatives. When legislators are selected by district, rather than a national list, they are more obligated to their respective jurisdiction and are more

prone to pursue policies beneficial to their district over concerns of the party or country as a whole.

District Design

District Size

District size can refer to either geographic or demographic divisions. If representation is established by jurisdiction, districts with smaller numbers of people may achieve larger representation per capita. The United States changes federal representative districts after every ten year census to ensure that each district contains a similar number of people. However, the unchanging senatorial districts (states) provide unequal representation for rural populations.

There may also be "shape" restrictions, requiring districts to be of a somewhat symmetrical shape. Without such restrictions, districts may be gerrymandered, or drawn to favor the dominant party.

District Magnitude

District magnitude refers to the number of elected people representing a district. Increasing the number of representatives from a district provides an opportunity for more citizens to select a "winner." For example, a district with three representatives may elect the top three individual vote getters. That provides more citizens with a chosen representative, but also gives citizens who select the less-popular candidate greater voice in the legislature. The top candidate may represent fifty percent of citizens, while the third candidate may represent fifteen percent of citizens, yet both are elected. A variety of formulas for seat determination helps balance this disparity, including party list and preferential balloting, where voters rank their choices.

The United States primarily uses a single district magnitude for national elections, while senatorial districts have a magnitude of two staggered elections, which eliminates any equalizing impact. However, local jurisdictions, such as city councils and school boards, often include district magnitudes of more than one representative, increasing opportunities for representation. Combination systems occur where some candidates represent districts and other "at large" candidates represent the entire jurisdiction. These systems try to balance the positive goal of local representation against the negative result of partisanship and divisiveness.

Multiple Votes

Another variable is the number of votes each citizen may cast. When district magnitude is one, each citizen has a single vote. However, when district magnitude is greater than one, multiple votes may be allowed. Multiple votes for each citizen provide greater opportunities for small groups of citizens to elect the representative of their choice. If the goal of a system is to provide minority groups with representation, cumulative voting may be allowed, giving citizens the right to cast all their votes for a single candidate.

Terms of Office

How long a representative serves has a significant impact on electoral systems. Terms of office range from a single year to life. Variations include life with age limits or limits on the number of terms a representative may serve. Debate about the role of representatives often revolves around whether their votes should directly mirror the changing mood of the electorate or whether elected representatives should make their own judgments about the best interests of citizens. The electoral structure determines the incentives for these alternatives. Representatives with shorter terms (and a desire to be reelected) will continually try to represent their constituents' preferences. Those with longer terms of office have more freedom to deviate from current (and possibly temporary) citizen preferences. The electoral advantages possessed by incumbent representatives can be offset by establishing term limits. Term limits restrict citizen preferences, but tacitly acknowledge that such preferences may be influenced by structural advantages of incumbents.

Staggered Terms

Terms of legislators may expire at the same or different times. In the U.S. House of Representatives, all

legislators must run for office every two years. The effect is that the will of the people at any one moment is emphasized. In the U.S. Senate, legislators have six-year terms with one-third expiring every two years. Staggering terms reduce the immediate impact of public preference.

Recall Elections

While a term may be for a particular length of time, electoral structures may allow citizens the option of reversing their choice before the next election. Special recall elections may be possible to end the term of office of the incumbent representative. The process to institute a recall election may be easy or difficult. The effect of the recall option is similar to shorter terms of office. Legislators will be more concerned with the day-to-day preferences of citizens.

Parliamentary No Confidence

In parliamentary systems, a majority of the legislators may pass a "vote of no confidence" in the government, cutting short the term of office and forcing elections. The possibility of no-confidence votes is more likely in multiparty systems, where the ruling party has to establish coalitions with minority parties. This system may keep parties from taking extreme positions (defined as different from the majority views), because a majority of votes of parliament is required to stay in power.

Prime Minister Call for Elections

In most parliamentary systems, the prime minister may unilaterally call for elections at any time. This right strengthens the party in power because they calculate when to call elections based on their own popularity.

Other Factors Affecting Representation

While discussions of representation often focus on how to elect legislative representatives, a variety of other structures and systems affect representation, including legislative scope of power, legislative rules,

the judiciary, group preferences, policy implementation structures, and the underlying economic and social systems.

Legislative Scope of Power

Representatives may be democratically elected, but the issues they can address may be limited. There may be divisions of power between levels of government (federalism). There may also be overarching institutions that limit the scope of legislative power. When legislatures are limited, other institutions will fill the gap. Religious, commercial, social, or corporate entities make up the status quo power structure of a community and tend to fill any power vacuum not undertaken by the legislative body.

Legislative Rules

The selection of representatives is a central element of representative governance, but the decision-making rules of the legislative body can offset the balancing effect of election systems. The greater the percentage of votes required to pass legislation, the more broad the representation required, but the less likely legislation will pass.

Legislative bodies often define their own procedural rules. While the electoral structure may elect minority groups, their power will be limited if the majority controls decisions within the legislative body. To balance this possible tyranny of the majority, governments may have constitutional protections for minority groups and individuals that cannot be changed without broad-based support.

Judiciary

Governance representation is also reflected in the judiciary. While judges are charged with acting impartially, they also represent their own particular ideological interpretation of law and policy that may or may not be representative of the preferences of citizens.

The selection of judges may be accomplished through an electoral process involving all the previously described electoral criteria. Alternatively, judges may be appointed by elected officials. Their

term of office, as for all elected officials, may range from a short period of time to life and have similar representational effects.

A hybrid variation is found in the so-called Missouri Plan for selecting judges in some states of the United States. Judges are appointed by the governor and subsequently stand for noncompetitive, "approval" election every set number of years.

Special Judicial Districts

Decisions on issues of so-called family law (e.g., marriages, divorces, adoptions, inheritances, child custody) may be determined by religious or ethnic courts, whose jurisdiction is not geographical, but based on group membership. Citizens may or may not have a choice of courts.

Group Preferences

Rules may be established to provide preferential treatment of specified groups, as a reward, or as compensation for inequalities. Besides the reservation of legislative seats previously mentioned, preferences may be established for employment in public positions, for educational or economic opportunities. Such opportunities seek to increase representation of the specified groups that are the social and economic makeup of society.

Policy Implementation Structures

The ultimate impact of policy making is felt through policy implementation. Because of this, control of the civil service is a key determinant of representative democracy. Unelected public managers are not influenced by citizens in the same way as elected representatives, although they may be subject to indirect influence of citizens through the legislative and judicial branches of government. Representation may be structured into the implementation of government policies through institutions of citizen participation and deliberative democracy. The existence or lack of such institutions influences representativeness. The composition of the civil service may or may not reflect the demographics of the population. Quotas,

preferences, and diversity efforts in public employment may increase its representativeness.

Economic and Social Systems

The underlying economic and social systems of a society may be the determining factor controlling equality of representation. Many decisions affecting the collective lives of citizens are not made by governmental institutions, but by economic and social power structures. Any evaluation of the representativeness of a democracy must include analysis of the equality and representativeness of these underlying systems.

Conclusion

Representative democracy reflects citizen preferences and tolerances for chaos, security, freedom, affluence, and equality. Transformation of citizen preferences into public policy is a complex process, and the degree of representativeness is influenced by a wide variety of characteristics, including government structure, electoral rules, policy implementation systems, and underlying social institutions. Any one of these constituent pieces has the potential to shape, bend, or co-opt the policy process, concentrating power and reducing democratic representation.

—Jonathan F. Anderson

See also Collaborative Governance; Deliberative Democracy; Democratic Theory; Elections; Representation; Social Democracy

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REPUBLICANISM

See CIVIC REPUBLICANISM

RESEARCH AND DEVELOPMENT

Research and development (R&D) refers to the process of discovering new knowledge about natural and social reality. It is usually related to the application of such knowledge to create new and improved products, processes, and services that fill market needs or improve efficiency and profitability of a production process. Along with human capital accumulation, R&D activity is considered to be a primary determinant of economic growth.

The complexity of research operation has increased during the last couple of decades. Consequently, the length of time to develop an innovation and the costs of undertaking R&D have risen dramatically. Simultaneously, the life span of new innovations has significantly shortened and the rate of technological change has sped up.

In the conventional understanding of R&D as a product development, three phases can be identified in

this complex process. The first phase is concerned with applied science or marketing research. Here, the basic need is for access to the basic sources of science and marketing information. The second phase is product design and development. This usually requires large-scale teamwork because it needs a large supply of skilled labor. The third phase is concerned with adjusting product to a particular consumer. This phase requires contact with the user of the innovation.

From the point of view of a position of a locality in the international division of labor, it is crucial to keep or attract R&D activities for local economic development. From the point of view of mobile capital, the major locational criteria for the R&D activities are the availability of highly skilled scientists and engineers, access to the sources of basic scientific and technical developments (usually universities and private research laboratories), and an appropriate infrastructure. So far, R&D has tended to be concentrated in the developed countries, often in a firm's parent country.

With the rise of the so-called knowledge-based economy, there is a new emphasis on the importance of R&D for national competitiveness. Thus, states transform their R&D facilities at the universities to meet the perceived needs of businesses. They engage in different forms of partnership with businesses, which not only increases innovation potential of local capital but also embeds it in the locality, making its departure less likely. However, this may raise serious concerns about the role of the university system in a society, as its priorities are likely to be determined less by the long-term, public interest (e.g., sustainable-development research) than by short-term, private, profit-oriented preferences.

—Jan Drahokoupil

See also Competitiveness; Human Capital; Human Capital Mobility; International Division of Labor; Science

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RESOURCE DEPENDENCY THEORY

Resource dependency theory is based on the principle that an organization must engage in transactions with other actors and organizations in its environment in order to acquire resources. While transactions between organizational and environmental actors are advantageous, they also create dependencies that are not. The focus of the theory is on the relationship between resource acquisition and its related organizational behaviors. Resources the organization needs may be scarce, not always readily obtainable, or under the control of noncooperative actors. The resulting unequal exchange generates differences in power, authority, and access to further resources. This leads to a rise in dependencies. To avoid dependencies, organizations develop strategies (as well as internal structures) that will enhance their bargaining position in resource-related transactions. Such strategies include taking political action, increasing the scale of organizational operations, diversification, and developing interorganizational linkages. Strategies, like diversifying product lines, lessen an organization's dependence on other actors and improve its power and leverage.

Dependencies between organizations shift power, influence, and sometimes even administrative control to external agents. As the dynamics of power relationships between organizations change, they adjust their strategies to meet those changes. One of the assumptions of resource dependency theory is that uncertainty clouds an organization's control of resources and makes its choice of dependence-lessening strategies imperative. As environmental uncertainty and environmental dependencies increase, the need for external linkages increases. For example, declining profits may lead to expanding business activity through diversification and strategic alliances with other companies.

Research using resource dependency theory seeks to observe organizational adaptations to dependencies.

Adaptation consists in aligning internal organizational elements with environmental pressures. By internalizing responses for managing dependent relationships, an organization enhances its performance. Organizations also adapt by attempting to alter their environments. This contrasts sharply with classic organizations' perspectives in which firms are seen as closed systems. Closed systems frameworks argue that rational use of resources, personal motivation, and individual capabilities determine organizational success, while other actors in the environment figure minimally. In open systems frameworks, the environment, consisting of other organizations, institutions, professions, and the state, predominates. An organization will be effective insofar as it correctly reads the environment and adjusts its responses to those contingencies.

There are two main strategies for protecting an organization from environmental uncertainty. The first tactic is to protect an organization's technical core from the kinds of environmental dependencies that threaten to disrupt its central activities. These buffering strategies provide a measure of coordination and control over resources that otherwise create greater dependence on external actors. Buffering is accomplished by coding, stockpiling, leveling, forecasting, and adjusting the scale of operations. Buffering strategies aimed at reducing environmental uncertainty involve coding all inputs as appropriate or not, or stockpiling materials. Coding inputs as appropriate or not is not limited to industrial or even for-profit enterprises. Human service agencies and hospitals guarantee organizational control by coding clients and patients into appropriate categories. Stockpiling allows organizations to collect and retain input materials in order to guard against gaps in supply as well as the instability of price fluctuations. Forecasting reduces uncertainty by using statistical techniques to anticipate changes and fluctuations in inputs and outputs. Statistical models of some sophistication are used to forecast changes in the environment. Last, large size translates into the power to dominate production, influence prices, and control decision making throughout the system.

The second adaptive tactic involves trying to manipulate other organizations and actors in the

environment through bridging or boundary-spanning strategies. While buffering strategies protect the technical purposes of the organization, bridging strategies are oriented toward protecting the entire organization. To that end, an organization creates linkages with exchange partners, competitors, and regulators. Because organizations are interdependent, bridging strategies involve maintaining control over organizational boundaries. Bridging strategies increase coordination between organizations by balancing out inequalities of power or by reducing other uncertainties in the environment, such as competition. Bridging encompasses bargaining, contracting, cooptation, hierarchical contracting, joint ventures, strategic alliances, mergers, the creation of associations, and political action linked to the state.

Bargaining, contracting, and hierarchical contracting involve negotiating with external actors, such as suppliers and buyers. Hierarchical contracting stipulates a series of rights and mechanisms for resolving disputes. Nonetheless, it undermines the autonomy of some of the contracting parties. Cooptation is a coordinating strategy that includes external actors in the decision-making structure of the organization, often in the form of board memberships, liaison roles, and interorganizational brokers. Nonprofits, for instance, usually have interlocking directorates with individuals on different boards. This increases access to resources, reduces uncertainty, and enhances legitimacy. Strategic alliances are another way in which organizations seek to control their environments. These involve agreements to share information and activities but fall short of redesigning the organization. Joint ventures and mergers are also excellent strategies for stabilizing environmental uncertainty. Mergers are the most dramatic form of strategic intervention in the organizational environment. There are several types of mergers: vertical, horizontal, and diversification. Vertical mergers assimilate needed resources in relation to production, horizontal mergers acquire competitors, and diversification involves combining types of diverse enterprises. Associations allow organizations to work in concert in the form of coalitions, leagues, cartels, and coordinating councils. These structures

constitute sector governance systems. Last, organizations may seek to exert their influence on government at the federal, state, or local level. Access to the political and legal system in its various forms is one of the most potent means for eliminating competition, establishing favorable legislation, and lessening environmental dependencies.

—*Matthew E. Archibald*

See also Interorganizational Coordination; Organizational Structure; Organization Theory; Structural Contingency Theory

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RESPONSIBILITY

Responsibility is an important concept for governance because it requires individuals and institutions to be answerable for their actions both in the public domain (to specific political authorities) and in the private domain (to themselves and their families). In politics, a balance had to be struck between responsibility, on one hand, and, on the other hand, the notion of individual or collective rights, that is, political and institutional arrangements or particular goods and opportunities that are guaranteed protection by the law, whether domestic or international. Consequently, major political debates have tended to focus upon the identification of the political, moral, and legal principles upon which individual and collective responsibility and rights should be based; the balance that should

be drawn between those rights and responsibilities; the extent to which they should be exercised individually or collectively; and whether they should be exercised in the public domain of the state and politics or in the private domain of the market and the family.

Political responsibility has been particularly salient in the English model of parliamentary government. The convention of ministerial responsibility has required individual Cabinet ministers to be answerable to the Westminster Parliament for the actions of all those working within their ministry, even when errors of judgment, conduct, or policy implementation have occurred without the minister's express knowledge. At the same time, under the convention of collective Cabinet responsibility, individual Cabinet ministers have been expected to support the collectively agreed upon policy of the government, even where they have found themselves dissenting from that policy. Only rarely, such as on issues of political or moral conscience (for example, the death penalty and abortion, or major constitutional issues, notably the 1975 referendum on the terms of the United Kingdom's membership of the European Economic Community) has this convention been suspended.

During the 1980s, a series of major environmental catastrophes involving transnational corporations (TNCs) (notably the poisonous gas leak from the Union Carbide Corporation plant at Bhopal, India, in December 1984, and the major spillage from the *Exxon Valdez* oil tanker in Prince William Sound, Alaska, in March 1989) led to increasing demands for corporations to both behave responsibly and be held accountable for their actions. Critics held that there was an essential conflict of interest between the desire of corporations to maximize their profits, in the interests of their shareholders, and the need to behave in an ethical manner to address societal interests. Such demands for the exercise of corporate social responsibility (CSR) were given renewed impetus during 2002, with the respective filing for bankruptcy of Enron, America's seventh largest corporation, and WorldCom, the subject of the largest accountancy fraud in American corporate history. However, the debate over how best to ensure CSR remains unresolved between the advocates of a voluntary approach, based upon corporate self-regulation, and those demanding that corporate responsibility be given a statutory legal framework.

—Simon Lee

See also Accountability

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REVEALED PREFERENCE

A decisionmaker is said to weakly prefer Brie to Camembert if he or she likes the first cheese either more than or just as much as the second. Such a preference is, moreover, said to be revealed whenever the decisionmaker chooses Brie from a menu of options containing both of the cheeses in question. The logic behind this terminology is straightforward: An agent that views Camembert as superior to Brie will never choose the latter when the former is available, and therefore any observed choice of Brie in the presence of Camembert implies a weak preference in the opposite direction.

The concept of revealed preference grew out of the work of neoclassical economists. These neoclassical economists and their contemporaries showed that the standard practice of modeling economic agents as maximizers of numerical "utility" functions did not depend for its validity on any of a variety of questionable auxiliary assumptions about the form of the functions being maximized (such as additive separability in the variables upon which they depend). However, as this independence came to be understood, the logical strength and psychological content of the utility maximization hypothesis became increasingly unclear. On the one hand, had this hypothesis been reduced to a tautology, excluding no logical possibilities and thus capable of "explaining" any pattern of behavior? And on the other, did the new, neoclassical notion of utility continue to reflect the view of human

decision making originally adopted by the founders of the utilitarian school?

Working in the context of consumer demand theory, Paul Samuelson sought to identify the "refutable implications" of utility maximization for behavior in market environments. In response to the first question previously listed, he showed that—far from being tautological—this hypothesis has definite implications that can be expressed as a prohibition against the preferences revealed by the decisionmaker's actions coming into conflict with each other. With regard to the second question, Samuelson's contribution made clear that in psychological terms, agents in economic models are typically endowed with both the well-integrated personalities and the substantial cognitive resources needed to behave consistently across different choice problems. Indeed, it is this internal consistency of the decisionmaker's behavior, rather than any assumption about the tastes or values lying behind it, that has come to be seen as the essence of the utility maximization hypothesis.

While Samuelson's definition of a revealed preference was phrased in terms of choices among consumption bundles in a market setting, the idea that opinions or other mental states can be deduced from observed behavior applies much more generally. For example, in the theory of decision making under uncertainty, an agent's assessments of the relative likelihoods of different events (such as a particular company going bankrupt within the next year or a particular political party winning a majority in the next national election) are revealed by his or her choices among bets contingent on the unknown information.

—*Christopher J. Tyson*

See also Decision Making; Optimal Decision Making; Rational Choice Theory

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RISK

In recent years, risk has become a topic of intellectual, political, and social interest. Rarely does a day pass without some coverage of risk issues by the mass media (e.g., Avian flu, mad cow disease, SARS, terrorism). By their very nature these issues are complex and contentious and spawn questions on how risks should be managed or governed. Because risks are ubiquitous, risk governance can be defined as a series of processes for minimizing the probability of exposure to a hazard and the degree of adverse outcomes flowing from such exposure. Within the context of environmental and human health risks, such governance considerations focus on the interface of science and policy, and ultimately involve specifying the design of this interface so as to increase accountability, transparency, strategic vision, participation, and equity. These principles of good governance are essential when dealing with risk issues because risks are intertwined with problems of governance.

Throughout history, risks have presented a challenge to human survival while simultaneously presenting opportunities. A changing environment, the threat of epidemics and pandemics, famine, and human-made threats such as war have invariably presented risks to both individual and collective survival. The formulation of risk-based policy is an intricate process that reveals the influence of multiple actors, abiding societal conditions, conceptual paradigms that predominate in the minds of the public and elites alike, estimates of the resources available, and the perceived costs and benefits of suggested courses of action.

Risk is often defined as the probability of adverse outcomes multiplied by consequences. Technically, the word "risk" refers to situations in which a decision is made whose consequences depend on the outcome of future events having known probabilities. For example, the decision to build or relicense a civilian nuclear power plant involves comparing the risks and benefits associated with this energy source to other sources (e.g., coal, hydroelectric, natural gas, wind) by assessing the veracity of certain assumptions about future impacts on human health, environment, energy

security, and so forth. As such, risk is not simply equivalent to hazard, but rather, the possible damage that may result from one's decisions or indecisions. In short, the type, magnitude, and distribution of risks borne by industrialized societies are determined by regulations and the effectiveness of their implementation and enforcement.

In seeking to overcome or manage such risks, democratic societies are obliged to preserve certain fundamental values, such as a citizen's right to comprehend and to take part in governmental decision making. Since risk evaluation is essentially a social process, and all risk assessments are value laden, risks must be managed with recognition that a science-alone approach is incomplete because it ignores many of the ethical and social issues that accompany new technologies. Developments in stem cell technology, human cloning, and xenotransplantation demonstrate the pressing need for a more-inclusive approach to governing risk in an open and transparent manner. Moreover, decision making without a requirement of public participation not only encourages the capture of government agencies by business interests, but also promotes a relatively uncritical acceptance of science on the part of the public. However, creating practical participatory mechanisms for the public is increasingly difficult in a decision-making environment heavily dominated by technical expertise.

By embracing technical definitions of issues, the language of political debate often becomes specialized and has the appearance of being scientifically objective and value neutral. Because science is a social enterprise, and scientists are human actors, it is important to note that relying upon such advice without recognizing how it is shaped by values is folly. As well, the widespread requirement for specialized knowledge in the assessment and management of technologically generated risks raises the concern that the power of public decision making will shift from politically responsible authorities to those that best grasp the technical issues associated with a particular hazard.

As a concept, risk can be used to understand contemporary political conflicts. Risk conflicts are essentially political conflicts where an appeal to folk wisdom and common sense, taking into account

historical precedence, is more likely to satisfy a majority of the population than an approach where technical expertise defines the language of political debate and technocratic procedure channels it. Many such conflicts (e.g., antinuclear debates, antibiotechnology movements) can be characterized as a competition between two risk paradigms: a technically inclined, positivistic orientation and a socially constructed, culturally embedded orientation. An awareness of the role that these two competing risk paradigms have in the construction and unfolding of risk debates may enhance the opportunity to understand how risk is subject to social, economic, and political processing. Such an approach also provides an opportunity to explore many of the tensions that exist between the political processes of democracy, economic imperatives of capitalism, and the primacy of scientific knowledge in assessing and managing risk.

The technically oriented way of conceptualizing risk requires that decisionmakers and members of the public trust scientific authority and expertise. Furthermore, there must be a willingness to limit boundaries of analysis so risks can be compared quantitatively to one another in a rational and depersonalized manner. In this sense, risk is the relation between decision and damage, where scientific knowledge claims are true to the extent that they adequately reflect reality. A reliance on expertise and a belief that objectivity and neutrality are possible only through the scientific method ensure that this remains so. In general, the assumption is that risk, treated as an objective phenomenon, can be assessed using scientific techniques that reveal their deepest, most complex secrets to the best scientific minds. Empirical testing, peer review, and internal standards should, in theory, consistently yield the best possible risk estimates. Managing hazards with access to such knowledge should also be a fairly straightforward process. In this case, public input and debate would add little value to these assessments.

Although not directly linked to the erosion of democracy in postindustrial societies, a reliance on a technically oriented approach to risk assumes that liberal, individualistically oriented policy making cannot deal with modern, communal risks. Furthermore, such an approach assumes that the production

and distribution of risks are independent from economic and political forces and from public consultation. This is where technocratic decision making shines brightest. If public participation distracts regulators from making the correct choices using the tools of science and scientific modes of thinking, then too much public participation will interfere with the public policy process.

The concept of a public out there somewhere waiting to be heard from implies that those who actually make decisions do so without wide-scale support, and that such decisions are in the interest of an elite that is keen on maintaining control over ever-scarcer resources. As a result, the role of the public in shaping risk-based policy often plays a peripheral function in technical debates that tend to accord greater weight to expert scientific opinion.

Transformations in the physical world most likely stimulated a series of changes in the politics of risk processing and risk-based regulation. Such changes coincided with a sweeping diagnosis of an emergent risk society as proposed by Ulrich Beck. Beck wrote in 1992 that we are nearing the end of an era concerned with building an industrial society and moving into a postindustrial "risk distributing" society, concerned chiefly with controlling environmental risks created by modern technology. For Beck, Western society is in a transition period. His landmark book *Risk Society: Towards a New Modernity* (1992) argued that we are heading toward a second stage of modernity, rather than into postmodernity. As such, the logic of industrial production and distribution is becoming increasingly connected to the logic of the socially produced risk.

According to Beck, in the first stage of modernity, industrial society was concerned primarily with distributing material wealth. A newly emerging second stage of modernity—called the "risk society"—is concerned with distributing risk or harm. In essence, this shift represents a redistribution of "desirable items in scarcity" to a distribution of risks that are undesirably abundant. This new modernity involves replacing traditional values of progress and accumulation with an ethic emphasizing risk avoidance, transfer, denial, and reinterpretation. In this period of acute uncertainty and risk, a reflexive social system (a self-monitoring

one) ensures that individuals exposed to particular risks will no longer passively live with them. Consequently, a period of transition exists where the distribution of both wealth and risks overlap.

The failure of science to handle the ever-more-menacing risks of modern industrial life is accelerating an erosion of trust in science and authority. As it becomes more apparent that the management of risk is increasingly reliant on political decisions, new forms of public participation will be demanded. Technocratic decision-making cultures are no longer able to ignore the will of the public when the benefits of industrialization pose socially unprocessed risks.

The developing literature on risk poorly addresses organizational behavior, political processes, and social movements. This is probably due to a tendency to view risk assessment and management as tasks that require logical and rational decision making rather than as forums for addressing the issue of public acceptability and participation. However, the presence of modern-day risks heightens the necessity of rights-based democracy and requires a renewed commitment to equal rights in public dialogue and enhanced citizenship rights within a participatory, communal, and cooperative decision-making environment. Such an environment would evaluate risk in terms of its political and social consequences, such as possible disruptions in the social fabric, rather than by exclusively considering a hazard's possible effects on human health and environment.

This alternative form of decision making is aptly illustrated by a concept of risk that is sensitive to social constructions of reality and an understanding of reality through scientific knowledge. Like all social reality, risks are socially constructed to a certain degree. This is a classic insight of the sociology of science and, more recently, the direction in which research on risk and social movements is headed. In other words, all reality, ideas, and meanings (including ideologies) are socially constructed. A cultural perspective on risk that is sensitive to these social constructions can address larger social issues that its technically oriented counterpart must ignore. Additionally, this approach to risk requires widespread trust in the democratic process because there exists an important difference between public acceptance and public

participation. Expanded citizenship rights need to keep pace with change if risk is to be descientized and, consequently, withdrawn from technocratic decision-making environments, where an appeal to expertise is of little help because experts disagree on many scientific questions, let alone social ones.

One of the consequences of orchestrating debates about risk using principles of analysis, which mirror logico-deductive modes of inquiry, is that alternative forms of knowledge carry little or no weight. As such, risk becomes a tangible product that can be sold, traded, or redefined according to the will of politically active members of society that have access to scientific legitimation. Conceptualizing risk in this manner tends to turn risk into a strategy for optimizing sustainable modes of development consistent with existing ones. Therefore, environmental policy becomes a risk strategy that serves to minimize the mismatch between economic development and ecological sustainability under certain future conditions. Risk becomes merely a minor player in determining how to best ensure profitability and continued growth without creating an obviously dangerous situation that presents a direct threat to human health and environmental quality.

In conclusion, the rise of environmentalism, a growing number of arguments for appropriate, manageable technologies, and increasing antipathy toward social institutions are, in part, by-products of this struggle between competing risk paradigms and their respective supporters. Such conflicts suggest that debates about risk are not, in essence, scientific disputes. They are arenas of social conflict in which a poorly articulated debate about values and visions influences the distribution of economic and political power and highlight the importance of good risk governance practices.

—*Michael D. Mehta*

See also Crisis Management; Risk Society; Trust

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Risk Society

The risk society concept was introduced in Ulrich Beck's now-canonical 1986 text *Risk Society: Towards a New Modernity.* According to Beck, we are currently living in a transformative moment of the modern era. Whereas previous societies faced life-threatening natural hazards—floods, famines, and droughts—the risks faced by contemporary societies (e.g., nuclear explosion, environmental degradation, toxins, terrorism) are unique in that they are consequences of decisions made by human beings. Beck understands risk as a side effect of industrial progress, but he is clear that the current era is not any more hazardous than the premodern world. The key difference of the modern era, Beck maintains, is that manufactured risks (as opposed to natural disasters) are tied to human activity, rationalistic calculation, and human faith in science and technology.

The significance of the risk society concept as a major theoretical advancement in governance studies became clearer with the publication of *World Risk Society,* in 1999, *Conversations with Ulrich Beck,* in 2004, and a series of highly influential papers by

Beck, Wolfgang Bonss, and Christoph Lau. Beck's argument rests on the distinction between the first and second ages of modernity. In the first, simple age of modernity (industrial modernity), Beck argues that a residual risk society began to emerge from the successes of industrial production. The side effects of the residual risk society (pollution, environmental degradation, resource depletion) stimulated a reflection on industrial modern production to the extent that people were aware of the dangers of industrial production. Still, society maintained a faith in science and technology, and there remained faith in human supremacy and scientific advancement.

According to Beck, as societies enter the second modern period, the unintended side effects of industrial production become a dominant force in society and history. The passive reflection that is characteristic of the first modern period is replaced by an active reflexivity in the second age of modernity. Under conditions of reflexive modernization, modernity itself becomes a problem. But in Beck's view, the conditions of governance in the second modernity are far more complex than a reflexive engagement with risk. Under conditions of reflexive modernization, the manufactured uncertainties of the first modern period configure with trends toward individualization, globalization, and subpolitical relations. Through these processes, the rule-directing linear logic of the first modern period is replaced with a nonlinear, rule-altering logic immersed in contingency and ambivalence. The individual in the first modernity period responded to heightened awareness of risk in a regulative fashion, seeking systemic solutions to catastrophic conditions, but in the second modernity period, the reflexive and cosmopolitan individual confronts the institutional integrity of the first modern period in a constitutive manner.

—*Sean P. Hier*

See also Crisis Management; High-Reliability Organization; Risk

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RULE

A rule is a principle to which action should conform: a widely accepted standard of behavior. The term *governance* is closely linked to the concept of rule making, via the Greek and Latin verbs *kubernan* and *gubernare,* respectively. Modern definitions of governance refer to the stewardship of the formal and informal "rules of the game." The growth of multilevel and multiactor governance makes a focus on rules particularly timely. In this context, the omission of governance-as-process with government-as-organization becomes problematic. The study of governance requires a focus on underlying rules and how they vary over time and across space (governments are just one, albeit an important, player within that game).

Elinor Ostrom has defined rules as prescriptions that define which actions are required, prohibited, or permitted, and specify the sanctions for noncompliance. In the domain of governance, rules shape the behavior of actors—elected politicians, public officials, community leaders, and individual citizens—by making certain courses of action more or less possible and more or less attractive. Rules create "positions" (president, prime minister, committee chair, spokesperson, community representative, voter, consultee), and they determine how participants enter or leave

these positions (election, appointment, random selection, patronage, contract), what actions they are permitted to take, and what outcomes they are allowed to affect.

Typologies of modes of governance ascribe a more important role to rules in bureaucratic or hierarchical systems than in market- or network-based arrangements. However, with a more expansive definition, it becomes clear that rules bring an important element of stability, regularity, and predictability to behavior within all governance systems. Rules can be informal as well as formal. Formal rules are consciously designed and clearly specified—as in the case of written constitutions, treaties, laws, contractual agreements, property rights, the terms of reference and standing orders, and so forth. Informal rules are not consciously designed or specified in writing—they are routines, customs, and conventions that are part of habitual action. Informal rules may be as influential as official codes of conduct and written constitutions; indeed, "invisible" rules may be more powerful. Rooted as they are in custom and tradition, informal rules are particularly difficult to change. It is not uncommon for long-standing informal rules to persist in the face of (and in potential contradiction with) new formal rules. Ostrom distinguishes between rules of form and rules of use.

An expansive conception of rules has been criticized on the grounds of nonfalsifiability: All behavior conforms to some rule, even if it has yet to be identified. The concept of "standard operating procedures" offers a helpful way forward: The researcher's aim should be to identify the specific rules of behavior that are agreed upon and (in general) followed by agents, whether explicitly or tacitly agreed to. Informal rules are distinct from personal "rules of thumb": They are specific to a particular governance setting, they are recognized by actors (if not always adhered to), and they can be described and explained to the researcher. Standard operating procedures may be circumvented or manipulated by certain groups of actors, but actors are still able to identify, and reflect upon, the nature of such rules.

Pure rational choice theory tells us that rules are human constructions, designed to solve collective action problems, which can be "undone" when they no longer serve actors' interests—they provide only short-term constraints on individuals' behavior. In reality, of course, rules tend to be self-reinforcing and remarkably enduring. More sophisticated theorists argue that actors will only seek to change rules when the likely benefits outweigh the expected costs of change itself—which include the costs of learning how to operate within new rules, of dealing with new sources of uncertainty, and of engaging in change (which itself presents a collective action problem). Other critical voices note that the rules of the governance game are not technical constructions: They embody power relations by privileging certain courses of action over others and by including certain actors and excluding others. Action to change rules may arise in response to, and become part of, power struggles among different groups.

Normative theorists have a less clear account of why rules are created, but are better at explaining how they persist and evolve over time. It can be argued that rules simplify political life by ensuring that some things are taken as given in decision making. Evolutionary change is endemic as actors engage in a creative process of matching situations to rules. Rules are not always strictly followed; they may be "bent" or even ignored. Rules produce variation and deviation as well as standardization and conformity. There are always areas of ambiguity in the interpretation and application of rules (not least because individuals vary in their own values and experiences) because rules are adapted by actors seeking to make sense of changing environments and to pursue their own interests.

Intentional projects of rule change rarely satisfy the intentions of their initiators. Within governance systems, every set of rules is nested within a hierarchy of more fundamental and authoritative rules. At the same time, governance rules may have deep roots in locally specific cultures and conventions that exhibit remarkable tenacity over time. But because rules express social values and power relationships, the prospect of their redesign will continue to seduce politicians. Such efforts are part of the process whereby actors develop an understanding of what

constitutes the good society—even if they are not able to directly achieve it.

—*Vivien Lowndes*

See also Institution; Institutional Performance; Rule of Law

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RULE OF LAW

The rule of law refers to a mechanism, a process, an institution, a practice, or a norm that secures a particular type of governance. The relevant type of governance is usually defined in opposition to arbitrariness. Arbitrariness typically characterizes various forms of despotism, absolutism, authoritarianism, and totalitarianism, which are widely thought to be evils that the rule of law is supposed to curb. These include even highly institutionalized forms of rule, where atop the apex of a power structure sits some sovereign entity (a king, a junta, a party committee) that can make decisions unconstrained by law when it deems necessary. Ideas about the rule of law have long been central to political and legal thought since at least as early as when Aristotle distinguished the rule of law from individual law. In the eighteenth century, Montesquieu elaborated a doctrine of the rule of law that contrasted the authority of monarchs with the caprice of despots, which underpinned his notion of an independent judiciary (rightly or wrongly with regard to England) and has since profoundly influenced Western liberal thought.

In all, the rule of law implies that the creation of laws, their enforcement, and the relationships among legal rules are themselves legally regulated so that no one—including the most highly placed official—is above the law. The legal constraint on rulers means that the government is subject to existing laws as much as its citizens are. Thus, a closely related notion is the idea of equality before the law, which holds that no "legal" person shall enjoy privileges that are not extended to all and that no one in particular shall be immune from legal sanctions. In addition, the application and adjudication of legal rules by various governing officials are to be impartial and consistent across equivalent cases, made without taking into consideration the class, status, or relative possession of power among disputants. In order for these ideas to have any real purchase, moreover, there should be some legal apparatuses in place for challenging officials to submit to the law.

Not only does the rule of law entail such basic requirements about how the law should be enacted in society, but it also implies certain qualities about the characteristics and content of the laws themselves. In particular, laws should be open and clear, general in form, universal in application, and knowable to all. Moreover, legal requirements must be such that people can be guided by them; they must not place undue cognitive or behavioral demands on people to follow. Thus, the law should be relatively stable, comprised of determinate requirements that people can consult before acting and not retrospectively establish legal obligations. Furthermore, the law should remain internally consistent and, failing that, should provide for legal ways to resolve contradictions that can be expected to arise.

However, despite these basic features, the rule of law has not always had a particularly established or even systematic formulation (not for lack of attempts by jurists and political philosophers). The idea that the law should contribute to beneficial ways of channeling and constraining the exercise of public power is a matter of interpretation that is especially true over time and across different polities. One reason why its meaning continues to be widely contested is that any of the strictly legal or philosophical aspects of the

concept points beyond itself also to political and social conditions that are historically and culturally contingent. Another reason for the inherent complexity of the idea is that for whatever empirical particulars are said to fall within the purview of the concept, there is always some larger normative vision about the nature or purpose of law and the legitimate aims and limits of political power that support it, which stand to enjoy even less agreement.

Institutional Arrangements and Legal Culture

For these reasons, the rule of law is best seen not as a blueprint for institutional design but as a value, or cluster of values, that might inform such design, and which can, therefore, be pursued in a variety of ways. Nonetheless, several rather simple and generalizable institutional insights follow from the idea that those who judge the legality of exercises of power should not be the same as those who exercise it. For instance, a typical rule-of-law state will institutionalize some means of shielding legal officials from interference, political or otherwise, that threaten their independence. Accordingly, the institutional separation of the judiciary from other branches of government is commonly thought to be an important feature of rule-of-law states. Other measures to ensure fair access to legal institutions may also be important for rule-of-law regimes. In addition, a binding written constitution is an American innovation that is widely believed to aid the rule of law and has thus been mimicked in other parts of the world.

While certain institutional traditions and conventions as well as written laws may be important to ensure that judicial decisions are grounded within plausible interpretations of existing laws, no single institutional character of a state should be seen as necessary or sufficient to the rule-of-law ideal. The rule of law is tied neither to any one national experience nor to any set of institutions in particular, although it may be thought to be better served in certain nations and by some institutions more than others. Institutional variety and possibilities are likely to be too rich and complex to identify precise institutional

arrangements of the rule of law that could be automatically duplicated or transplanted. Different polities embody their own judgments about how to implement specific rule-of-law ideals, given their particular legal and cultural traditions that influence the character of their institutions. What's more, the initial sociological condition of the rule of law is that most people in society, including those whose profession it is to administer the law, believe that the law does and should count in the first place. In this regard, political and legal institutions are but one factor among many variables that comprise cultural supports for and means of socialization into the rule of law as a value.

Negative and Positive Forms of the Ideal

The basic idea that the rule of law is at odds with arbitrariness has led most legal theorists to view the rule of law as a purely negative ideal, where its value lies mainly in what it shields against. Those who take the view that the rule of law is primarily devoted to "damage control" concentrate especially on the various kinds of damage that might be done at the hands of government. The point of institutionalizing the consolidation of power, then, is to be able to curb it and thereby buttress the citizenry against the potentially intrusive claims of the state. Yet the constant fear that the threat of violence and actual cruelty of those holding a monopoly of power can engender in citizens is not the only perilous alternative to the rule of law. Without the rule of law's promise of fixed and knowable points in the vast field of human interactions that constitute the basis for legitimate expectations and the means of social coordination, the alternative may be widespread chaos, if not paralysis. Hence, many theorists have derived the value of the rule of law by focusing on the disastrous state of affairs that would ensue from the absence of information, security, and legally enforceable obligations that the rule of law provides for ordering and regularizing social relations.

As a solution either to the problem of an all-too-powerful state or the need for order and predictability within modern societies, the rule of law's assurance of constraint by clear legal rules and the establishment of

well-defined legal processes is of central importance to a purely negative ideal of the rule of law. As a negative ideal, the rule of law sets out principles of legal efficacy but remains silent on the moral quality or purpose of the law. While it may appear empirically inconsistent for horrific acts to occur under the rule of law, mere formal regularity and procedural justice is quite consistent, in principle, with iniquity in the law's content. Thus, many writers have offered a more affirmative, morally ambitious account of what is required to govern according to the rule of law. A more positive understanding of the rule of law includes some underlying principles of substantive justice and purpose in legal systems in relation to society. In this tradition, formal regularity and attention to process are likewise valued, but they are seen as valuable not merely for their own sake but insofar as they help to secure further goods—such as greater equality and fairness and respect for the dignity and integrity of people or groups. A particular theory about the proper respect for individual rights or a preferred conception of political community and communal goods usually lies at the heart of a more substantive rule-of-law ideal that seeks not only to protect but also to realize specific social goods and human values through the law.

Challenges to the Rule of Law

Anyone who holds that what matters most in politics is having the right people in power and not how power should be constrained will not be convinced of the value of the rule of law. Neither will anyone who believes that institutions of public power are merely instruments of the ruling class that need more than to be constrained but dismantled. For the majority of modern democratic societies, however, the rule of law's requirement that both rulers and the ruled be accountable to the law is of unquestionable value. To be sure, in the modern world, it is the liberal tradition that values the rule of law most highly. Liberals who are concerned with ways of protecting (and realizing) liberty in some form and averting threats to it view the rule of law as an overarching source of security and value. Be that as it may, there is substantial

disagreement even among liberals over what exactly counts as a faithful application of the term, and even when that is pinned down, there is still disagreement on how it is to be accomplished.

In and of itself, the rule of law is not a faithful description of any state of affairs but a complex ideal that is even more complex to realize. Thus, we have reason to be skeptical about whether societies necessarily benefit from all that might be invoked under the term. The independence of the judiciary, for instance, is a murky value at best and clearly a problem if the independence is misused to foster the sectoral privileges of judicial personnel or to allow unchallenged interpretations of the law. Heavy emphasis on the negative aspects of the rule of law, for example, on formal regularity and procedural justice, may distract from the content and consequences of those laws. Critics of a strictly negative conception of the rule-of-law ideal argue that too much attention to legal process generates significant vices of its own, in the form of exaggerated legalism and excessive juridification. The price of excessive veneration of the law and legal procedures may be too high if doing so inhibits independent social assessments of the merits of a given policy proposal or if the official mandate of "blindness" gives legitimacy to actions performed "according to the law," even when most people would oppose such acts. Some writers have charged, moreover, that the increasing domain of judges and lawyers, indeed, their encroachment into areas previously left to politicians and the electorate, entails the loss of much that is politically and democratically valuable.

In short, too much emphasis on procedures for preventing arbitrariness can lead to subverting the doing of justice according to what might otherwise find support in the rule of law, and the legal strictures then become themselves a form of arbitrariness that is no more legitimate. On the other hand, those who defend the negative value of the rule of law object to more substantive understandings of the ideal on the grounds that morally ambitious aspirations about the rule of law threaten to purge the concept of its specificity and usefulness. They argue that to open the concept to a whole host of extralegal considerations about substantive justice and wider societal goals is to conflate

ideas about the rule of law with notions about the rule of good law, such that any distinction between the two is reduced to nothing. As a consequence, no separate or practical discussion of the rule of law can take place short of propounding whole rival social philosophies.

To address further challenges to the ideal, a matter of continuing controversy is whether contemporary law associated with the welfare state is compatible with the rule of law. The regulatory activities of modern governments are frequently neither general nor abstract, but are targeted, detailed, and specific. A matter of even longer dispute is whether such formal equalization counts for much if it merely leaves substantive social and economic inequalities to play themselves out with greater effect. Liberals commonly believe that the existence of social inequalities does not necessarily cancel out the worth of the rule of law, for they maintain that inequalities should not confer advantages before the law even if they do so in the world. Those on the political Left disagree and argue that real differences in the world render the blindness or neutrality of the law false, inconsequential, or pernicious.

Therefore, despite widespread consensus in different parts of the world that the rule of law is a good thing, it is neither automatically nor self-evidently so. Like any social value, the rule of law can be a mixed blessing when it conflicts with commitments to other social ideals or because different interpretations of the same ideal or attempts to realize different ideals can require different institutional logics. Where the governing powers of a polity are unconstrained, the negative conception of the rule of law will undoubtedly hold much salutary promise. However, where power is already substantially constrained by law, the rule of law might not only tolerate but require that some space be made for wisdom, judgment, particularity, and substantive justice.

—*Naomi Choi*

See also Accountability; Civic Republicanism; Constitutionalization; Contract Enforcement; Democratic Theory; Good Governance; Liberalism; Polyarchy; Power; Rule; Sociology of Governance; State-Society Relations

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RULES OF ORIGIN

Rules of origin are used to make more precise any aspect of trade law or trade policy that treats goods differently depending upon their country of origin. For example, quotas, countervailing duties, and antidumping actions restrict import goods from specific producing nations. The export products of World Trade Organization (WTO) member states generally face lower import barriers than the exports of nations that do not qualify for most-favored nation status. Many bilateral and regional trade agreements exempt the products of member countries from various requirements.

In each of these cases, rules of origin are needed because the identity of the producing country cannot be reliably inferred from the point of entry. Consider the case of the North American Free Trade Agreement (NAFTA), under which many goods produced in Mexico enter the United States duty free, while imports produced in other countries face U.S. tariff barriers. Because NAFTA was designed

primarily to benefit firms and workers in North America, it is clear that goods manufactured elsewhere cannot be allowed to circumvent U.S. tariffs simply by being transshipped through Mexico on the way to the United States. Nor should it be possible for free riders to claim those foreign goods as "Mexican" that have received perfunctory labeling, repackaging, or processing in Mexico solely for the purpose of qualifying for preferential treatment under NAFTA. However, in the era of global manufacturing, final products are frequently assembled from components originating in many different countries. At what point should foreign inputs that do not qualify for favorable treatment be deemed to have been transformed into a new product that does qualify? Precise legal standards—specific rules of origin—vary widely across nations, but most use the criterion of an *ad valorem* percentage of value added, anywhere between thirty-five and sixty percent, computed in a prescribed manner.

Rules of origin have become increasingly controversial as the preferential tariff regions and antidumping arrangements that require them have mushroomed. As a result, most international agreements now contain provisions for nations to negotiate over specific criteria for specific products. For example, NAFTA has recently adopted the rule that any tea that is fermented or packaged in a NAFTA country should be deemed to have satisfied the rule

of origin, regardless of where it was originally grown.

The WTO is also expanding its perspective on rules of origin. General Agreement on Tariffs and Trade (GATT) recognized the danger that the misuse of rules of origin could transform their role from that of an administrative support for trade policy into an autonomous policy instrument. Thus, it required that rules of origin be transparent and administered in a consistent, uniform, impartial, and reasonable manner. The WTO is now seeking to render these restrictions more precise and to harmonize rules across nations by building on the Agreement on Rules of Origin adopted in 1994. Rules of origin can also be used to interpret statutes governing labeling requirements, such as "Made in . . ." stickers, and to assist in compiling bilateral trade statistics.

—*Bruce E. Moon*

See also North American Free Trade Agreement; World Trade Organization

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Sanctions

In relation to governance, sanctions involve the actual or threatened imposition of costs to achieve political goals. Sanctions are usually associated with legitimate political authority, so that, for example, those who break the law risk costs such as fines or imprisonment. They are also inherently implicit in the provision or offer of positive incentives, as there is always the possibility that those incentives will be withdrawn. Hence sanctions are ubiquitous in governance—in the film *The Eiger Sanction,* Clint Eastwood's character is meant to assassinate (sanction) a secret agent while climbing a mountain—and include measures such as international travel restrictions imposed upon members of target governments.

Types of Sanctions

Most commonly, the term *sanctions* is used to mean economic sanctions—the actual or threatened use of monetary means by states or international organizations to impose costs in order to achieve goals in international politics. For example, the European Union (EU) threatened to impose tariffs on U.S. goods entering the EU to try to force the U.S. government to reduce subsidies to U.S. steel producers, which were giving them an advantage against EU steel producers. Changes in economic sanctions reflect changes in global governance. First, economic sanctions are increasingly imposed by international organizations such as the World Trade Organization. This can and does impose financial penalties on states for violating international trade rules. Second, global neoliberalism is reducing the scope states have for the use of economic sanctions. Global neoliberalism is theoretically aimed at eliminating barriers to the free movement of goods, capital, and labor. Some see it in practice as tending to prioritize the advantages of powerful, tax-subsidized corporations: Others maintain that it is promoting the spread of prosperity. Either way, it can run counter to the desire of states to pursue political goals through sanctions, as these by definition involve restrictions on the corporate pursuit of profit.

Inflicting economic costs—such as sinking a ship full of commercial goods—is not normally defined as an economic sanction. Sanctions take many forms, such as tariffs (that is, taxes on imports from the target), boycotts (refusal to buy or accept a particular category or amount of item), embargoes (refusal to sell or provide something), freezing of assets, fines, exclusion from bidding for contracts, or cuts in aid. Sometimes the line between sanctions and other policy instruments can be blurred, as in the phrase economic warfare, which is usually associated with comprehensive economic sanctions. These involve the use of monetary means to impose extremely high levels of economic cost, sometimes with the aim of undermining the target state's military capabilities or

bringing about the collapse or overthrow of the government ruling it. This is akin to medieval siege warfare. It is the exception to the general perception that sanctions fall between diplomatic persuasion and military force. The economic sanctions imposed on Iraq by the United Nations between 1990 and 2003 combined with the effects of war and the Iraqi government's prioritization of its own elite produced devastating effects. The United Nations Children's Fund (UNICEF) calculated that there were 500,000 excess deaths among children under five between 1991 and 1998 alone. This case contributed to a debate over smart sanctions, that is, sanctions that target political leaders to provide maximum political effectiveness and minimum costs for the population of a state. For some, the phrase "smart sanctions" was a means of producing political cover for the continuation of the highly damaging sanctions on Iraq with only minor modifications. For others, the phrase signified a real search for more humane and more effective instruments of foreign policy.

The Disputed Effectiveness of Sanctions

In the view of some, economic sanctions rarely achieve major foreign policy goals despite being frequently used by states. The first analytical task is then to work out why they rarely work on major issues. One possibility is that the states imposing them do not pursue them with much rigor and the target states have a strong incentive to resist them. This suggests the importance of ensuring that the effects of economic sanctions are severe and that the demands made of the target are clear and reasonable in relation to the gains to be made by the target in having the sanctions lifted. The second analytical task for those with this perspective is to analyze why they are used so often if they work so rarely. Part of the answer could be that the use of force can be even less attractive politically. For others, this focus on failure to achieve goals in difficult cases misses the point. They argue that they can be used successfully on lesser issues and have to be combined with other policy instruments, including the use of force, to produce success in difficult cases. The

central problem for any debate about the effectiveness is disagreement on the objectives being pursued. For example, if the U.S. grain embargo imposed on the Soviet Union was aimed at reversing the Soviet intervention in Afghanistan in 1979, it failed. If it was aimed at symbolizing U.S. disapproval and imposing costs on U.S. grain producers to show the extent of that disapproval, it was a success.

—*Eric Herring*

See also Functionalism; Humanitarian Intervention; United Nations Security Council; World Trade Organization

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SATISFACTION

The term *satisfaction* is usually used in reference to citizens' evaluations of the functioning of political or economic institutions. Satisfaction is distinct from support for or normative commitment to these institutions or their principles. For example, "satisfaction with democracy and market economy" is a different phenomenon than "support for democracy and market economy." This can be illustrated best by the discrepancies in

the levels of positive evaluations and support for democracy and market economy in the democratizing countries of East Central Europe in the 1990s. Here citizens strongly supported democracy and the market economy as institutional models, but they tended to be dissatisfied with how they operated in practice in their respective countries. Satisfaction is thus an indicator of perceptions of institutional performance and not of principles prevailing among the general public. However, high levels of satisfaction with democracy or economic performance may positively influence citizens' adherence to the normative principles.

Satisfaction with political or economic performance is usually studied in the context of democratic or democratizing states, as this is where citizens' evaluations are relevant for a regime's legitimacy and survival. Low levels of satisfaction with institutional performance may threaten a regime's democratic legitimacy as it fails to fulfill its citizens' expectations and significantly diverges from the benchmark of the ideal political and economic models. Dissatisfaction with political and economic performance in established democracies may mean loss of credibility by the current government, while in democratizing states it may hamper the process of democratic consolidation.

Political and economic satisfaction reflects the evaluations of institutional performance; however, it is also influenced by a number of other factors. For example, evaluations of the quality of political and economic institutions in a given country are influenced by the citizen's political winner/loser status, where citizens who voted for the current government (winners) are more positively predisposed in their evaluations. Levels of satisfaction are also influenced by the normative ideals held by citizens, as their ideological position will affect their approval or rejection of certain policies. Political and economic satisfaction also depends on an individual's sociotropic well-being assessment, where disadvantaged individuals will tend to be less satisfied with the overall institutional performance. Finally, satisfaction is context sensitive. For example, citizens of a rapidly democratizing country are likely to be more satisfied with how democracy works in their country than citizens of an established democracy, despite the fact that objective

indicators rate the quality of democracy in the latter much higher than in the former.

—*Natalia Letki*

See also Effectiveness; Institutional Performance; Legitimacy

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SATISFICING BEHAVIOR

A decisionmaker is said to exhibit satisficing behavior when he or she chooses an alternative that meets one or more specified criteria, but that need not be optimal with respect to any particular set of preferences or objectives. For example, a chief executive officer might hope to achieve an acceptable performance on the dimensions of revenue growth, cost stability, customer and employee satisfaction, and risk management without seeking to attain the highest possible level of expected after-tax profits.

Satisficing was the term selected by Herbert A. Simon to refer to a mode of decision making that he viewed as more realistic than the maximizing mode that is ordinarily postulated in economic theory and related areas of social science. (Contrary to what is often assumed, he did not invent this term himself by redundantly melding "satisfy" and "suffice," but rather rescued from oblivion an archaic word that he claimed was of Scottish origin.) Simon's strong and iconoclastic convictions about the nature of human decision-making processes were influenced by his anthropological field study, conducted in 1934 and

1935, of the behavior of public works administrators in Milwaukee, Wisconsin. Like managers everywhere, the municipal officials responsible for this city's recreation program—and in particular its public playgrounds—had limited resources available for a variety of commendable uses, such as routine maintenance of equipment, safety inspections and upgrades, landscaping and general beautification, and supervision of children at play. In this situation, an idealized rational agent would endeavor to equate the marginal value of spending on each such use, but Simon found that the administrators he met failed to behave in a way that could plausibly be described in these terms. The obvious reason for this failure was that they had no sensible basis for quantitative measurement of the value function that a marginal analysis would have required, and that even in general terms, the several divisional managers tended not to agree on which expenditures should be given priority. In environments of this sort, Simon argued, the successful decisionmaker would be the one who resisted becoming preoccupied with a particular subgoal (e.g., improving the visual appeal of Milwaukee playgrounds), who thereby managed to achieve an acceptable result on all important dimensions of performance, and who did not waste time attempting to lend his or her tradeoffs between various objectives a spurious exactitude.

While Simon's writings on this topic have undeniably been influential, opinions remain divided as to the importance of his critique and the usefulness of the notion of satisficing for modeling purposes. It has also been suggested that behavior with the appearance of satisficing could result from optimal decision making with the costs of deliberation and information gathering taken into account, although Simon himself explicitly rejected such proposals.

—Christopher J. Tyson

See also Bounded Rationality; Decision Making; Optimal Decision Making; Rational Choice Theory

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SCIENCE

Science is commonly understood as a body of knowledge about the physical world that accumulates by following systematic empirical observation and inductive principles. It is also an influential institution, characterized as an open society of scientists with expertise in various fields that communicate their findings to each other and provide specialist advice to the state and the public. Science may also be viewed in more abstract ways: as a political concept (for example, as a vehicle of global governance) and as a powerful positivistic ideological force whose reach extends beyond the scientific domain. These varied conceptions of science relate differently to notions of governance and the study of governance.

Science as the Open Society

The interrelationships of science and governance are largely opaque. For Steve Fuller, this is because debates center on the utopian promise or dystopic menace of science and technology, so little attention is given to how scientific knowledge is constituted or to the people that produce scientific knowledge. The institution of science is portrayed as an open society, which, in its pursuit of universal knowledge, assumes the authority to speak for all of society. But when science is seen as an institution that governs, this raises a series of questions that unravel the relationship between this open society and democracy. Is science anything more than an institutionalized assertion of faith that commands blind loyalty from the public? How can science be universal when not everyone can simultaneously participate, and a handful of unelected practitioners speaks for all? And who, precisely, is selected to give scientific advice?

Fuller studies science's internal organization, and instead of an open society finds a hierarchically driven

institution, ruled from within by a small, self-selecting elite group of white, middle-class, middle-aged males, whose interests are distilled as expertise to the state and society. They speak for the whole scientific community and for all of humanity, although they regularly pronounce on areas divorced from their own scientific expertise and personal experience. Fuller questions how these scientists can speak for all when multiculturalism is ignored and when science's application may affect different people in different ways.

This is far removed from the promise of science as the open society, although Fuller believes this ideal can be realized. This entails a transition from government to governance through democratizing the organization of, and participation in, science and science policy. The first step is to deconsecrate the state funding of science through developing alternative programs of research to challenge the worldview of elite science. The second step is to encourage public participation in a republic of science. Rather than science literacy initiatives aimed at remedying the public's cognitive deficits, this should involve epistemic challenges to the authority of science and deliberative engagement in science planning and policy. The aim is to secularize or decenter this unelected governing institution by loosening its ties to state power and weakening its dominion over knowledge claims.

Science as a Political Concept

The ability of science to assume the authority to speak on behalf of all people in a manner that transcends all cultural and economic barriers entails that science may conceptually be understood as a vehicle of global governance. Echoing Francis Fukuyama, Fuller notes that an unchecked universal science can put an end to history: When one society fully harnesses the natural trajectory of science to its future, the course of history (and politics) will be the rest of the world replicating the same steps to catch up with that society. Politics will be the story of global liberation through modernization. The standardization of the public provision of education and health care throughout the world is taken as evidence of science being the force that steers policy.

While science may be understood as a vehicle of global governance, we may observe a concurrent and supposedly contradictory global trend toward the governance of science within national science and technology policies. Realizing research cannot be directly governed, governments attempt to use policy levers and financial incentives to direct research toward national technological advances and enhanced international competitiveness. While recognizing that outcomes cannot be guaranteed, it is hoped they will be partially predictable.

Science as an Ideological Force

The experimental science paradigm guides national research policies in and beyond the scientific domain and that science has become a powerful positivistic ideological force that is employed in political language to delineate what is and is not a legitimate knowledge claim or a valid enterprise for public funding. Science policy in the United Kingdom defines social science as a positivistic enterprise belonging to and working for science and so dismisses the potential utility of interpretative approaches. Economics is taken to exemplify the empirical neutrality, refinement, and policy application to which the social sciences may aspire; while sociology is held to represent all that is lacking—interpretivism is pathologized and the discipline is accused of propagating the spurious orthodoxies of Marxism and radical socialism.

The governance of social science is guided by research policy networks dominated by natural scientists that do not understand what social science is. The consequences are that (1) the "everyday epistemology" of social science is regulated by non–social scientists so that governments fund social science that makes sense to natural scientists; (2) this produces a "slave social science" devoted to social aspects of technology focused initiatives; and (3) perpetuates the "science wars" by promoting user-oriented, fact-finding "positivistic" approaches using (preferably quantitative) empirical methods and by marking interpretivism as "deviant" social science.

Prolonging the science wars affects how the concept and process of governance itself is legitimately

theorized and investigated: At its extreme, a positivist approach will focus on rationalism, determinism, and mathematical modeling, while an interpretative approach that decenters governance will be deemed unacceptable.

—*Claire Donovan*

See also Research and Development; Technology; World Health Organization

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SECOND-TRACK DIPLOMACY

Second-track—or multitrack and unofficial—diplomacy encompasses all informal efforts at peace building and sustainable development to prevent war or restore society after war through the building of culture and institutions that sustain peace, as well as conciliation—talking across division during conflict. Second-track diplomacy stands in contrast to first-track diplomacy, or traditional and formal international diplomacy, where officially designated representatives, such as heads of state and ambassadors, come together for political reasons. High-profile nongovernmental organizations and citizen activists are often publicized with unofficial diplomacy. A wide range of less-visible stakeholders, however, can be quite influential in non-representative activities and forums. In many conflicts, the stakeholders are not publicized. Those interested in scrutinizing multitrack diplomacy must ask: Who is acting to prevent conflict? Who is acting to mediate, or assist with negotiating, difference?

The growing emergence of second-track diplomacy parallels changing issues, as well as transfer of powers, rights, and functions to organizations within civil society. For example, in some parts of the world, security—in its traditional sense—has not been a concern for years. Instead, challenges that require regional cooperation, like resource disputes, have priority. Actors concerned with environmental and other complex international tension, like ethnic conflict, are pioneering a multistakeholder process that includes many of the actors listed in the following paragraph.

Our most powerful international actors are no longer necessarily the heads of state but include transnational corporations, churches, and nongovernmental organizations like Amnesty International. General Electric is credited with promoting peaceful conflict resolution between India and Pakistan. Joseph Elder's conciliation work in Sri Lanka as a Quaker has been publicly noted. Susan Collin Marks is another publicized example, describing her citizen involvement in mediating South Africa's transition. Philanthropy, finance institutions, professional and labor groups, academia, and media also play roles as opinion leaders or other exercisers of influence.

Naturally, involvement of these stakeholders alone does not guarantee diplomacy. Transnational corporations and churches have been instrumental to violent and corrupt dynamics, including notorious war crimes. In such circumstances, developing civic society strong enough to weaken, or at least check and publicize, authoritarian abuse of power reflects second-track diplomacy. Strong citizens are less likely to be manipulated by governments committing genocide, for example. Empowering communities in the face of self-interested political leadership can be their best, perhaps only, option for building peace.

Private stakeholders are often best situated to respond to particular needs. They may have practical insight and information not readily available to government. Civil society groups are often more flexible than government bureaucracies, allowing them to act swiftly and more creatively to newly arising issues and concerns. Civil society is most often acknowledged for

closeness to people. Visionary initiative can create unexpected opportunities. Those who can operate flexibly, with access to people and networks that can be mobilized quickly, have rare potential to take this lead. The Oslo Accords, as one example, were preceded by months of informal communication preparing the ground for formal negotiation. Relationships between sides were built; common ground was identified.

Increasingly, formal and informal diplomacy merge. The negotiation of South Africa's transitional constitution also brought official and second-track diplomacy together, opening and soliciting meetings to the public through a media campaign, making materials accessible on the Internet, and widely circulating a draft Constitution for review, comment, and objection.

Government and business need independent watchdogs to oversee and stimulate their activity. Nongovernmental organizations often serve as these watchdogs.

At its best, informal community diplomacy fills critical gaps in international capacity. Intranational and cross-ethnic disputes often fall outside international authority. Without second-track alternatives, minority ethnic groups may see a violent effort for independence as their only option, attempting to form their own nation-states for formal legitimacy.

Second-track diplomacy gives those involved opportunities to gain understanding, transform costly destructive attitudes, build bridges, balance between rights and responsibilities, and create lasting resolution. Concrete ways for citizens to develop democratic capacities are common.

Restorative justice's instrumental role in emerging international systems emulates second-track diplomacy. Truth and reconciliation commissions deliberately engage interested community, including victims of crime and nongovernmental organizations, in negotiating the repair of harm, with offenders admitting culpability.

Likewise, emerging international law and mechanisms explain growth in unofficial diplomacy. Traditionally, international law was literally interpreted as between two nation-states. Now, however, citizens are free to bring grievances, such as human rights violations, outside their state of citizenship. Business can craft arbitration of disputes and circumvent national forums. The international community and its organizations can call issues to the forefront and create truth and reconciliation to investigate the culpability of a nation's citizens and leaders.

Second-track diplomacy raises serious questions about the impact of independent, uncoordinated efforts, which can be potentially problematic if at odds with formal efforts. Yet given the seemingly intractable challenges traditional diplomacy faces, the optimal situation is for unofficial diplomacy to enhance and support formal diplomacy, perhaps even creating the conditions necessary for official efforts to succeed, as the Oslo Accords did. If second-track diplomacy can relieve some of the formal pressure and rectify a few failings and limits, institutional systems are freed to strengthen capacity and realize ideals. Some officials are recognizing this potential and initiating multitrack partnering. The multistakeholder process involving United Nations Economic Commission for Europe (UNECE) Aarhus Convention on Access to Information, Public Participation in Decision-Making and Justice in Environmental Matters, as one instance, is heralded as a model for multilateral policy making, emulating the democratization of global institutions.

—*Nancy Erbe*

See also Dialogic Public Policy; Peace Process

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Security

Our perceptions of what constitutes security and any potential threats to it have changed greatly since the end of the Cold War both in theory and in practice. The Cold War was a time of intense nuclear confrontation, but in essence the conflict was contained through deterrence; threats were clearly defined and international relations were predictable, as many states organized themselves into opposing military and ideological blocs. In comparison, current threats are multiple, diffuse, and unpredictable. Fears of rogue states, international terrorism, religious fundamentalism, and the proliferation of weapons of mass destruction preoccupy the developed world as it tries to come to terms with asymmetric warfare. Established solutions such as increasing military superiority through advances in military technology offer little comfort, as even its unquestioned military supremacy was not enough to prevent the September 11, 2001, terrorist attacks on the United States. Additionally, weak states in the developing world are unable to guarantee security to their citizens, leading many to challenge their authority, and in Africa in particular, internal wars have been a major cause of instability. The evident disparities between the world's rich and poor states, coupled with the effects of global environmental degradation, are leading many to question the current division of global wealth and resources. In short, it is not clear how security can be guaranteed anymore.

Security is also a contested concept in international relations theory. For many years, Arnold Wolfers's 1962 definition of security was a standard. He defined national security in an objective sense as the lack of threat to acquired values and the fear that those values will be attacked.

Since the end of the Cold War, though, many of his assumptions have been questioned, as people asked questions about what sort of values were to be protected, who had the responsibility or right to provide such protection, and whose values were to be secured. Theoretically speaking, in recent years we have seen a development in the use of the concept of security from the original, narrow, predominantly state-centric, military definition to a much wider concept, which has both broadened the concept to include the consideration of nonmilitary security threats, such as environmental or economic threats, and also deepened it to suggest the state is not the only referent of security, but also that societal groups and individuals can be at risk. Equally important, growing international interdependence makes it increasingly difficult not to think in terms of international or global security rather than purely national security. This approach again attempts to dislodge the state as the primary referent of security, placing greater emphasis on the interdependency and transnationalization of nonstate actors. This development has not gone unchallenged by people like Stephen Walt, who continue to restrict the application of security to threats in the military realm to the nation-state, but this change has made security more relevant to the global governance debate.

Changing Understandings of Security

So why has this change in both theory and practice taken place? It is necessary to understand how and why our understandings of security have evolved. Before the Cold War, states were primarily concerned with ensuring their own territorial security, sometimes in temporary alliance with other friendly states. In short, policymakers followed the traditional realist/neorealist theories of security, which assume that the international system is anarchic. This does not mean it is chaotic but that there is no central authority capable of controlling state behavior. Consequently, sovereign states will inevitably develop offensive military capabilities to defend themselves and extend their power and so are potentially dangerous to each other. State survival will be the predominant motive governing behavior: This is known as the security dilemma. War is a constant historical feature of international politics that is unlikely to disappear, and the attempts of states to look after their own security needs leads to rising insecurity for others.

This state-centric view of security had a long historical pedigree. The creation of the modern state system in the 1648 Treaty of Westphalia established the

national state as possessing a monopoly of legitimate use of force and thus fostered an organized and disciplined use of military power. The French Revolution's 1789 *levée en masse* further developed this by introducing the concept that the whole of a nation's human and economic resources can be utilized in the pursuit of security for the state. Then came the Industrial Revolution, which provided the technology and financial resources for modern armed conflict and the development of the state-centric form of warfare that was culminated in the military revolution of World War I, which introduced much of the military technology (excepting nuclear weapons) that is still in use today.

During the Cold War, security was understood in collective terms as two ideologically opposed blocs of states (the North Atlantic Treaty Organization and the Warsaw Pact) led respectively by the two superpowers, the United States and the USSR, each of which came to view the other as its only true security threat. Within bloc security, communities emerged—that is, groups of states where cooperation is so instinctive that going to war with one another becomes unthinkable. Escalating mistrust, though, between the blocs led to a vast amount of resources being spent on nuclear and conventional weapons to try to gain military superiority. This struggle for supremacy became an arms race, and the conflict became a military stalemate, where behind the nuclear deterrent—the factor that prevented actual war taking place (although many so-called proxy wars supported by the two blocs did take place)—there lay mutually assured destruction. In other words, there was a permanent military threat.

At the end of the Cold War, brief hopes for a new phase of global peace were shattered by numerous brutal internal wars in the former Yugoslavia, Rwanda, and Sierra Leone to name a few. Some scholars have characterized these conflicts as "new wars," arguing that they marked a distinct break with traditional warfare. These new wars include the following differences:

- Wars today are increasingly intrastate rather than interstate.
- Wars are characterized by state failure and a social transformation driven by globalization leading nonstate groups, often led by warlords with private armies, to compete violently over the control of natural resources and the shadow or illegal economy rather than states defending or seeking to expand their interests.
- Combatants often view their identity in ethnic or religious terms rather than national ones.
- Civilian casualties and the forced displacement of people form a much greater proportion of all casualties, and civilians are often deliberately targeted in a brutal fashion.

To summarize, it is argued that a breakdown in state authority, which renders weak states unable to provide security for their citizens (and, consequently, in some cases becomes a security threat to its own citizens), blurs the distinction between public and private and between combatants and civilians.

The need to deal with these new wars led to a new humanitarianism. This has brought new actors into the security discourse; most notably transnational actors such as humanitarian aid agencies, given that most of these wars take place in underdeveloped regions. Development concerns have become increasingly important to how security is understood. It has also reinvigorated ideas about common security or international security. In other words, noninvolved states came to accept that instability anywhere in the world has the potential, in today's interdependent world, to also affect them through migration, economic, social, or environmental consequences. This, coupled with a growing belief in the universality of key human rights and the consequent limits to state sovereignty that this belief entails, led in the 1990s to rising levels of international peacekeeping and peace enforcement and interest in the conceptualization of security in human security terms. In contrast to national security, human security focuses on the threats to personal and community safety—rather than the defense of borders. The role of the United Nations, and in particular the UN Security Council, is prominent in contrast to traditional realist views of great powers maintaining global order. Typical human security policy initiatives have included: the ban on antipersonnel landmines through the Ottawa Treaty; the establishment of the International Criminal Court (ICC) to prosecute genocide and crimes against humanity; the protection

of refugees, women, and children in conflict zones; small arms control; and a halt to human trafficking. As a prescription for action, human security has been explained as encompassing humanitarian intervention (the responsibility to protect), peacekeeping, postconflict peace building, and conflict prevention, management, and resolution. This view of security is supported by UN institutions.

This move toward thinking of security more in terms of human or international security has parallels in another security debate that took place in the 1990s, and which was sparked by globalization. As globalization has gradually moved politics, policy, and regulation onto a more transnational footing, states have considered the associated nonmilitary threats in relation to their core values. Concerns about states' abilities to provide their citizens with economic, environmental, social, and cultural security led many to think in terms of nonmilitary solutions to these nontraditional security threats. It is frequently said, for example, that climate change represents the biggest threat to the continuation of the world as we know it, but it is hard to see the armed forces playing any role to counter it. These discussions on the changing nature of security threats took place within both scholarly and practitioner circles.

However, since the turn of the century, new security trends and thinking have emerged that both confirm and contradict the changes in understanding of security that took place in the 1990s. The terrorist attacks by Al-Qaeda on September 11, 2001, against the United States can be understood in two different ways. First, it can be understood as a new type of asymmetric military attack on a nation-state's territorial integrity. A combination of rising levels of weapons of mass destruction (WMD) proliferation and the conviction that international terrorists, who draw their perceived legitimacy from fundamentalist religious or civilizational clashes, know no bounds and would use WMDs has led some states to refocus again on ensuring their own defenses. They are doing this by increasing defense and homeland security resources and also by recognizing that territorial defense might include rigorous intervention, in both those weak states thought to harbor terrorists and in rogue states thought to encourage WMD proliferation

and terrorism. This latter facet has been dubbed the war on terrorism.

The terrorist attacks can also be understood as proof that the global economic, environmental, social, and security disparities that globalization has revealed so starkly must be tackled if those currently left with no hope of progress are not to find religious or cultural fundamentalism and even potentially terrorism as the only possible way to get their voices heard. Such an understanding would suggest that now, even more than in the 1990s, security must be understood in human and international terms, and that limits to state sovereignty must be accepted. This would suggest higher levels of both military and nonmilitary intervention into the areas and societies who have lost rather than gained from the globalization process. This perspective again links security strongly to questions of equitable international governance.

What Next?

Kaldor has argued that there are three possible patterns of security governance for the future: a clash of civilizations, coming anarchy, or cosmopolitan governance. A clash of civilizations would see the formation of civilizational blocs calling on cultural identity for legitimacy, aiming to defend their civilization at home and abroad. Those who prophesy anarchy point to collapsing states in many places but no compensatory emerging global governance, which will lead to islands of civil order in the midst of anarchy. Kaldor's alternative to these undesirable possibilities is cosmopolitan governance based on some form of transnational governance backed by national and local governments, calling on a humanist legitimacy, which would mean that cosmopolitan law enforcement would end modern war.

Others agree that a shift to thinking in terms of global security is vital. Paul Rogers has argued that the factors most likely to influence patterns of conflict in the future are the socioeconomic divide, environmental constraints, and the spread of military technologies. These factors, he contends, are likely to lead to antielite action, increasing migratory pressures, and environmental conflicts, especially over resources and climate change. Finally, he suggests the vulnerabilities

of wealthy states to paramilitary actions and asymmetric warfare mean that the status quo is not a viable option. His alternative is for states to work together for a common global security through cooperation on arms control and demilitarization, embracing sustainable economic development, and reversing socioeconomic polarization.

However, those who believe that military and economic strength can indeed enforce control over this unstable world to maintain the status quo oppose this shift to an internationalist perspective. Spending more on national defense, investing in counterterrorism and counterproliferation measures, and coupling these defensive strategies with an aggressive expansion of the Western orthodoxies of free markets and democratization to the rest of the world are viewed as sufficient to pacify dissent. Views on what constitutes security and how best to obtain it remain as contested as ever.

—*Jocelyn Mawdsley*

See also Confidence-Building Measure; Crisis Management; Global Governance; North Atlantic Treaty Organization; Private Military Companies; Realism and Neorealism; Security Community; United Nations; War on Terrorism

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SECURITY COMMUNITY

A security community is made up of states that rule out war as an instrument of resolving their conflicts.

Historically speaking, there have been two kinds of security communities: pluralistic and amalgamated. While both have developed based on expectations of peaceful change, the latter emerged when states decided to merge (as in the case of United States), whereas in the case of the former, members retain their independence (as in the Nordic security community). Some kind of integration (defined as the creation of a sense of community and the construction of institutions and practices to sustain that "we feeling") has taken place in both cases, but it is in the case of the former that states have decided to forego their independence and merge under a unitary or federal government. Viewed as such, a security community is an inward-oriented setup. As opposed to seeking to defend members against outside threats (as in the case of collective defense organizations such as NATO), a security community seeks to create a zone of peace within its geographical confines (as with the European Union). It is envisaged that the creation of expectations of peaceful change among members would also render the community more secure against external threats, for this would minimize the grounds for external intervention.

Karl W. Deutsch and the Idea of Security Community

It was Karl W. Deutsch who coined the term and developed the idea of security community during the 1950s when the Cold War was at a high point and the prospects for peace seemed dim. At the time, Deutsch's main concern was the cessation of interstate violence and the creation of dependable expectations of peaceful change by way of strengthening relationships among a group of states. In a project entitled *Political Community and the North Atlantic Area,* Deutsch set out to map the road to the creation of security communities. His conviction was that once the conditions and processes that give rise to security communities were identified, it would be possible to replicate them in other parts of the world so that (the preparation for and the idea of) war would not enter into the calculations of those states.

In order to understand the processes and conditions that foster the creation of security communities,

Deutsch studied the frequency and intensity of inter-state transactions. He maintained that transactions generate responsiveness, reciprocity, and mutual predictability of behavior and lead to the discovery of new areas of interest and identifications, thereby resulting in the creation of security communities.

However, as Emanuel Adler and Michael Barnett argued, in the absence of an account as to how actors' willingness to enter into transactions with each other could be molded by transnational forces, interactions, and structures that emerge and evolve due to the actions of the very same (state and nonstate) actors, the potential for the creation of security communities worldwide could not be fulfilled. They have maintained that Deutsch's emphasis on quantitative methods when analyzing the relationship between transactions and the shaping of states' interests and identities, although constituting a major contribution, did not enable him to develop a better understanding of the social relations that generate, and are in turn generated by, those transactions or the dynamic way in which actors' identities and interests are shaped and reshaped to enable, further, or forestall future transactions. Instead, Adler and Barnett proposed a constructivist framework that promised a better understanding of the mutually constitutive relationship between structure and actors' interactions.

Deutsch's own research focused on the potential for the creation of a security community in the North Atlantic area (defined as all countries geographically situated on the North Atlantic Ocean or the North Sea). Although he was positive regarding the potential for the idea of the security community to travel to different parts of the world, his ideas remained largely on paper for four decades until they were revived by Adler and Barnett in an edited volume where the contributors considered the potential for the creation of security communities in different world regions. Thus, Adler and Barnett not only updated the study of security communities by giving Deutsch's framework a constructivist twist, but also broadened the geographical horizons of research into security communities, thereby boosting the prospects for the creation of security communities in a non-European locale. After all, imagining the formation of a security community would constitute a first step taken toward its creation.

Security Communities in World Politics

Deutsch envisaged the creation of a security community as a top-down process whereby governments that seek to minimize wars would come together and seek ways through which conflicts could be resolved through nonviolent means. From such a perspective, the European Union could be considered a security community par excellence due to the centrality to the project of European integration of the prevention of another European war. The European project has indeed been successful in ruling out war as an instrument of conflict resolution among member states. The expansion of the European Union has meant the export of this security community building method to the new members, thereby expanding the security community to Southern and Eastern Europe.

However, there are two implications of such a top-down approach to security communities for world politics. First, as the Nordic experience has shown, security communities could also be created by the bottom-up approach. In the Nordic case, the initiative came from nonstate actors, who, through increasing interactions, integration, and creation of a "we feeling," rendered it difficult, if not impossible, for their governments to use war as an instrument of statecraft. It is not only the absence of war but regional actors' achievements in finding nonviolent solutions to otherwise complex conflicts that has characterized the Nordic area as a security community. The Deutschian framework, by way of its top-down approach, fails to explain the emergence of the Nordic area as a security community in the absence of a security project on the part of governmental actors. The second implication of this top-down framework is that it makes it difficult to envision the case of imagining security communities in those parts of the world (such as the Middle East) where there is little, if any, governmental interest in the creation of a security community. The bottom-up understanding of security communities, in turn, not only accounts for the Nordic case more completely but

also constitutes a model to be emulated by those community-minded actors who seek to create zones of peace in their own geographical locale. After all, it is through the agency of community-minded actors who present the governments with an alternative reading of their situation—a reading informed by an alternative conception of security that shows them as victims of regional insecurity rather than as victims of each other—that concrete steps toward the creation of security communities could be taken.

—Pinar Bilgin

See also Association of Southeast Asian Nations; European Union; North Atlantic Treaty Organization; Peace Process; Security; Top-Down Approach

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SEGREGATION

Segregation in the simplest terms means separation. It is usually, however, associated with the separation of groups of people with differing characteristics (for example, race and sex) and is often taken to connote a condition of inequality. Segregation can reflect many states of affairs, ranging from deliberate and systematic persecution through more subtle types of discrimination to self-imposed segregation. Yet it can also be an outcome of circumstances that we might not find morally troubling.

Examples of extreme segregationist policies include the treatment of Jews in Nazi Germany following the passing of the Nuremberg Laws in 1935 and the treatment of Blacks during the South African Apartheid regime. In both cases segregation was fully institutionalized in the legal system. Such segregation denies civil and political rights to the oppressed group and drastically affects their living conditions. Oppression of this sort has been experienced throughout history by women, members of castes, homosexuals, and assorted religious groups, among others, and it has frequently ignited ferocious struggles for equality, such as the Suffragette movement in Great Britain in the early twentieth century and the Civil Rights movement in the United States during the 1960s. Even after such battles have been formally won, however, deep-rooted prejudices often remain intact and hinder substantive integration and equality. Such prejudices are habitually manifested, for example, in the denial of equal opportunities across educational and labor market settings.

Segregation can also be voluntary or self-imposed. The Latino Separatist movement in the United States in the 1960s, rejecting the idea that they would be able to equally flourish within the dominant White culture, demanded racial segregation and campaigned for an independent state. Other groups (for example the Amish in the Eastern United States or certain immigrant groups across host societies), believing that their particular cultural practices are better preserved by remaining separate from mainstream society, tend to cluster geographically and residentially.

Conceptually, we should be careful not to equate segregation and inequality, a common misunderstanding. Segregation is made up of two dimensions, namely vertical and horizontal segregation. Using occupational sex segregation as an example, pay differentials between men and women across occupations within a given labor force characterize vertical segregation. Horizontal segregation, by contrast, merely illustrates the separation of various individuals in terms of the concentration of the sexes in different types of occupations and does not necessarily indicate discrimination or inequality. Theoretically, then, it is possible for individuals to be completely segregated horizontally without any vertical dimension, or vice versa. Yet more usually, a given labor market will be segregated to different extents along both vertical and horizontal lines. Segregation, in and

of itself, therefore is not a normative concept, like injustice. Instead, it is a condition that, in order to ascribe causation, requires an investigation of both of its dimensions.

—*Jude Browne*

See also Civil Rights; Equity; Gender Equality

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Self-Government

To be self-governing is to be subject to no rule other than your own. Both individuals and groups aspire to self-government. One is self-governing when one obeys only those laws, rules, or norms of which one is the author, or can reasonably endorse in some way. A city, state, or group is self-governing when it is free from external domination, and thus free to pursue its own chosen ends of its own will. Although related, these two conceptions of self-government are distinct. One can live in a self-governing community and yet also live nonautonomously in various ways, driven mainly by appetite and desire. Still, with Jean-Jacques Rousseau and Immanuel Kant the two are brought more closely together. Self-government is valuable because of its close connection to rational autonomy and freedom, and the notion that human beings are owed a special kind of respect that is inconsistent with their being dominated or used by others, including tyrannical or arbitrary government.

The problems arise with defining the extent and scope of self-rule. How can a citizen simultaneously rule and yet also be ruled? The strongest claim would be that all those subject to the power of the state must have an equal say and share in how that power is to be exercised—as well as the capacities to do so. Although it is possible that a benign prince or class of elites could frame laws that reflect the true general will of the body politic, this can't be relied upon. Thus, Rousseau, who offers the most ambitious (and notorious) solution to the problem of reconciling political membership with autonomy, insists that citizens are only genuinely self-governing when they form a new political association in which they are subject only to those laws they prescribe for themselves from the standpoint of the general will, which expresses the common good of the community of which they are a member. One of the deep challenges faced by Rousseau's solution is that it presupposes there is indeed a common good that can be ascertained from this common viewpoint and that it is authoritative for each of us. In response, one can loosen the exact sense in which people are said to have equal responsibility in how power is to be exercised over them, and one can thin out the content of the common good or identity Rousseau presupposes to be shared between members of a political community. But then one is also loosening the sense in which there is indeed a self that is self-governing and the extent of control over the power being exercised over it. Genuine self-government thus remains elusive given the complexity of the relations within which the selves asserting their autonomy are always situated.

—*Duncan Ivison*

See also Civic Capacity; Democratic Theory; Dilemma; Nationalism; Neighborhood Association; Representation; Tribal Governance

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Self-Organizing System

Self-organization is a process where a system reproduces itself with the help of its own logic and components (i.e., the system produces itself based on an internal logic). Self-organizing systems are their own reason and cause; they produce themselves (*causa sui*). In a self-organizing system, new order emerges from the old system. This new order can't be reduced to single elements, it is due to the interactions of the system's elements. Hence, a system is more than the sum of its parts. The process of the appearance of order in a self-organizing system is termed *emergence.* The logic underlying self-organizing systems resembles the dialectical principles of the transition from quantity to quality, negation, and negation of the negation.

Characteristics of Self-Organizing Systems

Self-organizing systems have a multitude of characteristics, including the following:

Systemness—Self-organization takes place in a system, in a coherent whole that has parts, interactions, structural relationships, behavior, state, and a border that delimits it from its environment.

Complexity—Self-organizing systems are complex systems. The term *complexity* has three levels of meaning: (1) There is self-organization and emergence in complex systems. (2) Complex systems are not organized centrally, but in a distributed manner; there are many connections between the system's parts. (3) It is difficult to model complex systems and to predict their behavior, even if one knows, to a large extent, the parts of such systems and the connections between the parts. The complexity of a system depends on the number of its elements and the connections between the elements (the system's structure).

Control parameters—A set of parameters influences the state and behavior of the system.

Critical values—If certain critical values of the control parameters are reached, structural change takes place and the system enters a phase of instability and criticality.

Fluctuation and intensification—Small disturbances from inside the system intensify themselves and initiate the formation of order.

Feedback loops, circular causality—Feedback loops occur within a self-organizing system; circular causality involves a number of processes: p1, p2, . . . , pn (n ≥ 1), and p1 results in p2, p2 in p3 , . . . , pn-1 in pn and pn in p1.

Nonlinearity—In a critical phase of a self-organizing system, causes and effects cannot be mapped linearly: Similar causes can have different effects and different causes similar effects; small changes of causes can have large effects, whereas large changes can also result in only small effects (but nonetheless it can also be the case that small causes have small effects and large causes have large effects).

Bifurcation points—Once a fluctuation intensifies itself, the system enters a critical phase where its development is relatively open, certain possible paths of development emerge, and the system has to make a choice. This means a dialectic of necessity and chance. Bifurcation means a phase transition from stability to instability.

Selection—In a critical phase that can also be called the point of bifurcation, a selection is made between one of several alternative paths of development.

Emergence of order—In a critical phase, new qualities of a self-organizing system emerge; this principle is also called order from chaos or order through fluctuation. A self-organizing system is more than the sum of its parts. The qualities that result from temporal and spatial differentiation of a system are not reducible to the properties of the components of the systems; interactions between the components result in new properties of the system that cannot be fully predicted and cannot be found in the qualities of the components. Microscopic interactions result in new qualities on the macroscopic level of the system. The emergence of order includes both (a) bottom-up emergence (a perturbation that causes the system's parts to interact synergetically in such a way that at least one new quality on a higher level emerges) and (b) downward causation (once new qualities of a system have emerged, they, along with the other structural macroaspects of the system, influence—that is, enable and constrain—the behavior of the system's parts). This process can be described as a top-down emergence if new qualities of certain parts (seen as wholes or systems themselves) show up.

Information production—Self-organizing systems are information-producing systems.

Fault tolerance—Outside a critical phase, the structure of the system is relatively stable concerning local disturbances and a change of boundary conditions.

Openness—Self-organization can only take place if the system imports entropy that is transformed; as a result, energy is exported or dissipated.

Symmetry breaking—The emerging structures have less symmetry than the foundational laws of the system.

Inner conditionality—Self-organizing systems are influenced by their inner conditions and the boundary conditions from their environment.

Relative chance—There is a dialectic of chance and necessity in self-organizing systems; certain aspects are determined, whereas others are relatively open and subject to chance.

Hierarchy—The self-organization of complex systems produces a hierarchy in two distinctive senses: (1) The level of emergence is a hierarchically higher level—that is, it has additional, new emergent qualities that cannot be found on the lower level that contains the components. The upper level is a sublation (*Aufhebung* in the Hegelian sense of the term) of the lower level. (2) Self-organization results in an evolutionary hierarchy of different system types; these types are hierarchically ordered in the sense that upper levels are more complex and have additional emergent qualities.

Globalization and localization—Bottom-up emergence means the globalizing sublation of local entities; downward causation means the localization of more global qualities.

Unity in plurality (generality and specificity)—A self-organizing system is characterized by a number of distinctive qualities that distinguish it from other self-organizing systems. Each type of self-organizing system also shares general principles and qualities with all other types of self-organizing systems. Both generality/unity and specificity/plurality are characteristic of self-organizing systems.

The concept of emergence is the central notion of self-organization concepts. Important aspects of emergence are synergism, novelty, irreducibility, unpredictability, coherence/correlation, and historicity. New qualities of a system are due to synergies from the interacting elements of the system. Emergent qualities

are qualities that have not been previously observed and have not previously existed in a complex system ("a whole is more than the sum of its parts"). The newly produced qualities are not reducible to, or derivable from, the level of the producing, interacting entities.

Niklas Luhmann introduced the concept of self-referentiality as a sociological application of self-organization theory. In his view, the elements of a social system are self-producing communications, (i.e., a communication produces further communications and hence a social system can reproduce itself as long as there is dynamic communication). For Luhmann, human beings are only sensors in the environment of the system. Luhmann puts forward a functional theory of society that is based on a dualism of system and human actors.

Another type of self-referentiality in social systems has been introduced by considering interpreting the relationship of social structures and social practices and actions as dialectical. Social structures enable and constrain social actions and are produced and reproduced by social actions. This process can be interpreted as a dynamic self-organization process. Social systems are re-creative; they permanently produce and reproduce actions and structures.

—Christian Fuchs

See also Anarchy; Autopoiesis; Complexity; Cooperation; Sociocybernetics; Space; Systems Theory

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Self-Regulation

Regulation is an element of everyday life. Regulation, as is governing in general, is one of the main activities of governments in welfare states. However, regulation seems to become increasingly problematic. Societies (the general public, distinct groups, private enterprises) seem to resist public administrators' regulatory attempts. The causes for this resistance vary. At least three regulation problems can be formulated. All three lead to inefficacy.

Regulation Problems

First of all, problems exist in the context of regulation. Internal as well as external complications in policy programs' implementation are recognized: bureaucratic politics, historical and international developments, doubts on the legitimacy of politics, and problems that are specific for certain policy areas. Second, there are problems of closure. Closure of actors or policy networks constitutes a second set of complications for regulation. Third, a learning capacity of society should be mentioned. People have the ability to reflect on regulations and to even anticipate them. Consequently, they may avoid regulation or use them for their own benefit, regardless of the intentions of government.

Beyond State-Centered Government

Regulation once had only one source, which is legislation made up by an elected government. One might say that regulation was the main example of state-centered and monopolistic government. But policy making, hence regulation as a specific kind of policy making and policy instrumentation, has long ceased to be a prerogative of elected governments. Policy sciences and public administration have provided insights that teach us that other sources of regulation exist beyond formal political decisions. Multilevel governance leads to local adaptation of national policies, among others. Street-level bureaucracy has, to some extent, the same affect; it results in standard procedures and adaptation to what suits street-level bureaucrats. Insights in the

network society have shown that governments depend on the cooperation of other societal actors; regulation is the result of public-private negotiations. System theories, not least theories on autopoiesis, tell us society has differentiated in subsystems that are self-constituting, self-steering, and closed to governmental steering. Finally, society has gained social capital, resulting in a society able to govern itself.

Self-Regulation as Solution

In such a situation in which government does not have a superior position over other parts of society, how can it produce binding decisions and how can it regulate societal developments? Some scholars and policy-makers, therefore, promote self-regulation by societal actors as a solution to regulation problems, with ideological as well as more pragmatic arguments. Self-regulation means that those who are subordinated to regulation and are obliged to comply are the same people that are responsible for drawing the regulations, executing monitoring, and maintaining the regulations. People, groups, and parts of society bind themselves to their own rules.

Self-regulation is assumed as having advantages over government regulation. It is supposed to be a solution to the overloaded agenda of government and the courts. Another supposed advantage is that self-regulation can be more flexible than governmental regulation because interested parties will do their best, and in due time, to make the necessary alterations. Last but not least, maintenance reputedly is more effective, because the ones who have to comply are the ones who made up the regulations. People have to live up to their own rules.

The Ambiguity of Self-Regulation

Despite the obvious benefits of self-regulation, it nevertheless is not without problems. In a strict form, self-regulation may cause all kinds of undesirable side effects.

First, it has to be safeguarded that all relevant interests have a share in the self-regulatory processes. The government may need to guard the access of weak

or poorly articulated societal interests. The costs of the regulation might otherwise be spread in an unequal and unjust way.

Second, in many countries there is a difference between the kinds of legal protection of individual citizens. In some countries, legal protection against the implementation of government regulation tends to be better than against private law regulations. Self-regulation arrangements, then, will lead to decreasing legal possibilities for individual citizens.

Third, self-regulation may not be as flexible as expected. Especially in those cases in which highly incompatible interests are supposed to coordinate and draw shared regulations, it may take quite some time before the regulations are set or changed.

Fourth, self-regulation will not necessarily be as powerful as was hoped. The maintenance of some regulations may still need penal law, a type of law that only governments are allowed to make.

It may, therefore, be advisable for governments to intervene in the self-regulatory processes. However, this is a hazardous obligation. A government may destroy the readiness and ability to self-regulate.

Intervention in Self-Regulation

Even though government lacks the power to intervene, there are reasons to pay extra attention to it with regard to possibilities for regulation. Most important, government is supposed to be responsive to societal needs; moreover, it is held responsible for solving societal problems.

However, there are some preconditions. The government has to take into account that governmental regulations are not self-executing. The addressees need to accept the regulations. Negative perceptions of government, disregard, and disrespect will have almost prohibiting effects on regulation. The government, therefore, should constantly make an analysis of its environment. If the environment is a friendly and accepting one, old-fashioned regulation may be possible. In a hostile environment, regulation may have all kinds of effects, even reversed ones.

What is necessary is a model of what may be called inciting governance, which has the following characteristics. Intervention takes into account a nonhierarchical

position of government. Government intervention and regulation aim at coupling autonomous self-regulating actors and applying diverse steering instruments. Regulation no longer aspires to regulate society at large, but instead offers policy options; the effectiveness of those options increases if a choice between a limited set of options is mandatory. Varying ways and means of intervention is important to prevent domination of one kind (e.g., juridical instruments).

—*Linze Schaap*

See also Corporate Codes of Conduct; Governability; Government; Internet Governance; Regime Theory; Regulation; Sensemaking

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SENSEMAKING

Sensemaking is an approach to designing and implementing systems and activities. Sensemaking has been under development since 1972. It consists of a set of philosophical assumptions, substantive propositions, methodological framings, and methods. Sensemaking literally means the making of sense of social actors that need to construct the situations they experience in a meaningful way. Some perspectives emphasized sensemaking as an individual activity, while others focus on the social nature of this process. Sensemaking is the process through which people make sense of their situations. Sensemaking is

described as placing stimuli into frameworks, comprehending, dealing with surprise, constructing meaning, interacting to produce mutual understanding, and the patterning of experience.

Karl Weick systematically explored, explained, and organized the properties of sensemaking in seven elements: (1) grounded in the construction of individual and organizational identity; (2) retrospective in nature; (3) based on enacting sensible environments to deal with; (4) fundamentally a social, not an individual process; (5) an ongoing and dynamic process in that changes occur as events occur; (6) focused on cues in the environment and focused by cues in the environment; (7) driven by the plausibility of possible interpretations.

Sensemaking requires enactive and sensible environments. In organizational life, members of the organization often contribute to production of the environment or at least part of the environment they live in. Action is also required for sensemaking. Sensemaking cannot occur without an action in the environment. The environment cannot produce an action without individual members' conscious effort. Organization and the environment are factors that influence each other.

Sensemaking is also a social process. Human thinking and social functioning in an environment are essential aspects of sensemaking. Sensemaking is an ongoing (learning and action) process. It is not easy to determine a starting or an ending point for sensemaking. Sensemaking is focused on and by extracted cues (signs). In life, people are confronted with a lot of cues. Sometimes cues are too much to notice. A sensemaker will only notice a few cues based on sensemaker's filter and interest. A sensemaker's interests and unconsciousness depend on what cues a sensemaker focuses on. Sensemaking is driven by plausibility. Most of the time, people are cognitively lazy. When we find an answer to the question, we stop searching.

Weick's example of, "How can I know what I think until I see what I say?" explains how these seven elements are used in sensemaking:

Identity: The recipe is a question about who I am as indicated by discovery of how and what I think.

Retrospect: To learn what I think, I look back over what I said earlier.

Enactment: I create the object to be seen and inspected when I say or do something.

Social: What I say and single out and conclude are determined by who socialized me and how I was socialized, as well as by the audience I anticipate will audit the conclusions I reach.

Ongoing: My talking is spread across time, competes for attention with other ongoing projects, and is reflected on after it is finished, which means my interests may already have changed.

Extracted cues: The "what" that I single out and embellish as the content of the thought is only a small portion of the utterance that becomes salient because of context and personal dispositions.

Plausibility: I need to know enough about what I think to get on with my projects, but no more, which means sufficiency and plausibility take precedence over accuracy.

Sensemaking in Organizations

Weick stated that information is the common raw material that all organizations and individuals process. Weick said the goal of organizing is to make sense out of equivocal information. This means that any message can have a number of meanings. Through communication, participants collectively interpret and make sense of information in their environment. In dealing with organizational issues, sensemaking requires us to look for explanations and answers in terms of how people see things rather than structures or systems. Sensemaking suggests that organizational issues—mission, strategies, change, goals, strategic plans, tasks, teams, and so on—are not things that one can find out in the world or that exist in the organization. Rather, their source is people's way of thinking and understanding.

Weick presented a model of organizational sensemaking that is based on a conceptualization of organizations as loosely coupled systems in which individual participants have great latitude in interpreting and implementing directions. The purpose of organizational information processing is to reduce the equivocality of information about the environment.

Weick summarizes a sensemaking-organizing model as follows: The central argument is that any organization is characterized by the way it runs through the processes of organizing. This means that we must define organization in terms of organizing. Organizing consists of the resolving of equivocality in an enacted environment by means of interlocked behaviors embedded in conditionally related processes. Organizing is directed toward information processing in general and, more specifically, toward removing equivocality from informational inputs.

Weick described how people enact or actively construct the environment that they attend to by bracketing experience and by creating new features in the environment. Sensemaking is induced by changes in the environment that create discontinuity in the flow of experience, engaging the people and activities of an organization. These discontinuities constitute the raw data that have to be made sense of. The sensemaking recipe is to interpret the environment through connected sequences of enactment, selection, and retention. In enactment, people actively construct the environments that they attend to by bracketing, rearranging, and labeling portions of the experience, thereby converting raw data from the environment into equivocal data to be interpreted. In selection, people choose meanings that can be imposed on the equivocal data by overlaying past interpretations as templates to the current experience. Selection produces an enacted environment that provides cause-effect explanations of what is going on. In retention, the organization stores the products of successful sensemaking (enacted or meaningful interpretations) so that they may be retrieved and reflected in the future.

—*Naim Kapucu*

See also Communicative Action; Communicative Rationality; Interpretive Policy Analysis; Interpretive Theory; Organizational Learning; Self-Regulation

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SERVICE DELIVERY

Service delivery can be defined as a process whereby governments deliver publicly identified goods and services to citizens or the community through various mechanisms, instruments, and relationships. Service delivery is a term that has gained prominence in the governance literature over the past half century, particularly under the pressures and promises of an expanding welfare state. Classical notions of service delivery have focused on the role of government in authorizing and delivering basic goods and services to select individuals or the broader community. But over time, interpretations of service delivery have been expanded to include the entire policy process (specifically, policy design, policy implementation, operational management or contractual arrangements, public resources—both financial and human—and monitoring and feedback). The development of service delivery has been influenced by changing ideas over public provision and alternative ways of providing goods and services in the context of economic and budgetary pressures.

There are three main modes through which goods and services can be provided. First, services can be delivered through direct governmental action. Often considered the traditional responsibility of public administration, delivery through this mode occurs when services are directly distributed by the administrative or bureaucratic apparatuses of government (i.e., ministries and departments of state) to individuals or communities. No intermediaries are necessary for service delivery to occur and, hence, the state is considered to hold a direct relationship with the recipients of services.

Second, service delivery can occur through the interactions and transactions between different orders of government. In federated systems, where constitutions or intergovernmental agreements define the parameters of public action, grants or transfers to subnational governments often provide the resources necessary to deliver services that could not be provided by one area of government alone. Patterns of service delivery may originate with the highest order of government (national or federal) and cascade to the lower orders of government for implementation; the pattern rarely flows in the opposite direction. Intergovernmental service delivery involves multiple public agencies collaborating in the provision of services to the community. However, with multiple government agencies collaborating to achieve service delivery outcomes, the problems of intent, priority, implementation, and quality assurance can emerge.

Third, service delivery can take place through specialist, nongovernmental providers contractually employed to implement programs. These third-party providers can include large publicly listed companies, privately incorporated firms, nonprofit ideological or faith-based organizations, the voluntary sector, and community-based welfare groups. Governments use third-party providers for various philosophical and financial reasons, namely cost, quality of service, specialization, access to clients, debureaucratization, and to remove government agencies from delivery responsibilities.

The services delivered through these modes are expansive in nature (ranging from income support for individuals to services that benefit the entire community) and vary enormously across jurisdictions. However, services common to most jurisdictions can be said to consist of: core state services (such as law and order, public safety, national defense, and monetary functions); business and economic services (such as regulation, industry support schemes, and tax expenditures and concessions); infrastructure and physical services (such as road, rail, ports, telecommunications, and technology services); social and welfare services (such as pensions, income support, medical services, and assistance to disadvantaged groups); environmental and quality-of-life services (such as public parks, urban renewal projects, sporting fields, cultural events, and museums).

Social and welfare services are, by far, the largest cluster of services provided by governments—especially in terms of the financial resources they consume. Their role in providing safety-net income or in maintaining the social and economic fabric of modern polities is often cited as major reasons for their aggregate growth over the past half century. Other forms of services, while also significant aspects of contemporary governance, will tend to vary in accordance with the changing political, economic, and social values of a given society. For example, the delivery of infrastructure and physical services (e.g., ports or railways) or business and economic services (e.g., industry-assistance programs or tax concessions) will differ according to notions of public versus private responsibility, stages of economic development, and state traditions.

Policy Instruments of Service Delivery

Governments employ a multiplicity of policy instruments to ensure that services are delivered to individuals and the community. The type of service-delivery instrument utilized can vary significantly between and within jurisdictions, but is usually dependent on the type of service delivered, the personal experiences and philosophies of decisionmakers, the political, social, economic and legal structures of a society, the internal capacities of service providers, and the expectations of the individuals and communities who are the recipients of the services. The commonly used instruments include: cash provisions, grants to other governments or individuals, contractual arrangements, regulation, client incentives and behavioral modification, education, and moral persuasion.

Over the past three decades, Western governments have turned to many nonbureaucratic or market-inspired instruments of delivery that fall beyond the traditional bounds of administrative activity, particularly in the area of social and welfare service provision. Governments have experimented with new and more flexible delivery instruments as a consequence of economic and budgetary constraints and community pressure for better services and a greater say in how

they are delivered. Through such new instruments as contracting out, service purchasing, corporatization, sponsorship of private enterprise, government insurance, tax credits or tax expenditures, grants, vouchers, and loan guarantees, governments have incrementally extended the realm of service delivery and increased the number of agents involved with service provision.

Dominated by such new instruments and an increasing number of delivery agents, service delivery has evolved into a complex kaleidoscope of governmental and nongovernmental activity where it is as much a consequence of networks and relationships as it is direct political authority. However, it is important to note that many of these instruments have tended to complement, but not replace, the traditional bureaucratic forms of service delivery. As governments seek to respond to the changing demands and pressures of individuals and communities, service delivery will continue to be at the forefront of government's relationship with communities—whether it is provided by the state, on behalf of the state, or in addition to the state.

—*Alexander Gash and John Wanna*

See also Contracting Out; New Public Management; Public Sector; Service Provider; Service Quality

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SERVICE PROVIDER

Service provider refers to all those organizational entities or individuals that are directly involved in the delivery of a vast range of services to clients, consumers, or citizens at private or public levels. The term refers to a variety of forms of ownership and structures; it is broad enough to encompass individual and organizational providers, governmental and nongovernmental organizations, for-profit and nonprofit entities, and professionals and nonprofessionals.

In many countries, the state remains the main service provider as it takes responsibility for the delivery of a sizable core of public services. However, the full picture of state service providers is characterized by a significant degree of diversity. At the two extremes, there are vertically integrated ministries and independent, state-owned enterprises. In between lies a diverse range of public bodies that differ in their organizational forms and their governance structures, among other ways. Analysts have distinguished between delegated service providers and devolved service providers. Delegated providers, while being direct subsidiaries of ministries, generally function under a quasi-contractual relationship with their reporting ministry. Devolved providers, on the other hand, are separate legal entities that enjoy a greater scope of autonomy and have their own governance structures. Both groups function under public law.

When the organizational provider is the public sector, the boundaries may be blurred between service provision and other key related functions, such as funding, purchasing, and regulatory responsibilities. Although all these functions may be assumed by a single entity, a clear distinction between them is one prerequisite for having clear lines of accountability and for providing for appropriate incentives for effective allocation and use of public resources.

Although public entities continue to offer a significant part of public services in most countries, recent changes in public administration have been marked by the efforts of states to reinforce their strategic, purchasing, and regulatory capacity while delegating the provision functions to private providers. Among the range of options available, public payers may contract with individual or collective private providers. In other cases, the service provision is completely in the realm of the private sphere and delivered by for-profit private providers funded through private insurance or out-of-pocket payments. With both options, the

service provision is ensured by private entities that function under private law and have a fully separate legal identity from the state.

Alongside the public and for-profit private providers, there is also a third sector with a range of nonprofit organizations: faith-based organizations, associations, charities, and so on. In some countries, such as the Netherlands, a large part of education and medical services are delivered by these providers.

As has already been pointed out, service providers cannot be restricted merely to organizational entities. Nearly all services require individual providers that come into direct contact with clients (teachers, nurses, doctors, lawyers, etc.). Yet the attention paid to these frontline service providers should not cause us to overlook the contribution of a range of other groups largely playing a supporting role and making possible the delivery of services. Similarly, the primacy given to formal providers with extensive training and legal recognition conferred by licensure, registration, or certification should not divert attention from the range of informal providers, such as traditional healers, volunteers, or community workers, who also make a significant contribution, particularly to community-based support services.

—Carl-Ardy Dubois and
Damien Contandriopoulos

See also Contracting Out; Purchaser-Provider Split; Quasi-Market; Service Delivery

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SERVICE QUALITY

Service quality represents value judgments about results, impacts and outcomes of what organizations do or provide. These qualities might be intended by management in the form of a specification or standard, or they may be a subjective assessment by customers, clients, or other recipients of products or services. Subjective assessments are arrived at by comparing the service level expected from the organization with that which the organization is perceived to deliver.

Both definitions of service quality apply to various stages of organizational product or service production as well as the ultimate one(s). For example, a quality standard may have been determined by management, which specifies how welfare department clerks will relate to applicants for public assistance. However, there may be variance between behavior required by the standard and the client's perception of the clerk's behavior in this intermediate processing stage (rather than final service delivery). The client may also have a negative perception of an end result, such as one that denies public assistance. Service quality perceptions may be mixed, such as when a long wait for emergency room service results in a negative view of the service provider, although the actual service given by the physician, when it occurs, may be deemed excellent by the sick or injured person.

As previously mentioned, service quality is an element of organizational production functions. From an operational perspective, production functions include several elements of which quality is an important part. First, various inputs (e.g., money, human resources, materials) are applied to some conversion process (e.g., decision making, machinery, an entire program) to produce outputs (e.g., hour miles of police patrol, public policies, program services). Management-developed quality standards may be applied at all of these stages. However, of considerable importance are those at the output and outcome stages. For example, a program of after-school tutoring might require an output of a fixed number of hours per student as a service-quality standard. Outcome measures are indicators of accomplishments or results. In the previous example, not only did the students have the set period of time for tutoring (the output standard), but a results standard might require that a specified percentage of students achieve a given skill-level gain in reading.

Results can also include measures of public perceptions (e.g., timeliness, safety, and cleanliness of transit vehicles). Special studies might be conducted to help determine quality of results (e.g., public accessibility to transit measured as the size and distribution of populations being served).

Perceived positive or negative service quality can sometimes result in vigorous public reactions. For example, a major finding on the effect of citizen's service-quality perceptions was uncovered by a study in Eastern Europe, where survey research revealed that tax evasion is lowest among those who believe they are getting good quality government services for the taxes they pay.

—*Gilbert B. Siegel*

See also Effectiveness; Efficiency; New Public Management; Service Delivery

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SITUATED AGENCY

Situated agency has to do with the relationship between conduct and context involving meaningful human actions. Central to giving an explanatory account of human behavior and social practices, whether explicitly or implicitly, is a conception of the relationship between concepts and practices, meaning and action. When we view people as situated agents, we attribute to them the ability to reason and act in novel ways despite the background that they necessarily inherit, which provides a context for their creative innovations. Situated agents always set out against a background of some social discourse or tradition but because they are not wholly constructed by it, they can create traditions and practices through local reasoning and modify the very background that influences them. To attribute situated agency to people is

thus to regard them as capable of using and modifying their social context (e.g., language, discourse, traditions) according to the meanings they hold. Regarding people as situated agents allows us to properly take into account how people's intentionality is the source of their conduct.

The idea of situated agency is most commonly discussed in relation to postfoundational debates about subjectivity, particularly on the issue of how we should understand meanings to be derived. As a reaction to the primacy of the subject in the modern era, postfoundationalism repudiates the autonomous view of the self according to which individuals would be able, at least in principle, to have experiences, adopt beliefs, exercise reason, and perform acts independent of any contexts. Postfoundationalists typically reject autonomy on acceptance of the fact that individuals necessarily experience the world in ways that reflect the influence upon them of traditions, ideologies, or discourses. The rejection of autonomy leads many postfoundationalists to focus exclusively on the construction of subject identities toward an oversocialized concept of humans as passive constructs of social forces when this need not be so. The suggestion that individuals are always situated within social contexts leaves open the possibility that they are situated agents who can innovate against the background of such context. Moreover, situated agency entails only the ability to creatively transform an inherited tradition, language, or discourse; it does not entail the ability to transcend social context.

Situated agency thus stands as a critique of both the traditional autonomous view of the self and contrary approaches that see subject identities as almost wholly constructed. The idea that people are shaped by circumstances and institutions has ceased to be controversial, but to say that everything we do can be explained by social forces, places, and functions is by no means obvious and no more compelling than the view of autonomous individuals prior to any social context. Individuals are never merely the passive supports of prescribed roles or social processes; nor can human actions be explained solely in causal, functional, or mechanical terms. Social actors must be understood, at least in part, as intentional subjects

acting in response to an understood situation and whose actions must also be seen in terms of a symbolic or meaningful character for the agents themselves. The concept of situated agency is thus useful for analyzing or explaining a social practice, where we should want to elucidate the ways in which people respond to dilemmas creatively from within their existing beliefs.

—*Naomi Choi*

See also Decentered Theory; Dilemma; Embeddedness; Interpretive Theory; Local Reasoning; Narrative Theory; Tradition

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SOCIAL CAPITAL

Social capital refers to aspects of social organization, including social networks and norms of reciprocity and trust, that facilitate cooperation and the accomplishment of goals. It is a resource created and accumulated through repeated everyday interactions among and between individuals. It includes not only the social networks and connections among individuals, but also the physical and political context that supports network development and the resources produced. The social aspect of social capital is the interactions between individuals to achieve goals. The capital aspect of social capital is the resources realized as a result of these interactions. Incorporated in this definition are two related, but disparate, notions of social capital. One notion relates to social capital as a structural resource and examines resources that individuals access as a result of their membership in a particular social structure. The other notion refers to the nature and extent of one's involvement in relationships, regardless of context. Both conceptualizations share a focus on the productive potential of social capital; social capital makes possible the achievement of ends that might be impossible in its absence.

The first view of social capital takes a social structural approach, viewing social capital as something realized through interactions embedded in a particular social and political context. In this view, social capital is neither owned nor embodied by particular individuals or groups, but is a structural resource available to individuals for personal gain. Whereas economic and human capital are the property of individuals, social capital is an emergent property of relationships. Unlike other forms of capital, individuals both contribute to social capital and use it, but they cannot own it. This view of social capital includes work by Pierre Bourdieu, who in 1985 employed an instrumental economic approach, using the term to explain social class formation and power. Bourdieu's definition implies the deliberate investment of individuals in a network for later personal use or access with an unspecified obligation of reciprocity. Other work related to this view of social capital stems from James S. Coleman, who provided a similar functional definition in 1988, viewing social capital as the aspect of social structure that facilitates actions of individuals and institutions within social structure. Coleman believed that social capital had the potential to strengthen community social fabric because it builds bonds based on information, trust, and solidarity among people, most often as by-products of their activities.

The second view of social capital theory, popularized by Robert Putnam in 1993, focuses on the norms of trust and reciprocity that emerge from interactions among individuals, regardless of social structural context. Social capital is redefined in this school of thought as an attribute that individuals or groups either possess or do not possess. Here, social capital refers to the collective value of social connections and the inclinations that arise from these relationships to accomplish mutual goals. Individual gain might result, but social capital is more importantly related to the achievement of collective ends. Within this view,

three dimensions of social capital are defined as bonding, bridging, and linking. The dimensions are not either-or categories, but differences in the ratio of the three may yield different outcomes. Bonding social capital refers to ties among like individuals who generally share similar sociodemographic characteristics. Bridging social capital refers to ties among dissimilar individuals, while linking social capital refers to one's ties to authority, such as public or private institutions. Bridging and linking social capital are thought to contribute to a productive and well-functioning civil society because both types increase opportunities for civic participation, broaden networks of exchange, and increase access to resources. Bonding social capital, on the other hand, has the potential to create strong in-group identities, boundaries, and intolerance of outsiders. Bonding social capital may also foster group norms that are so powerful that they restrict individual choice and freedom by disallowing exit from the group and creating strong demands for conformity.

Putnam introduced the idea that social capital carries with it social rewards, such as the better functioning of society. His view holds that when people share a sense of identity, possess similar views, trust each other, and act reciprocally for mutual benefit, social capital exists. The presence of social capital impacts on the social, political, and economic nature of society in which it exists. Thus, Putnam's conceptualization of social capital has gained prominence with those interested in society and governance. In fact, social capital has been referred to as "the raw material of civil society." Civic engagement and associational life become key attributes (and indicators) of social capital in this view.

Putnam's definition has come under attack as being conflated with neo-Tocquevillean notions of civil society and for discounting power and the role of political and institutional contexts, such as the state. Some favor Putnam's definition of social capital because it affirms the importance of trust, generosity, and collective action in social problem solving. Others see it as setting up an excuse for government to disinvest in community and social problems and to ask communities to solve problems themselves that might otherwise be in the purview of the state.

Social capital is a multifaceted and complex term, laden with definitional and measurement ambiguities. So many varieties of the social capital doctrine exist that using the term without clarification conveys little information.

—*Dana Petersen*

See also Brokerage; Civic Capacity; Civic Engagement, Civil Society; E-Democracy; Institutional Performance; Neighborhood Association; Physical Capital; Sociology of Governance; Trust

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SOCIAL CHOICE

The first text in social choice theory was Kenneth J. Arrow's 1951 *Social Choice and Individual Values*. Arrow's approach, which was consistent with rational choice, and his result, stated in the impossibility theorem, served to end the social welfare economics tradition and to construct the new field of social choice. In the 1930s and 1940s, social welfare economics was embroiled in a worldwide debate over whether either a capitalist free market pricing system or a socialist planned economy represented the superior means to organize a society. Given both the Great Depression and the successes of economic planning during World War II, especially evident in the Manhattan project, debate was rampant. The difficulty of formulating a social welfare function, which could be used as a

public policy tool for understanding the economic effects of redistribution, had already been established by social welfare economists. However, the impossibility theorem definitively proved that it is impossible to achieve any collective statement of social welfare from individuals' preferences in a complex society. Arrow's impossibility theorem, which gave rise to social choice research, demonstrated the unfeasibility of the social welfare economic structure widely presupposed prior to the theorem.

Social choice differs from the prior social welfare economics tradition by substituting the rational choice framework of studying individual choice for the prior calculus-based diminishing marginal utility method. The rational choice framework quickly led to the development of a social choice approach to studying questions of collective welfare. The new approach relies on an axiomatized system that states basic conditions that should be met by any collective choice procedure. In addition to assuming that individuals may have any rational preferences over alternatives, and that no dictator imposes a single decision on the group of individuals, two conditions receive much scrutiny for their role in undermining the possibility of reaching rational collective outcomes. One is the acceptance of the idea that comparing the intensity of individuals' preferences among alternatives can play no role in the group decision. The other is that the collectively rational expression of individual interest must yield a total ranking of all alternatives that remains unchanged, even in the case that one of the alternatives is removed from consideration. If either of these latter two conditions is relaxed, then it is possible to derive a statement of collectively rational preference over alternatives from individuals' preferences.

Even though social choice has, to a large extent, worked to ameliorate the negative result stated in the impossibility theorem, the theorem remains the basic entry point into all research in this field. For researchers adopting the public choice approach, social choice is suspect for continuing to attempt to make positive statements about collective welfare or collectively rational choices. However, by closely analyzing the formal conditions of collective choices,

social choice has contributed means by which to make progress in supporting the public policy objective of addressing citizens' interests. For example, social choice demonstrates that it is possible that a strict adherence to individuals' rights over personal choices may, surprisingly, violate the criterion of Pareto optimality generally assumed to characterize market transactions.

—*S. M. Amadae*

See also Impossibility Theorem; Pareto Optimality; Positive Political Theory; Public Choice Theory; Rational Choice Theory

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SOCIAL CONSTRUCTIVISM

Constructivists argue that social reality is constructed out of human knowledge, beliefs, or meanings. Typically they add that human knowledge is also constructed. Such constructivism stands in stark contrast to accounts of our knowledge as resting directly on the facts of the matter. It denies that our knowledge can derive from pure experiences of an independent reality. To the contrary, it emphasizes the positive role played by social traditions and cultural conventions in determining the content of our experiences. Hence, constructivism often acts as a form of critique. It suggests that ideas that might appear to be inherently rational or natural are in fact the artifacts of particular traditions or cultures. Likewise, it implies that our social and political practices are not the result of natural or social laws; they are the product of choices informed by contingent meanings and beliefs.

Social constructivism has been applied to a range of concepts. Perhaps the most controversial, in

philosophical terms, are concepts such as truth and reality. The most controversial in social terms have perhaps been race, sexuality, and gender, all of which might be thought to have a basis in given facts about our bodies. Constructivism has also been applied to social and political institutions, including nations, corporations, agencies, and governments. This constructivist view of institutions challenges many of the leading approaches to social science and also related approaches to public policy. Constructivist theories of governance stress the role of tradition, discourse, and culture in constructing contemporary patterns of rule. They thereby highlight the contingency and contestability of governance in contrast to those who see it as inevitable, rational, or explicable by reference to natural or social processes. They suggest that contemporary governance is a social construction. It arose out of particular traditions or particular regimes of knowledge.

Varieties of Constructivism

All forms of social constructivism emphasize the constructed nature of the social world. However, there are different ways of unpacking constructivism, and we should distinguish between them. Although it is tempting to think of each type of constructivism as an account of society as a whole, each of them might apply to some (but not all) of our concepts.

A general version of constructivism insists that we make parts of the social world by our intentional actions. People act for reasons that they adopt in the light of beliefs and tacit knowledge that they acquire in part through processes of socialization. For example, when shopkeepers price goods, they make an aspect of the social world in accord with their beliefs about how to make a profit and their perhaps tacit concepts of market economics and fair exchange. Other aspects of the social world then arise as the unintended consequences of such intentional actions. For example, if a shopkeeper prices her goods higher than her competitors, and if potential customers buy goods at the lower prices available elsewhere, she will go bankrupt irrespective of whether or not anybody intended or foresaw that outcome.

All kinds of social scientists allow that we make the world through our intentional actions. Often they seek to explain actions in terms of allegedly social or natural facts about institutions, social class, gender, or a universal human rationality. In contrast, constructivists usually argue that the intentions of actors derive in part from traditions, discourses, or systems of knowledge that are also social constructs. This linguistic social constructivism implies not only that we make the social world by acting on certain beliefs and meanings, but also that we make the very beliefs and meanings upon which we act. In this view, our concepts are contingent products of particular discourses and practices; they are not natural or inevitable ways of conceiving and classifying objects. Again, our concepts are the artificial inventions of a particular language, culture, and society; they are not a universal vocabulary that picks out natural kinds in the world. Constructivism thus implies that varied traditions or cultures can categorize objects differently. For example, it is a commonplace that Eskimos have many words for the different types of snow or that the people of the Kalahari Desert have words that pick out various shades of red. Therefore, linguistic social constructivism consists of what is called antiessentialism. It asserts that our concepts do not refer to essences: Our concepts do not pick out core, intrinsic properties that are common to all the things to which we might apply them and that also explain the other facets and behavior of those things. It is certainly possible that none of our social concepts refer to essences, especially if we define a social concept as one that cannot be unpacked solely in terms of our bodies, their movements, and their reactions. However, to say that our social concepts do not refer to essences is not to say that they do not refer to anything at all. We should distinguish between pragmatic, critical, and antirealist forms of constructivism.

Linguistic social constructivism implies an antiessentialism according to which concepts do not have objective boundaries but rather are determined by social factors. Sometimes this antiessentialism inspires a pragmatic account of social concepts. In this view, social concepts are vague; they capture family resemblances and they are conventional ways of

dividing up continuums, rather than terms for discrete chunks of experience. But although pragmatic concepts do not refer to essences, they do refer to groups of objects, properties, or events—often groups that have vague boundaries. Social factors determine pragmatic concepts because there are innumerable ways in which we can classify things and because it is our purposes and our histories that lead us to adopt some classifications and not others. Nonetheless, the role of social factors in determining pragmatic concepts does not mean that these concepts have no basis in the world. To the contrary, we might justify adopting the particular pragmatic concepts we do by arguing that they best serve our purposes, whether these purposes are descriptive, explanatory, or normative. We might justify a pragmatic concept, such as new public management, on the grounds that its content derives from family resemblances between recent public sector reforms. We also might defend ascribing particular content to concepts, such as neoliberalism, on the grounds that doing so best explains the resemblances between public-sector reforms. And we might adopt a particular concept of democratic accountability on the grounds that it best captures those patterns of rule that we should regard as legitimate given our normative commitments.

Critical constructivism arises when we want to suggest a concept is invalid. In such cases, we might argue that the concept is determined by social factors and that it fails to capture even a group. For example, we might reject the concept of new public management as unfounded, especially if it is meant to refer to a global trend. We might argue that different states introduced very different reforms with widely varying results. And we might add that the reforms drew upon, and resembled, each state's traditions of administration far more than they did a common neoliberal blueprint. In such cases, we dismiss concepts as unfounded by arguing that there is no fact of the matter—neither an essence nor a group—that they can accurately pick out.

Some antirealists have adopted a kind of global critical constructivism, applying it to all of our concepts. Typically these antirealists argue that the role of prior theories and traditions in constructing our experiences precludes our taking these experiences to be accurate of a world independent of us. They argue that we only have access to our world (things as we experience them) rather than some world independent of us (things in themselves). And they then conclude that this means that we have no basis on which to treat our concepts as true to the world. In their view, there is no outside the text and thus no world outside our linguistic constructions.

Constructivist Approaches to Governance

Different types of social constructivism might inspire different approaches to governance. Whatever the merits of antirealism as a global theory, it is important to say—especially perhaps in the *Encyclopedia of Governance*—that there is nothing incoherent about an antirealist or critical account of the new governance. The new governance is often defined in terms of the hollowing out of the state: The state is said to have lost the ability to impose its will and to have come to rely instead on negotiations with other organizations with which it forms networks and partnerships. In contrast, we might suggest that the state never had the ability to impose its will. The state always had to operate with and through organizations in civil society; it always has been plural and dispersed. Hence we might conclude that there is no fact of the matter that can be accurately picked out by the concept of the new governance.

Even if we took an antirealist stance toward the new governance, we still might be interested in abstract questions about governance conceived as an account of features of all patterns of rule. The general and pragmatic versions of social constructivism are most relevant to these abstract questions. Because constructivists argue that we make the social world by acting on contingent sets of meanings, they generally analyze changing patterns of governance in terms of competing traditions and bodies of knowledge. They favor the interpretive approaches to governance that concentrate on elucidating the meanings that make possible any particular pattern of rule. Similarly, because constructivists emphasize the contingency of

traditions, they sometimes highlight the diversity of traditions at play within a pattern of rule and the contests between these traditions. They favor bottom-up approaches to governance that explore how meanings are created, sustained, contested, and transformed by human activity within practices saturated with relations of power. Finally, when constructivists emphasize the contingent and diverse nature of traditions, they offer critical genealogies of alternative accounts of governance. They reject any suggestion that a natural or social logic determines the content or the development of any given pattern of rule. They argue that political scientists efface the contingency of social life when they attempt to ground their theories in apparently given facts about human rationality, the path-dependence of institutions, or the inexorability of social developments.

Although constructivists typically favor interpretive, bottom-up, and critical approaches to governance, they disagree among themselves about the details of such approaches. The main disagreements seem to distinguish governmentality and decentered theory. These two forms of constructivism appear to embody different views of meaning. Governmentality theorists often imply that meanings exist as quasi structures in that their content derives from their relationship to one another within discourses: Individuals are just the passive supports or constructs of such discourses. In contrast, decentered theorists take meanings to arise from the use individuals make of language to express their beliefs; discourses are just clusters of intersubjective beliefs adopted against the background of similar traditions.

Constructivists adopt different views of meaning largely because they hold different views of the individual. Governmentality and decentered theory alike reject the idea of an autonomous individual. They insist that individuals are inherently located within social contexts that influence them. Governmentality theorists appear to also want to reject the idea of human agency. Many of these theorists concentrate exclusively on the ways in which social contexts or discourses give individuals their intentions and beliefs—their identities. Decentered theorists want to defend the idea of situated agency, even as they reject that of autonomy. They argue that individuals can

reason and act in novel ways, albeit that they can do so only against the background of inherited traditions that influence them. Although people always set out against the background of a discourse or tradition, they are agents that can act and reason in novel ways to modify this background. Hence they conclude that although a linguistic context forms the background to people's statements and a social context forms the background to their actions and practices, the content of statements and actions does not come directly from these contexts, but rather from the ways in which people replicate, use, or respond to these contexts in accord with their intentions.

—*Mark Bevir*

See also Communicative Action; Communicative Rationality; Decentered Theory; Discourse; Governmentality; Interpretive Theory; Neotraditionalism; Norms; Regime Theory; Tradition

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SOCIAL DEMOCRACY

Social democracy is a governance system that integrates the equity goals of socialism within a democratic framework. Social democracy is a political-economic response to capitalism, arguing that, although it has certain economic strengths, capitalism fails to realize social equity and often fails to achieve the economic ends of full employment.

The term *social democracy* is more an ideological declaration than a technical description. Rather than a list of structural characteristics, it represents a general advocacy of the social welfare responsibilities of government within a democratic structure that is more group than individual oriented. Social democracy is a reaction against the perceived shortcomings of socialism, communism, capitalism, and democracy.

Socialism

Socialism describes an economic organization of society with collective ownership of resources and institutions. In practice, socialism is less an absolute concept and more a continuum of possible configurations. To the extent that nations have more collective ownership of resources and institutions, they are more socialist. Both socialism and communism advocate collective ownership of the means of production. However, socialism tends to refer to ownership by the government (sometimes called state socialism), while communism refers to direct ownership by the people.

Direct ownership of resources by the people is more an ideal than a reality. While under the final development of communism, the state (and state ownership of resources) withers away. The reality is that most self-identified communist governments maintain totalitarian, top-down governance structures where resources are controlled by the state. However, both communism and socialism advocate collective ownership of resources.

Socialism is sometimes portrayed as a balance between capitalism and communism. Where capitalism leaves most economic decisions to individuals, under socialism those economic decisions are made by the collective. While capitalism relies on free enterprise to facilitate the most efficient allocation of resources, socialists argue that capitalism results in inequality, suffering, and the loss of human dignity. A truly equitable society can only be achieved through a collective ownership and administration of resources. As described in the following sections, social democrats advocate a policy mix of the two perspectives.

Finally, a common differentiation between socialism and communism involves the use of violence to achieve power. Communism advocates the revolutionary overthrow of current structures, asserting that only through force will capitalistic institutions surrender power. Most socialists and all social democrats call for a more evolutionary and peaceful transition to collective ownership and believe economic structures can be changed through democratic institutions. In addition to its advocacy of peaceful transition, social democracy does not completely reject liberalism and a market economy.

Democracy

While democracy means rule by the people or *demos,* it does not address resource ownership. All policy issues are arrived at through the democratic process, leading to the possibility of inequitable social and economic policies chosen through a democratic political process.

For large aggregations of people (such as states), democracy normally means representative democracy, which can be pursued through a variety of electoral systems. A political approach to democracy focuses on the formal decision-making structure rather than the content of policies or how they are implemented. While representational democracy specifies rule by the people, it does not limit the decisions people will make. While liberal democracy may preserve some individual rights and civil liberties, social democracy presupposes egalitarian economic and social welfare policies within a liberal democratic structure.

Social democracy may be juxtaposed to liberal democracy, as socialism is to capitalism. Liberal democracy locates the democratic process within a classical, liberal economic framework of individual rights and a market economy, while social democracy locates democratic institutions within a framework of collective ownership, group rights, and a self-declared valuation of human dignity.

Liberalism understands individual success and failure that results from differences in skills and abilities to be legitimate and morally justified. Individuals deserve what they achieve. Inequality based on such differences is fair, equitable, and even necessary for social development. The capitalist economic framework requires

inequality as incentive for individual effort. The collection of individual efforts, in turn, is asserted to lead to an increase in overall benefits for everyone. Inequality, under classical liberalism, ultimately leads to the greater good of all.

Social Democracy

The social democratic construct does not separate economic inequality from political inequality. It argues that concentration of economic wealth prevents true democracy, which is dependent on the equitable distribution of resources and the preservation of human dignity. Equality and freedom are shaped not only by the availability of political rights, but also by individual human capacity and access to resources. Without equal access to resources and the capacity to use them, inequities lead to concentrations of power in the hands of those with greater personal, social, and economic resources. It is the concentration of power that blocks effective and equitable democracy. Where capitalism argues that the good life is achieved through an aggregate increase in goods and services, socialism and social democracy argue that the good life can only be achieved when there is equitable distribution of those resources.

Social democracy attempts to resolve social and economic inequalities within a specifically democratic framework. State control of resources enables it to equalize power and resources among citizens through redistributive and regulatory balancing coupled with social welfare policies. Social democrats argue that without equalization of resources, democracy is hollow because those with greater resources are able to unequally influence the collective decision-making system. It is equality of power, not simply individual rights, that preserves democracy.

The combination of Keynesian macroeconomic policies and social welfare programs within a democratic political structure forms the foundation of social democracy. Social democrats tend to embrace the economic theory developed by John Maynard Keynes, which argues that unbridled capitalism will lead to a less-than-full-employment economy. Capitalist principles depend on keeping labor costs low, in part

through unemployment. An increased labor supply leads to lower labor costs. The success of the economy, therefore, is borne by those least able to bear it. Social democrats specifically advocate central government intervention through macroeconomic policies to maintain full employment.

Social Democratic Corporatism

Social democracies in Europe often include the concept of corporatism, which envisions a government partnership with labor and business interest groups to ensure social equity. The adjective "democratic" is often applied to corporatism (as it is to socialism) to envision a pluralist structure that is not elitist. Democracy, or rule by the people, can be pursued either by political structures that aggregate individual preferences, or by peak interest groups that represent various perspectives. Corporatism (or neocorporatism to distinguish from authoritarian structures) argues that structured interest group governance can better represent labor and other lower socioeconomic groups than capitalism.

Inequities in Democratic Systems and the Balance of Power

Both liberal democracy and social democracy question the ability of pure democracy to be truly equitable. Liberal democracy fears the threat of governmental power wielded by the majority to the individual and seeks to balance that threat through limits on government and by guaranteeing individual freedoms. Social democracy fears the inequitable results of a capitalistic economic system and seeks to balance that threat through state-based macroeconomic and social welfare policies.

Both social democracy and liberal democracy profess to pursue the well-being of citizens. Both are concerned that unbridled democracy will lead to inequities and possibly tyranny. Social democracy affirms the framework of a capitalistic economy and liberal democratic protections but seeks to also balance economic power among citizens.

Social democrats believe the capitalist economy can be effectively steered by political means to

produce desirable outcomes. They put their faith in Keynesian-type economic management, a certain degree of planning, and a positive sum relationship between equality and efficiency.

Conclusion

Social democracy is an ideological declaration that allocation of resources matters, and only the government can facilitate equitable distribution. It is a response to the political shortcomings of socialism and the equity shortcomings of capitalism. In a social democracy, economic equality is combined with political equality to create the foundation for democratic participation. Equitable economic outcomes are important both normatively for equality and to promote a more balanced and equitable democratic system.

A Globalization Postscript

The evolution of economic globalization is argued by some to threaten the effectiveness of social democratic systems. In the global marketplace, national economies are subject to international influences and are affected by multinational and cross-national organizations. While states control their political structures, they have less sovereignty over economies that do not end at political borders. While social democracy strives to balance economic allocation of resources, achievement of economic equality in a globalized world may be beyond the control of states, instead requiring cross-national and multinational partnerships and relations. The challenge for social democracy in a globalized world is to promote and protect the social and economic capacities of its citizens in a world where economic and political structures are increasingly enmeshed in relationships beyond individual state control.

—*Jonathan F. Anderson*

See also Capitalism; Communism; Corporatism; Democratic Theory; Global Governance; Globalization; Keynesianism; Liberalism; Political Economy; Representative Democracy; Third Way

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SOCIAL EXCLUSION

See SOCIAL INCLUSION

SOCIAL INCLUSION

The concept of social inclusion has increasingly been seen as a new paradigm informing public policy. Responding to the changing nature and role of the state, in particular, the constraints imposed upon it by the actions of international and transnational actors, social inclusion promotes the involvement of a broader range of actors, including civil society organizations as well as governments, in addressing the multifaceted nature of disadvantage. Extending the understanding of disadvantage beyond the simple redistribution of material resources, the concept of social inclusion focuses attention on the civil, political, and social spheres.

Although employed by a range of actors from civil society groups, organizations such as the European Union, and transnational bodies such as the World Bank, no single definition for the term exists, and the concept itself is highly contested. Social inclusion is often presented in opposition to social exclusion, with

the relationship between the two being seen as a dialectical one. Furthermore, the concept of inclusion and its other, exclusion, is based upon a mechanistic understanding of human relations where people satisfying certain criteria are bounded as included and those who do not are considered outside this boundary and thus excluded.

Understanding what constitutes inclusion varies widely among users and in the academic literature. Inclusion is generally regarded as common membership, governed by a particular vision of the political good, thus producing cohesion. Several paradigms conceptualizing inclusion have been identified, each espousing a particular conception of what it is to be included. This has implications for the analytical methods each paradigm relies upon and the moral discourses associated with them. These paradigms are employed variously across actors, and often individual actors utilize multiple discourses emanating from several different paradigms. For example, in the case of the New Labour government in Great Britain, there is evidence that several different discourses about inclusion are employed at different times. For example, on one level inclusion is defined solely in terms of paid employment: Individuals can only be included in society if they participate in paid employment, and they are excluded from it if they do not participate. However, on another level, New Labour employs a multidimensional conception of inclusion whereby inclusion is achieved through participation in a variety of activities, not just employment.

Despite its portrayal as a concept able to consider both processes and outcomes and thus agency and structure, critics of the term contend that the concept obscures structural inequalities by focusing only on horizontal relationships between in and out rather than vertical delineations between up and down. Moreover, by portraying the relationship between inclusion and exclusion as binary, the concept is used to isolate the excluded and to ignore those doing the excluding. This consequence is particularly acute when analyzing the examples previously given—where inclusion is conceptualized only in terms of paid employment. In the discourses of both the European Union and New Labour, exclusion is conceived as a condition,

not a process, and therefore not something that can be inflicted onto people. Thus, when such actors talk about inclusion it is not used to address the structural economic processes or agents that inhibit inclusion and so resorts to an agent-focused notion of exclusion, where it is individuals themselves that are responsible for their own exclusion.

Furthermore, critics argue that the term *inclusion* implies conformity to already existing social conventions or to a particular vision of the political good. By arguing against exclusion and so for the inclusion of those outside society, social thinkers are weakening the possibility of change. Rather than employing the discourse of inclusion and exclusion, discourse critics argue that it is inherently conservative thinkers that should be seeking to challenge the dominant culture and norms of society and so redefining what is meant by inclusion in the first place.

—Caroline Kenny

See also Communitarianism; Good Governance; Multiculturalism; Social Democracy; Unemployment

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SOCIAL JUSTICE

While activists may argue that achieving social justice is the most significant social justice challenge, scholars may argue that defining social justice is more of a challenge. Over the ages, many books and articles have been written about social justice without ever

defining it. This may be partly due to a reticence to define a term that often changes, depending upon the times (and this is a major critique of social justice movements; that the term itself is an umbrella term to encompass virtually any movement). The reticence to define the term may also be partly due to the attachment of the term to at least two major arenas: ideological and pragmatic. For ideologues, social justice may mean one thing. For those working in practical and everyday ways to address social justice issues, it may mean something else entirely. Definitions also change depending upon what brings one to social justice work: morals, politics, or social or economic concerns?

Social justice is often referred to (or designated) as a moral virtue: It is linked with religious or other similar movements or orders (for example, some orders of Catholics, specifically the Jesuits and the Benedictine orders, are particularly concerned with social justice). Social justice is also often referred to (or designated) as part of certain political movements: It is associated with socialism, Marxism, and other radical or progressive political parties. Finally, social justice is often referred to (or designated) as a social or economic movement; it is associated with national and international movements for peace, equity, economic justice, racial justice, human rights, women's and children's issues, living wages, and social and physical safety and security.

The term *social justice* appears first to have been used in the 1840s by Italian priests. John Stuart Mill, in his 1863 text *Utilitarianism,* defined social and distributive justice as a standard of equality toward which all institutions and virtuous citizens should treat people. The term came to prominence as an appeal to the ruling classes to attend to the needs of those displaced in a shift from rural to urban economies. Social justice is social in that it involves working with and organizing socially to work together toward some goal of justice and in that it involves works of justice that benefit the common.

Justice is defined as the quality of being just or fair. Most definitions of justice contain references to moral rightness. Social justice, as previously indicated, is typically linked to distributive justice, or the just (right) distribution of limited resources relative to demand. Distributive justice is often closely linked to the concepts of human dignity, the common good, and human rights. Distributive justice refers to what society owes individual members in proportion to: the individual's needs, contribution, and responsibility; the resources available; and society's responsibility to the common good. Implied here is that society and virtuous citizens have a duty to individuals in serious need. Also implicit is that all individuals are entitled to equal access to the basics necessary for living humanely. Distributive justice is not the same as legal justice, which is defined as the rights and responsibilities (social contract) to honor and obey laws and regulations deemed necessary to protect peace and social order.

Social justice can be restricted to an ideological or ethical concern or it can be a pragmatic force, leading to programs and activities developed to redistribute resources and alleviate human suffering. For many religious and social groups, social justice is encompassed in the everyday acts they do to promote peace, justice, equity, and to ameliorate problems related to poverty, violence, discrimination, and oppression. As such, any analysis or action of social justice requires that our habits and practices around power and powerlessness be interrogated. In addition, most social justice movements also require that our assumptions around dominant political economies also be interrogated. In addition to working to ameliorate the problems leading to human suffering, social justice practitioners also work to change the political and economic structures that lead to these problems. While some may argue that issues requiring social justice have been with us since the beginning of civilization, it also can be argued that many contemporary social justice issues have their direct roots in economic and political systems that favor the haves over the have-nots. In contemporary times, the gulf between these two groups is growing, leading to even more social justice issues. In addition, a decentering of expertise and of power have brought both more social justice issues to the attention of those seeking social change and also made access to resources (knowledge, power, and influence) more available to

people and groups suffering from social justice problems. Social justice, then, is pursued not only by religious (moral) or social and political (ideological) groups, but also by those directly affected by social and economic inequities.

All said, whether or not we can define social justice may be irrelevant. The definition is linked to working toward equity and fairness in the ways in which resources are distributed in human society. Furthermore, work that redistributes resources in fair and equitable ways can also be deemed social justice activities.

—*Cheryl Simrell King*

See also Civil Rights; Gender Equality; Good Governance; Multiculturalism; Social Democracy; Social Inclusion

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Social Learning

Social learning is an approach to policy analysis that originated in the work of Albert Bandura. His examination of how behavior is acquired and regulated through a cognitively oriented theory was explained in terms of the processing of both direct and symbolic sources of information. In the context of governance, social learning generically refers to a process through which policymakers adjust their ideas and practices to changes in their environment and how these changes become manifestations in the revisions of policy that ensue as a result. It is perhaps most associated with the work of Hugh Heclo and Peter Hall.

Heclo's work in the 1970s focused on the processes through which learning took place among social policymakers in Great Britain and Sweden, concerned especially with the processes of puzzling used to resolve policy problems, with policy making being a

form of collective puzzlement on society's behalf. Heclo suggested that learning takes place in two particular forms, termed *classic conditioning,* which is effectively routine, conditioned policy responses, and instrumental conditioning, which is where policy learning takes place in situations of major policy change. In periods of relative stability, both in terms of the continuity of those making policy as well as the policy environment, Heclo suggested that classical conditioning is likely to be prevalent, a mode of policy making where policymakers effectively muddle through, making small adaptations to policies as necessary, but without much need for thought. For instrumental conditioning, however, something more radical must take place in which policymakers come to question their underlying ideas. For this to happen, Heclo suggested, it is likely that we will need a change in government, even though the learning takes place from elites, whose views become attached to a popularly organized group. Heclo was fairly clear about the processes involved in classic conditioning in his work, but instrumental conditioning appeared to be somewhat less developed.

Heclo's work was hugely influential, but not placed in a coherent theoretical framework until the 1990s, when Peter Hall's examination of UK macroeconomic policy change led him to construct a model of social learning that he suggests state policymakers engage in. Hall defined social learning in the policy context as a deliberate attempt to adjust the goals or techniques of policy in response to past experience or new information. Learning is indicated, Hall suggested, when policy changes as a result of these deliberate attempts at change. Hall suggested there are three central features in the prevailing model of social learning utilized by contemporary theorists of the state.

The first central feature suggested by Hall is that policymakers' goals are influenced by policy legacies, and that the influence of the past is more significant than prevailing economic and social conditions. The major locations of these policy legacies are in the people and practices of the civil service bureaucracy and the state. This clearly follows Heclo's suggestion that the major sources of learning are not politicians, but civil servants and other elites. This feature is

significant because it suggests that policy is subject to considerable inertia—it is theoretically possible for policy to change quickly, but is unlikely to do so because of the difficulty of changing practices inside a government bureaucracy. Second, Hall suggests that those promoting policies are likely to be experts in the relevant field, including elected officials and civil servants. Again, this follows Heclo, that is, a technocratic model of policy with a large role to play for experts. Finally, Hall's third feature is that the social learning model is concerned with the capacity of states to operate without pluralistic considerations—to be able to operate with autonomy from societal pressures in the formulation of policy goals. This last feature allows the state to be insulated, to some extent, from societal change and so, again, creating a tendency toward inertia.

Logically following from these three features of policy, Hall suggested there are three types of policy change with particular modes of learning attached to each. First-order change is where policymakers adjust the settings of the policy instruments they use. This is routine, day-to-day policy change of little relative significance. This is the type of behavior associated perhaps most with incrementalism—policymakers muddle though, engaging in routinized behavior, delegating control to government officials who, through their expert knowledge, hold privileged positions. An example of first-order learning is where a routine, small adjustment to the interest rate takes place. The decision is probably highly programmable and ultimately noncontentious. This is Heclo's classic conditioning, albeit in a clearer form.

Second-order change is where policymakers abandon the policy instruments they have so far being using in favor of others, but within the same overarching hierarchy of policy goals. In other words, they are finding new ways of achieving the same ends. We have a change in policy, but not a change in the goals policymakers are pursuing. Hall used the examples of competition and credit control (CCC) in the United Kingdom in the 1970s and the abandonment of strict monetary growth controls by the Thatcher government. In each case, the policy changes represented a change of emphasis by the government in power, but not the abandonment of its underlying policy goals. This stage is new in Hall's framework—it does not appear in Heclo's work. Second-order change, then, arguably represents a degree of learning from policymakers—they are showing a willingness to experiment beyond the limits of the rather automatic policy making represented by first-order change.

Third-order change is where policymakers abandon the policy goals they have been pursuing in favor of others—strictly speaking they adopt a new hierarchy of goals that is significantly different from what went before. Third-order learning is associated with a paradigm shift in policy. The example that Hall used is the shift from Keynesian (from John Maynard Keynes) macroeconomic management to monetarism in the United Kingdom at the end of the 1970s. This is Heclo's instrumental conditioning, but in a far more explicit framework. Hall suggested that third-order change, which is the most obvious example of policy learning, is most likely to occur as a result of policy failure. This is because failure is most likely to lead policymakers to try both first- and second-order changes without success and thus become forced to reconsider the underlying principles upon which they base their policy decisions. Only in the face of an incommensurable gap between the expected outcomes of policy decisions and the resulting outcomes are policymakers prepared to abandon a policy paradigm and adopt another.

Because policy paradigm shifts are so radical, they appear most likely to occur after a change in government, rather than as a result of an existing government changing direction completely—such a reversal in policy would result in a considerable loss of credibility. As such, the movement from one policy paradigm to another is likely to be preceded by a period of significant experimentation, perhaps taking place in the relative security of opposition. As paradigmatic anomalies accumulate (differences between the paradigm's view of the world and what appears to be happening), it will attempt to patch up the paradigm and make it consistent with the anomalies it is facing. But modification of paradigms leads to a loss of their internal coherence and explanatory power until they become fatally undermined. Under these circumstances, competing

paradigms will be in a position to offer alternative, possibly untried solutions to the problems that policymakers are facing and so potentially provide an attractive alternative to the continued failures they are facing. It is notable, however, that paradigms are unlikely to be ideologically neutral; in macroeconomic policy, for example, we would expect governments of the Left and Center to be inclined toward Keynesian-derived paradigms because of their redistributive potential, and governments of the Right to be more inclined to monetarist views of the world that favor minimal government intervention and liberalized marketplaces.

To institutionalize a policy paradigm shift, a new team of advisors will be required as a consequence of the previous advisors' ideas being discredited. Therefore there is also the likelihood of both a significant change in political personnel and a likely change in government. Accompanying such a change will be a reliance on alternative sources of knowledge associated with the new policy paradigm as the "locus of authority" changes. The example of this, again, is the sea change that resulted from the shift in economic policy paradigm from Keynesianism to monetarism in Hall's work, with a change in government (from Labour to Conservative), a reliance upon new policy advisors by the Thatcher government (utilizing the Centre for Policy Studies extensively), and a politicization of the civil service to attempt to ensure that the new monetarist ideas were worked through and applied. All of this increases the chance of the institutionalization of the new policy paradigm being successful, in turn, leaving a legacy that policymakers of the future will have to face up to. Once third-order policy change has taken place, it will be difficult to reverse, suggesting that policy paradigm shifts are relatively infrequent. Therefore there is a considerable amount in common between studies of social learning and studies based on the concept of path dependence.

Hall's framework has been considerably utilized by scholars who study policy change in a number of areas, from further studies in macroeconomic policy to the policy areas of alcohol and health. Extensions to the framework are less common. Michael Oliver extended a footnote from Hall's paper that suggested a possible fourth order of change, or "learning to learn," to examine how policymakers might become more reflective in their approach to learning and of possible links to the notion of policy transfer. Oliver extends Hall's work in two directions, helping to provide a more detailed view of what a policy paradigm might comprise of, as well as linking Hall's work with the possibility of learning from abroad. Fourth-order change, Oliver suggests, can be a framework within which we can better understand the need for first-, second-, and third-order learning. By focusing more specifically on how policymakers come to learn, we can come to understand their capacity to do so.

Ian Greener examined the difficulty of isolating a policy paradigm shift and focused on how second-order learning can be the symptom of policy malaise, and so perhaps more significant than when it first appeared in Hall's model. Greener also suggested that policy paradigms are more ideologically biased than Hall's work implied, and he began to outline the wider significance of a policy paradigm shift in terms of political credibility.

Critics of the social learning approach suggest that it is too heavily based on the historical institutionalist approach to political science, focusing on the role of institutions in constraining action and relying upon external (exogenous) events to instigate policy change rather than the actions of policymakers themselves, who can appear in some accounts to be puppets reacting to the events going on around them in a turbulent political environment rather than being particularly proactive in their approach to policymaking. This criticism is largely justified—the social learning model appears to rely extensively on the external policy environment to provide impetus for change. But this in itself is a problem because the policy environment does not come to us in an ideological vacuum; instead we must interpret it discursively, and so the policy environment will tend to be interpreted by policymakers according to the policy paradigm that is in place. Also, the notion of policy crisis, which will most likely lead to a policy paradigm shift, is not as unproblematic as it first appears. Crises are the result not only of policy anomalies, but also the response of significant societal stakeholders, especially the media, to their discovery. As such, politically sensitive areas

such as health care and education may be more likely to "throw up" crises than less-regarded areas, such as social security, resulting in the former areas having an increased tendency toward policy crisis coming from their increased media coverage.

Equally important, there can appear to be remarkably little role for learning in social learning—policymakers appear to spend much of their time being fairly instrumental in adjusting existing means of attaining policy goals and only abandoning those where they cease to work. Oliver's work addressed this, but it is still noticeable that learning only really takes place in the face of policy failure—there appears to be little capacity for a reformulation of ideas when they are already working. This may be a comment on the limited ability of policymakers to deal with the complexities before them or perhaps a shortcoming of a model based around a concept (learning) that is notoriously difficult to conceptualize.

Finally, there is little idea from Hall what the dimensions of a policy paradigm might look like—how for example, does a policy paradigm differ from the social science concepts of ideology or discourse? Are paradigms underpinned by an ideology or are they the policy expressions of a particular discursive approach? Policy paradigms are clearly not ideologically neutral, but instead have whole rafts of assumptions underlying them. Only by unpacking those assumptions can we come to understand the logical assumptions upon which policy paradigms rest and thus the extent of their coherence (or incoherence) and their ideological presuppositions.

—*Ian Greener*

See also New Institutionalism; Path Dependence; Policy Learning

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SOCIAL MARKET

The concept of the social market is rooted in the perspective of economic sociology, which understands the capitalist market as a system of exchange based on social as well as economic foundations. It consists of economic transactions embedded in a complex network of formal and informal social interactions and organizations. Rejecting both the liberal, free market economy and the socialist, centrally planned economy, it seeks to achieve a third way by linking social safeguards to market processes. With the understanding that economic exchange is a collective reality shaped by social norms and values, the social market underscores the potential for cooperation, challenging classic liberal economists' assumption that the governance of capitalist markets is determined by individualized, rational decision making. Instead, it perceives symbolic and dynamic interpersonal and interinstitutional interaction as important in generating multiple meanings in exchange relationships.

The idea of the market as a set of social customs and organizational rules is part of a broader social market theory developed in Germany in the 1930s. In an attempt to transition away from a planned economy, while avoiding the undesirable effects of free markets (e.g., monopolization, excessive economic inequity, and social exclusion), it underscored two key elements: (1) managed markets as a means of striking a balance between personal freedom and societal equity on the one hand and economic efficiency and social justice on the other and (2) a clear legal and political regulatory framework to support and protect these markets. Implemented after World War II by market regulators, this model came to be known as the social market economy.

What mechanisms contribute to developing and preserving social markets? Key elements such as private property and competition are drawn from classic economic theory. However, the social market deemphasizes utility maximization and profit as the primary motives for economic action. Additionally, it rejects the price system as the central means of economic coordination, as well as the notion that markets work best absent state interference. Instead, it relies on a strong but limited state to uphold the competitive economic order, mediate between competing societal interests, and protect citizens from social risk.

By counteracting market failures and undesirable developments in the labor supply, the state serves a corrective function in the economy. However, it does so through institutional forms of coordination involving vertical and horizontal power sharing. The former occurs through the inclusion of the third sector in the exercise of public functions, and the latter involves the unification of labor and capital in the formulation and implementation of public policy. Constituting a network of rules and norms that restrain the exercise of power and facilitate participation and solidarity, these public-private partnerships provide the foundation for effective governance.

—*Vanna Gonzales*

See also Economic Sociology; Embeddedness; Market; Third Sector; Third Way

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SOCIAL MOVEMENT THEORY

Social movement theory addresses the nature and dynamics of sustained, collective challenges to national and international systems of governance. It seeks to characterize the factors that compel individuals to join movements; the conditions under which movements emerge, flourish, and dissolve; the mobilization and utilization of material, organizational, symbolic, and tactical resources; and the impact of movements on participants, public policies, and society at large. Variants of social movement theory differ in their emphasis of explanatory variables and levels of analysis. Structure-oriented perspectives explain movement emergence and outcomes as a result of macrochanges in the political, economic, and sociocultural organization of society. Agency-oriented perspectives emphasize microcontexts, including resource mobilization, organization, and strategy. In addition, different cultural dimensions of meaning construction have played an increasingly important role. Social movement theory has traditionally focused on national movements in Western Europe and North America; however, the last ten years have witnessed a rapidly growing scholarship of movements in developing and transition countries, as well as transnational social movements.

A social movement is the persistent convergence of disputatious action by formally and informally linked groups and individuals with a common set of beliefs and a commitment to change political or cultural forms (or both) of order sustained by powerful social entities such as the state. While social movement theorists in the 1970s and 1980s focused on frequently hostile protest in support of civil rights, free speech, peace, or the environment, more recent writing acknowledges that social movement activity is not confined to unconventional forms but includes the use of institutionalized political tools, such as lobbying, voter mobilization, and education. Moreover, Charles Tilly, Sidney Tarrow, and others have urged students of social movements to view them as only one of many forms of "contentious action" characterized by a similar array of causal mechanisms.

The relevance of social movement theory to contemporary governance has multiple dimensions. Social movements have historically shaped and been shaped by the evolution of the nation state. As evidenced by movements for abolition, civil rights,

peace, women's rights, the environment, and other causes, social movement organizations have successfully challenged public policies and the role of the state itself; in the former Soviet Union and Eastern Europe, movements played a key role in dismantling communist regimes. Governments, in turn, have influenced the dynamics of contention through various instruments of control. Hence, the gradual transfer of state powers, rights, and functions to civil society, the private sector, and international bodies witnessed during the last quarter century has created new opportunities and led to the professionalization and transnational expansion of social movements. In many cases, social movement organizations alone or in cooperation with others have created new forms of governance above and beyond the state. At the same time, social movement challenges to systems of governance have continuously forced contemporary societies to reflect on the meaning of their trajectories.

Origins of Social Movement Theory

The student, peace, and civil rights movements of the 1960s and 1970s marked a critical turning point in social movement theory. A new generation of scholars, many with first-hand movement experience, contended that prevailing theories failed to capture the collective phenomena they observed. These theories centered on crowds, mass society, and relative deprivation; emphasized microlevel over macrolevel processes; viewed movement dynamics as the aggregation of individual attributes; neglected political and organizational contexts; and lacked empirical grounding. Although these views have since been discredited in scholarship, they continue to influence media coverage of recent protest events.

Early theorists looked at eighteenth-century national social movements; focused their analyses on extremism, deprivation, and violence; and characterized the French Revolution, urban street riots, and other manifestations of collective enthusiasm as irregular and irrational. Gustave Le Bon argued that crowd participants share a collective mind characterized by traits an individual person would not exhibit, especially an inherent tendency toward violence. The driving force of collective behavior was argued to be of a psychological nature, consisting primarily of pent-up frustration and aggression. Although collective behavior approaches retained an emphasis on the emergent character of collective behavior, later scholars in this tradition gradually moved away from the extreme positions of crowd theorists and began to reject the notion that collective behavior was pathological or irrational. Later scholars moved the field toward a structural-functional conception of movements as a normal response to social strain. The idea that social transformations precipitate social movements was also advanced in the mass society perspective. Its emphasis was on the atomized individual whose social ties were increasingly fragmented and whose feeling of alienation and anxiety created by social isolation, especially in authoritarian and totalitarian regimes, leads to action. In a final variant of early social movement theory, other scholars began to explore collective protests as products of relative deprivation resulting from economic downturns, inflated expectations, or status inconsistency mechanisms, rather than as products of absolute deprivation. It remained rare, however, for scholars to link individual attributes and joint action.

Resource Mobilization

Microsociological and micropsychological approaches unraveled in the 1960s, partly as a result of the rise of microeconomics and its application to collective action. The portrayal of individuals as rational actors with fixed interests and a benefit-maximizing approach to movement participation became the foundation of the resource-mobilization perspective in social movement theory. Although it successfully countered the earlier characterization of social movements as aberrations, critics have argued it exaggerates rationality and continues to ignore the larger political context and cultural embeddedness of movements.

Mancur Olson, Jr. argued in his influential *The Logic of Collective Action* (1965) that rational individuals only participate in collective action if provided with incentives that do not apply to nonparticipants; else they prefer to free ride. John McCarthy, Mayer

Zald, and Anthony Oberschall adopted Olson's ideas and proposed that the main challenge faced by social movements consists in mobilizing the resources necessary to sustain collective action. Discontent is now assumed a constant feature of society, and variability in the distribution of resources is the explanation for movement emergence. The task of social movement organizers is to build effective organizations, raise money, mobilize participants, and provide them with appropriate incentives. Formal organizations are as critical to movement emergence as to movement maintenance. The resource mobilization perspective constructed an entirely new, economically inspired vocabulary of movement entrepreneurs, movement industries and sectors, and movement product differentiation. Yet, some have argued that resource mobilization looks beyond rational choice and acknowledges strategic behavior on the part of organizations, including cultural persuasion, particularly in variants that emphasize alliance systems as sources of material and nontangible resources.

Resource mobilization has met a variety of criticisms. Most of all, the assumptions underlying rational choice are seen as untenable. Weaker forms of the model acknowledge a limited role for cultural dimensions, including social norms, and admit that individuals generally settle on the first satisfactory option. Critics also argue that individual interests, rationality, and cost-benefit calculations vary over time and across cultures, rather than being exogenous to the actors. Finally, they have argued that resources are necessary but not sufficient, and that dimensions of the political environment need greater emphasis. Resource mobilization theorists have responded by expanding the definition of resources, including moral support, public opinion, psychological predispositions, and favorable symbolism, but running the risk of becoming tautologous.

Political Process and Political Opportunities

Dissatisfaction with exaggerated assumptions of rationality and the lack of emphasis on the historical and political dimensions of governance led a number of scholars to expand on resource mobilization. The resulting political process perspective, promoted by Charles Tilly, Sidney Tarrow, and Doug McAdam, also built on earlier European traditions in social thought that explain the roots of collective action in broad social, demographic, economic, and political processes, such as industrialization, urbanization, and bureaucratization.

The continuity with the resource mobilization perspective is apparent in McAdam's analysis of the U.S. civil rights movement, which argues that organizational capacities in the aggrieved community and a positive assessment of the chances for success are necessary for the emergence of social movements. Transitioning to a more structural approach, however, McAdam found that people participate not because of individual characteristics, but because they are compelled by their structural location in the world, such as prior contact with movement members, membership in organizations, or history of prior activism.

However, most political process approaches to social movements focus on resources external to the movement, especially political opportunities, which are commonly defined as dimensions of the political environment that create incentives for collective action. Broad definitions include access to decision making, political realignment among key actors, appearance of influential allies, emerging splits among the elite, and decline in state repression. Many of these can be situational and temporally limited. Narrower definitions exclude strategic interaction and focus on structural, more permanent variables, preferring the term *political opportunity structure*. The dimensions of political opportunities are also historically specific. Accordingly, changes in political opportunities during the last quarter of the twentieth century are explained on the basis of spreading affluence and postmaterial values or the emergence of new domains of public interest created by the expansion of the welfare state. The study of new social movements, which looks at women's, environmental, peace, and gay and lesbian movements, is generally associated with European scholars and has emerged from the notion that the same expansion has also gradually politicized private space.

Critiques of the political process perspective focus on the overextension of the concept of political opportunities, which has led to the conflation of structural, strategic, and cultural factors. Critics also assert that the clear distinction between outsiders who are forced to use unconventional tactics and insiders who can use institutional tactics works well for movements struggling for civil and other rights, but not for postcitizenship movements that foster collective identities and lifestyles, rather than political change. Finally, as early as the 1980s, theorists such as Bert Klandermans argued that the field of social movements was becoming dominated by a macrobias and sought to return to more social psychological explanations.

Culture

Culture has proven to be no easier to delineate than resources or political opportunities. Unlike resource mobilization and political process models, culture does not constitute a separate perspective. Rather, scholars focusing on ideology, meaning, identity, emotions, and other cultural variables argue that they permeate the foundation of any model. Culture is commonly defined as learned and shared patterns of thought, action, and material objects. Accordingly, notions of grievance, rationality, interests, resources, and opportunities can be understood as context-specific cultural constructs, rather than objective truths.

Early social movement theorists associated culture with the presumed irrational behavior of crowds. Rationalists that substituted exogenous materialist for psychopathological motivations were equally unprepared to find systematic explanatory strength in cultural variation. As a consequence, scholars who revived meaning construction in the 1980s tended to extend predominant approaches. Grafting Erving Goffman's notion of framing onto resource mobilization, David Snow and Robert Benford developed a series of hypotheses proposing how social movement organizers strategically create and utilize collective action frames as schematized interpretations of grievances, solutions, and reasons for action in order to mobilize and retain movement participants. The concept of framing has engendered a wealth of research

that looks at specific kinds of frames, frame alignment processes, the role of the media, and the relationship between framing, resources, opportunities, and identity. The notion that social movement participants cultivate a strong sense of insiders and outsiders has led theorists to studying collective identity, which can be defined as the shared cognitive, moral, and emotional connection with a broader community. The concept seeks to provide additional clues to why collective actors come into existence, why they are propelled into action, what determines their strategic choices, and what impacts movements have beyond policy changes.

Framing and collective identity have raised a number of questions. Critics argue, for instance, that framing approaches have focused on how organizers construct frames and neglected how participants perceive them. Furthermore, the relationship between frames and emotions remains underspecified, as frames only lead to action if they evoke the right feelings. Collective identity approaches, on the other hand, fail to clarify whether identities emerge as a result of mobilization and movement participation or precede them, whether they are created for or by the movements, and whether they have the same meaning for outsiders and participants.

Social Movement Theory and Governance

Social movement theory responds to important questions of contemporary governance, not least because the state has historically been the primary target of social movements. In analyzing the circumstances under which social movements wax and wane, theorists therefore invariably point to such key dimensions of the prevailing system of governance as are previously outlined. Moreover, social movement theorists posit a coevolving relationship between movement tactics and state response. As the nature of the state changes and an increasing number of key powers, rights, and functions are transferred down, up, and out, social movements adjust their repertoires accordingly. States, in turn, modify their strategies for dealing with movement challenges.

Although scholars frequently address social movements as if they constituted unified empirical phenomena, in reality they consist of a large variety of different social actors. The task of mobilization and movement maintenance usually falls to professional social movement organizations, which are mostly nongovernmental organizations and other types of voluntary associations. Because many of them pursue policy advocacy through channels of institutionalized politics, the boundary between theories on social movements and interest group politics is blurred. Moreover, some of these organizations' programs, for instance in welfare service provision and education, are funded by the state. Hence, social movements are increasingly embedded in contemporary systems of governance, rather than separate and in opposition to them. Because social movement theory has generally focused more on movement emergence than movement outcomes, the outlines of the impact of this increasing embeddedness largely remain to be examined.

In contemporary governance, state power is also increasingly transferred to regional and international settings. Social movement theory posits that this shift leads to organizational and tactical adaptation by social movement organizations. In fact, transnational movements and their protests, as well as interstate cooperation in policing and intelligence, have assumed an important role in international politics and theoretical writing. Political scientists, international relations scholars, and sociologists have argued that the main outcomes are the creation, implementation, and monitoring of international norms in the area of human rights and environmental protection. International advocacy, which some argue is the prerogative of more professionalized and institutionalized transnational advocacy networks and international nongovernmental organizations, has in many cases led to the creation of new systems of governance involving an emerging global civil society.

—*Jörg Balsiger*

See also Advocacy Networks; Civil Rights; Sociology of Governance; Transnational Social Movement

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SOCIAL NETWORK THEORY

Social network theory is based on the assumption that social relations are the key to explaining both individual action and collective outcomes. Networks may be defined as bounded sets of actors, be they organizations, institutions, or individuals that are connected by specific relationships. Network theory refers to the study of the structural forms—or patterning—of the ties that link these units. Attention to social networks has a long tradition, specifically in social anthropology, social psychology and sociometrics, as well as economic sociology and organizational theory. Lately, real-world phenomena, such as changes in the organization of capitalism, experiments in new forms of decentralized governance as well as advances in the

computer-based analytical tools associated with network theory, have increased interest in network approaches in other parts of the social sciences as well.

Most work on social networks has tended to emphasize the importance of informal structures in interaction and the way in which formal organizations are embedded within other, less-visible institutional structures. Here an influential strand of research has revived the notion of the "embeddedness" of economic exchanges within social relations.

Network analysis criticizes approaches that focus primarily on the specific characteristics or attributes of a given unit, be it an individual, organization, social class, or a nation-state, to explain its behavior or specific outcomes. Instead, it is argued that such characteristics or attributes only acquire meaning when set in relation to others. Ultimately, it is relationships that form the resources that pattern constraints and opportunities of actors. Whether it is cognition, practices, trust, or resource flows, exchange is understood as always already structurally biased through the shape of a given network. This type of view contrasts with analysis of structure in terms of fixed categories, such as class or race, formal institutional frameworks or strands of individual behavioralism. In this sense, network theory refers to a type of structural analysis that locates structure, including cognitive or behavioral patterns within—and originating from—the observable form and content of relationships among a set of relevant actors or units, providing both resources and limits for action.

Analysts subscribing to this approach are united by a number of common sensitivities and core concepts, yet the use of common terms often masks widely different approaches.

Whereas all network analysts agree on the fundamental importance of relational interdependence for describing and explaining social phenomena, opinions differ as to what extent network theory constitutes a proper theory. Some see it as primarily referring to a specific mode of analysis applicable to a wide range of phenomena, a practical toolbox for more precisely describing and measuring relational configurations and their structural characteristics. Others see it moving toward a more or less consistent body of theoretical

propositions and explorations that speak to long-standing debates in anthropology and social psychology about the contextual nature and evolution of social life. Indeed, for its most ambitious adherents, network theory holds out the promise of bridging micro- and macrolevels of social analysis by pointing to ways in which large-scale social patterns may be created and sustained by distinct individual or organizational network dynamics.

Researchers differ in their reliance on real or cognitive data in building up networks for analysis as well as in the way a given network should be bounded. Similarly, quantitative and qualitative approaches to networks may assign different explanatory significance to the dynamics within or the stable architectural features of a given network.

More fundamentally, even the basic role and definition of social structure can vary across network theorists. For adherents of a strong network program, ideas and roles that actors take on are categories and attributes that emerge from relationships. Yet others hold these relationships to be merely the most proximate and observable form of structure, themselves influenced by deeper cognitive or material structures, thus pointing back to often underresearched origins of relational networks themselves.

Network Theory's Toolkit

Network characteristics are used to more precisely describe existing groupings or configurations of specific units as well as to specify hypotheses regarding emergent socializing effects of various natures.

The relations or ties that link actors within a network can be differentiated according to their different content, intensity, or direction. These can then be used to explain the diffusion of institutional forms, ideas and information, influence flows, the nature of resource exchanges, or the way access to information and resources is structured.

Core attributes of whole networks refer to their density or looseness, measured by the number of linkages among actors within a given network, and its centrality, a measure that can refer to the level of connections of a specific actor within a network structure or to the

overall connectedness (centralization) of a network. Network measures also help identify the role of more closely connected clusters or subgroups, such as cliques, within a broader network, and much analysis has explored the significance of notions of cohesion—units who hold similar relationships to each other—as well as the role of structurally equivalent actors—units connected in similar ways to third actors.

Networks as Analytical Approach and Substantive Phenomenon

In studies of governance, network analysis often provides a way to explain unexpected policy results and specify organizational relationships that are difficult to define or categorize by hierarchy. New international production systems, rapidly expanding communication capacities, attempts to decentralize governance, attempts to reinvent government or outsourcing, the multilevel governance structures emerging in the European Union, and the demise of the vertically integrated firm are all seen as leading to increasingly networked forms of governance.

In this context, network analysis refers to alternative models of governance distinct from those based on formal hierarchies or market exchange. Working though coordination, as opposed to command and control, network forms of governance are seen to create stable, but adaptive, relationships often based on mutual trust or common principles or both.

From this real-world starting point, network analysis has expanded as researchers have used it to investigate an ever broader range of issues, spanning from relationships among individuals, organizations, linkages across state and civil society to those among nation-states or broader societal forces as well as ideologies or concepts.

In such studies, the content of ties that connect a network has ranged from affective ties, advice networks, common attendance at social events, institutional relationships, kinship ties to material exchange-relationship, contractual links, geographical closeness, shared norms, or information flows. Each of these ties may be analyzed as separate networks or be superimposed upon each other. In multidimensional networks,

analysis can then show a single action to have different effects in each dimensional realm. Whereas network theory emphasizes the particular nature of relational configurations and their impact, it has formulated strong general arguments about diffusion and homogenizing pressures within networks.

Networks and Change

Two questions emerge from the relationships of network theory to the study of change. One relates to the origin or decline of networks or both, the other to the applicability of network analysis to periods of rapid social change.

There is no clear consensus about the origins of networks, yet different factors have been highlighted: Among them are age—networks develop over time. Robert Putnam's study of civic networks in Italy might prove an example where organizations that worked together over years developed ties of trust and legitimacy. Here, direct conclusions about the success and failure of societal development are drawn from the patterning of these structures. In other realms, work on epistemic communities has focused on professional groups working on similar issues, ultimately shaping common goals that in turn promote cooperative relations. Other factors may relate to territory, where within a certain location people tend to collaborate, or relations based on resource dependence and primarily material relationships.

Network theory has been criticized for a bias toward nonconflictual relations and for diffusing or neglecting questions of responsibility or value conflict within networks. Further, its emphasis on stable relationships has been criticized for offering few tools to analyze dynamic or rapid change. However, others have argued that informal networks in particular increase in importance in situations of change or flux, when formal institutional frameworks are put in question.

—Anna Schmidt

See also Advocacy Networks; Collaborative Governance; Embeddedness; Epistemic Community; Informal Organization; Interorganizational Coordination; Network; Network Society; Policy Network; Production Network; Sociology of Governance

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SOCIAL PRACTICE

So far, only few researchers have systematically dealt with the relationship between governance and social practices. On the one hand, the development of the fairly large and rapidly growing literature on governance has almost exclusively been undertaken by political science (including public administration). On the other hand, the theoretization and analysis of social practices have almost exclusively been undertaken by anthropology and sociology.

Perhaps the two most important exceptions to the above-mentioned tendency are Pierre Bourdieu's reflexive sociology and Michel Foucault's genealogy. Admittedly, neither applies the term *governance,* but rather the notion of power. Nevertheless, this entry deals with these two analytical frameworks anyway, because for them governance would simply be another term for practices and institutions of governing and thereby ultimately exercises of power. A third and final framework included in this entry is Ludwig Wittgenstein's later writings on language games. While Wittgenstein studied neither governance nor power, his ideas have recently inspired works on governance, policy processes, and politics in general.

Bourdieu's Reflexive Sociology

In the attempt to develop a theory of practice (alternatively named reflexive sociology or praxeology), French sociologist Pierre Bourdieu has dealt extensively with the relationship between modern forms of power and social practices. Thus, one of the overarching ambitions of his reflexive sociology was to reveal how, in modern societies, power tends to work through symbolic and often-unnoticed mechanisms.

Bourdieu suggested that we understand social practices in terms of the embodiment of social structures, which includes economic, cultural, and political relations. The individual embodiment of these social structures is neither an absolutely voluntary act nor an absolutely determined act. Instead, each and every person is disposed to incorporate (objective) social structures in a particular fashion according to his or her so-called habitus. The latter is at once the product of the person's previous experiences and socialization and the producer of the person's actions. It is, above all, through these dispositions incorporated into the body of each and every individual that modern power comes into effect. Thus, in modern societies, power works above all through indirect, symbolic means rather than through direct, coercive devices. It is through symbolic capital (authorized understandings and classifications), which acts as a kind of translation mechanism, that other forms of capital (economic, cultural, or social) are translated into effective power. Without this translation, the other forms of capital may be useless.

In any social field where power is put into play, it is linked to and depends upon a particular symbolic capital or authorized understandings and classification. This entails that certain understandings are taken for granted or go undisputed; they constitute the *doxa.* While no single individual or group in modern societies are able to control *doxa* at their will, *doxa* is produced and reproduced in a manner that tends to favor those positively endowed with economic, cultural, or social capital. For example, academics and others, rich and poor, spontaneously tend to support the idea that entry to a university should depend solely on academic merit, not on wealth. While this may be

regarded as a reasonable and nonbiased standard, educational policies based on this *doxa* nonetheless systematically favors students of academic parents and, to some extent, students with rich parents who are able to pay for their children's enrollment in expensive, elite schools.

Of course, it may happen that a *doxa* is made explicit and perhaps even called into question by competing understandings. However, even in this case, where *doxa* is momentarily transformed into *hetero-doxa,* the outcome of such a political conflict will tend to suit the interests of those favorably endowed with one or more forms of capital, essentially because they often share these with those dominant in the political field. Because the elite of the political field (key politicians and top civil servants) are often socialized in a way that endow them with forms of (particularly cultural and social) capital that correspond to those in other social fields, state policies will systematically, though not unanimously, tend to favor elites in other social fields. Bourdieu's reflexive sociology has subsequently inspired a range of studies on the politics and policies of education and media.

Foucault's Genealogy

The understanding of governance as a set of social and political practices has perhaps been most explicitly developed by French historian and philosopher Michel Foucault. He argued that government should be addressed as "regime practices." These consist of two axes: (1) problematizations, calculations, and forms of knowledge on the problems and objects of governing activities and (2) concrete schemes, procedures, and techniques seeking to regulate the conduct of individuals, groups, and populations.

By focusing on the historical formation and transformation of one or more regimes of practices, Foucault tried to make contemporary ways of thinking and acting less given. The present to Foucault was an event like any other, not a necessary outcome of some given historical process. For him then, genealogy was an instrument of disturbing the present. Like Bourdieu's reflexive sociology, Foucault's genealogy is an apparatus for critical conception and analysis of

power as a particular social practice that is linked intrinsically to other social practices. However, unlike Bourdieu's reflexive sociology, Foucault's genealogy has no scientific pretensions. It explicitly abstains from formulating a theory of practice in Bourdieu's sense of claiming to produce a superior kind of knowledge of the world. Likewise, the critical potential of genealogies of truth-production, power relations, and forms of subjectivity rests not with their ability to tell us what to do, but with their capacity to irritate present ways of thinking and acting.

Once understood as a regime of practices, genealogy may address a wide range of governing practices. The literature on governmentality examines in different ways the rationalities and technologies that have developed as part and parcel of the neoliberal (or advanced liberal) approach to governance. These studies essentially argue that while liberal and social problematizations of government still play an important role for contemporary forms of governing, they have been supplemented and perhaps even displaced by the problem of how best to stimulate and activate the self-steering capacities of individuals and organizations. Outsourcing of public services, public-private partnerships, benchmarking, self-evaluation, and social contracts between public authorities and various groups in need of public assistance are all measures that, in one way or another, seek to make use of or facilitate the capacities of individuals and organizations to solve problems (whether their own or those of others) by themselves.

A Foucauldian-inspired analysis of government would pay attention to how this problematization enables distinctions between those who are able and willing to be active and participate in the proper way and those who are unable or unwilling to do so.

Wittgenstein's Language Games

In his 1968 book *Philosophical Investigations,* Ludwig Wittgenstein rejected theories and explanations of language as a formal system of representation and began to view it as a multiplicity of activities, of "language-games." Even if he is fundamentally concerned with social practices—and the role language

plays in this—the late Wittgenstein, like Foucault but unlike Bourdieu, refuses to posit a theory of practice. Rather than providing an undisputable explanation, he seeks to provide us with a different and thought-provoking understanding of social practices.

Wittgenstein's analysis of social practice is essentially launched as a critique of what he sees as mistakes in human and social sciences. In particular, the tendencies to explain social practices as caused or governed by rules that somehow stand outside these practices is flawed. For Wittgenstein, rules exist only in and through their use (i.e., in concrete language games or, more generally, in social practices). Therefore, the question is not how rules govern social practices, but rather how rules themselves are formed through social practices.

Only a few studies of governance are strictly based on Wittgenstein's notion of language games. Existing studies of governance, policy making, and public organizations inspired by the notion of language games tend to add to this a blend of subjectivist approaches, including ethnographic, ethnomethodological, and action-oriented approaches. Thus, unlike Bourdieu's reflexive sociology, which seeks to unravel the *doxa* sustaining popular misrecognition of objective social structures, these subjectivist appropriations of Wittgenstein's language games seek to unravel the lived experiences of civil servants and other individuals engaged in policy processes, as Wagenaar noted in 2004. An important exception to this rule is James Tully's conception of freedom as an agonistic game played by citizens. Here, Wittgenstein's notion of language game is not reduced to subjective, lived experiences, but rather is seen as actions systematically linked to and dependent upon practices of governance.

—Peter Triantafillou

See also Governance; Governmentality; Institution; Interpretive Theory; Reflexivity; Situated Agency

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SOCIOCYBERNETICS

The traditional concern of sociocybernetics has been societal steering and social control. The approach can be quite difficult to trace because of its interdisciplinary roots, although it is closely related to a particular form of systems theory. In order to address this often-disparate topic, it is necessary to briefly trace the origins of the approach, its major variants, and some of the implications for problems of governance.

The Origins of Sociocybernetics

There are close associations between sociocybernetics and older forms of social systems theory such as those of Herbert Spencer and Edward Alsworth Ross. Norbert Wiener, often attributed the title of "the father of cybernetics," was one of the first to point out the possibility for a theory transfer of cybernetics to the study of society. It is for this reason that the origins of sociocybernetics are often located in engineering. At the outset of the theory transfer, the cybernetics of society very quickly became entangled with more-established notions of the social system.

Cybernetic models of control are often mistakenly believed to have been established in sociology through the work of Talcott Parsons. Although Parsons alluded to cybernetics, his structural functionalism has been deemed largely unsuitable for the task of integrating the principles of cybernetics into

sociology. The most significant figure to effectuate the transfer was Walter Buckley, who is now widely regarded as the father of sociocybernetics.

Given the roots of sociocybernetics in mathematical and computational science, it is not surprising to discover an underlying attitude of scientific unity in its application. As a result, some of the tone of explanation that the theory transfer involves was initially met with a degree of suspicion in mainstream sociology. Yet sociocybernetics is not a simple theory transfer from the physical sciences to the social sciences. Social systems require different treatment than physical systems, and the approach that is sociocybernetics would eventually reflect that difference. Social systems are not mechanistic systems but are related to complex adaptive and thinking people, they cannot therefore be likened to the steering mechanism of an antiaircraft battery or an equilibrium-seeking thermostat. With this in mind, one of the most significant theoretical developments in the emergence of sociocybernetics was the development of the second-order cybernetics.

Second-order cybernetics involved a shift in thinking from observed to observing systems. Knowledge became based on the difference between the observer and the observed and both were intricately linked. The researcher would become observed as part of the system, which was in turn continually and actively constructed. The central implication of this was that all observations in society were essentially self-observations. What made it more complicated was that systems themselves often change through the process of observation. The dual problems of self-reference and self-organization therefore became one of the defining problems of sociocybernetics. These issues also have significant implications for the problem of governance, for example, how is it possible to govern or steer a society full of complex, self-referring, and adaptive systems?

Sociocybernetic Variants

Sociocybernetics also reflects the well-established division between actor and communication-centered theory in social science. For some, the unit of analysis is the actor, where this refers to the actor or organization, and society as a whole is formed on the basis of interacting actors. For others, the unit of analysis is communications and how these are organized: The work of Niklas Luhmann stands in direct contrast to an action-centered frame of reference, for example, because it focuses on communications and their organization.

Sociocybernetics and Governance

The problem of governance was central within the actor-centered approach of sociocybernetics, although it was formulated differently as the problem of societal steering. From the perspective of action-centered sociocybernetics, social systems are composed of people that group and organize themselves in different ways, what is extra complicated is that they can all have different views of the system and can act on it differently. They might desire power and control or they might react against power and control. The fact is that because they have their own views of the system, this limits any attempt to steer the system. The scientist interested in the sociocybernetic problem of steering must also place himself or herself into this equation. They must ask themselves to what extent they ought to be steering social systems? It might well be the case that too much control of social systems would make the same systems less humane. This is the paradox of planning. While it might be desirable to be able to control social systems from the top down, by so doing we might reduce the ability of people to self-steer. Perfect planning would imply perfect knowledge of the system, and the use of such knowledge would result in the system becoming deterministic. In short, people in such systems would lose their freedom to conduct their own steering.

The implications of a hierarchical management for government are quite clear. Governments, which have complex and multiple goals and who operate with top-down accountability and steering mechanisms, often become constrained and less responsive. Crucially, such governments are often viewed as less accountable and more out of control. Perhaps this is why the government is often referred to as often appearing

aloof and inaccessible. The reasons for this are because top-down management can only be undertaken through an imperfect model of the state of various social systems or societies. This is why sociocybernetics is critical of oversimplified approaches to the study of social systems. Sociocybernetics is highly critical of economic models that claim to be able to accurately model aspects of society but singularly fail to include all of the essential variables. In many economic models, people are reduced to rational, calculating actors or are excluded altogether. Such models invariably fail because they cannot account for actors who will respond to governance by resisting or avoiding the negative consequences of control where possible. A consequence of this line of reasoning is that a theoretical choice has to be made between either a top-down or bottom-up approach to governance.

As we have suggested, top-down approaches fail because they are based on imperfect models generated from an imperfect understanding of the situation being modeled. It might also be because action-centered approaches define steering as the action of steering that, in turn, requires one to state a subject, object, and goal for the steering act. A consequence of this is that the whole effort to steer becomes split and external factors impact on the act of steering. As a result, one can have unexpected side effects, faults of implementation, and self-fulfilling and self-defeating prophecies. It is not unusual, for example, to spend lots of energy on improving the working conditions of women only to discover that, once implemented, many of the policies can result in negative consequences for women in the labor market. The argument is that putting one's purpose through steering into the world can result in one being against the world, and the inevitable consequence of this is failure.

An alternative approach might be to consider improving the self-steering potential of actors so that they can determine their own control of the systems that they are involved with. Within such an approach, society could become self-steered and the need for control could be reduced. This approach is characterized by encouraging actors to become involved in producing social change rather than attempting to

remodel society toward a final perfect state. It is here that we find approaches that utilize the terms synreferentiality and autopoiesis.

Synreferentiality was developed in the work of Peter Hejl, who saw people as central to the problem of governance. Put simply, synreferentiality refers to systems that are based on the shared realities, shared behavioral programs, and shared norms and values. Therefore, a social system is composed of individuals that participate in a synreferential domain and that interact on the basis of the assumption that other autonomized (note not autonomous) systems are present.

This theoretical program suggests that social systems can be regulated and influenced, but this can only occur within the possibilities accorded to them through their synreferential domain. Systems can be influenced, but only through the use of an accurate model of the system that accords an understanding of its key dynamics. Within this approach, in order to effectively regulate social systems' governments, it is necessary to be aware first that these systems are composed of humans that are closed and coevolve with the system and second that the synreferentiality of the social system implies that there will be limits on possible alternative states for the system. The implication is that systems are best regulated and governed through the individuals that are part of the system and also through a focus on the internal structure and dynamics of the system.

The actor-centered approach of Hejl contrasts with Luhmann's autopoietic systems theory. For Luhmann, social systems are communication systems and nothing else; examples include the economy, law, and the political system, among others. The political system is composed of three further subsystems: the "public," "politics," and "government," each of which is operationally closed but nonetheless coupled to each other. They interact, albeit with each other in unpredictable ways through the exchange of energy. The public finds government unresponsive and this takes the form of popular opinion for the political system, which in turn sees this as a demand for more responsiveness in government, even though politics cannot directly impact on government; all it can do is perturb or irritate it. Government might, in turn, respond to

these irritations by increasing the size of its bureaucracy in order to try to improve accountability, and paradoxically this can subsequently reduce its ability to be responsive. So the public perturbs politics, which in turn affects government. And what this leads to is the increasing loss of responsiveness, which only serves to further alienate the public.

The point that Luhmann is making is that a society that is composed of functionally differentiated subsystems cannot be steered from the center. Rather, it is the systems themselves that do the steering. Each system operates according to their internal program and can only react to their specifically defined environment. Action theory fails because it hides the system that is attempting to steer itself. In turn, a functionally differentiated society cannot be steered, not only because the subsystems of society are self-steering entities, but also because there can be no overall unrivalled representation of society. There can be myriad representations of society from the perspective of politics, the law, and economics, among other things. Given these multiple representations, it would seem particularly difficult to develop a plan for the future of society that is not, for the most part, located within one or the other system. In addition, it is a particular insight of Luhmann's approach that the reduction of planning to one subsystem perspective on society actually reduces and limits the possibilities that are available for steering. In this respect, for Luhmann, steering is always self-steering, and self-steering of systems rather than actions. It is the underlying idea of a polycentric society that has influenced more recent writers like Lars Qvortrup to suggest that we are living in the era of the hypercomplex society.

It is with Qvortrup that an adequate characterization of society is secured that fits with the sociocybernetic perspective. There have been numerous attempts in sociology to characterize society from a single point of reference, for example the network society or even the risk society. Qvortrup's suggestion is that if we were to seek a single word to guide our view of society, that hypercomplexity would fit. Society is evolving according to the principle that external complexity can only be matched by increasing internal complexity. Paradoxically, the only consistent aspect of society is the distinct absence of a guiding principle. Society is not moving toward a final utopian state of perfect communication or utopian communism. Rather, society is differentiating into separate spheres of specialized communication designed to manage specific areas of complexity. The problem for governance is that society is not developing through the skilled manipulation of rationalistic overseers, but that it has an imperfect view of its environment and is, in turn, evolving according to this imperfect perspective.

Conclusion

Sociocybernetics is a broad school of thinking in sociology that unsurprisingly reflects many of the existing differences within sociology as a whole. Its central concern with the issue of societal steering makes it of central importance to governance. The theory transfer of cybernetics to sociology would quickly intersect with the older and established tradition of systems theory to produce a specific blend of sociology. In this blend, the distinction between action- and communication-centered theory emerged. Action-centered theories of sociocybernetics have focused on people as members of groups, but who have self-reflecting properties that make the task of governance difficult. This difficulty is further compounded when the person attempting to observe has to be included as part of the system of observation.

The complexity of the task of studying self-regulating and self-reflexive actors led to a focus on steering from the bottom up and the development of concepts such as synreferentiality and autopoiesis. With the emergence of autopoiesis, the final challenge for governance is that we are now living in a decentralized and polycontextual society. The complexity of this society paradoxically means that steering has real limits but is open to possibilities as long as the guiding condition of complexity is understood within an adequate theoretical framework.

—*Barry Gibson*

See also Autopoiesis; Network Society; Systems Theory

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SOCIOLOGICAL INSTITUTIONALISM

See NEW INSTITUTIONALISM

SOCIOLOGY OF GOVERNANCE

If sociology is the study of society, and governance is the activity of managing or ruling human affairs, then the sociology of governance is the study of the societal dimensions of managing human affairs. No established subfield named the "sociology of governance" exists within the discipline of sociology, as does for example the "sociology of religion." Nevertheless, this entry argues that classical and contemporary sociology has much to say about the theory and practice of governance.

Sociology has three classical concerns directly relevant to the study of governance. One concern is domination—the capacity or opportunity for some people to exercise power over others. Sociologists seek to understand the sources of power in society and how it is wielded to produce both desirable and undesirable outcomes. They have been fundamentally concerned about the legitimacy of this power and about the capacity of individuals and groups to resist domination. A second concern is social order—how is it that society coheres? Why doesn't society break down into what the English philosopher Thomas Hobbes referred to as a war of everyone against everyone? Sociology tries to understand the bases of human solidarity—how does society exist in the first place? The third concern is for what is distinctively social, as opposed to biological or cognitive, in human behavior. What aspects of behavior arise as the result of domination and social order? Although sociology would grant that meaning, morality, and social norms have some basis in biology, it focuses on how these achievements arise from human interaction.

It is perhaps obvious that these core concerns are deeply interconnected. The work of one of the founding figures of sociology, Émile Durkheim, for instance, was a response to the view that social order could only be achieved by relinquishing power to a leviathan, a powerful state that would achieve social control through domination. He was also reacting against the classical economists' view that self-interested exchange is the basis of social order. Durkheim argued, by contrast, that it was the distinctly social bases of human life—morality and social norms—that made social order possible. Morality comes prior to social control or market exchange.

At least three different perspectives on the relationship between society and governance are possible. First, a societal perspective treats the social dimension of human collectivities as an all-encompassing system and thus explains outcomes based on the archetypal characteristics of those systems. This perspective is typically civilizational or cultural. A societal approach to the governance of new enterprises in Shanghai, for example, might appeal to fundamental characteristics of Chinese civilization or culture—say, the tendency to use personal connections—*guanxi*—to influence the behavior of others. Second, a differentiation perspective, typically associated with modernization theories, assumes that the state and the economy have become differentiated from society. Such an approach typically singles out society as a distinctive arena of

governance. Contemporary discussions about civil society or the public sphere provide a good example. Third, an embeddedness perspective sees the social as one dimension of all spheres of activity, but does not interpret society as an all-encompassing system. Instead, this perspective suggests that even the most instrumental activities—like economic exchange or political lobbying—have a social dimension. The state or the economy are hence embedded in society.

Several subfields in sociology are particularly relevant for understanding basic mechanisms of governance. Organization theory studies formal organizations as patterns of human coordination and cooperation. We live in an organizational society, and this is nowhere as true as where governance is concerned. Schools, armies, and hospitals are the agencies of modern governance. Economic sociology studies occupations, firms, and markets as modes of allocation of values and resources that shape social stratification and societal power. Political sociology studies the development of the state as a mode of political power and social movements and other forms of contentious action as forms of collective action and social protest.

It is perhaps true that sociology and its subfields are more interested in the unintended consequences of organizations, markets, and states than they are in the ostensible purpose of governing. Thus, sociology tends to view organizations as agents of social control (domination), as a form of social structure (social order), or as communities (social organisms) rather than as mechanisms of effective human coordination. Likewise, markets are more likely to be seen as producers of social inequality than as efficient producers of consumer products. Yet if the aims of inquiry are often different for sociology than they are for public policy or public administration or management theory, it is important to acknowledge that governance may be a benign expression for domination or social control.

In the following sections, this entry briefly traces some of the broad connections between sociology and governance.

Classical Sociology and Modernity

The founders of classical sociology—Karl Marx, Émile Durkheim, and Max Weber, among many others—were concerned about understanding what today we might broadly describe as modernity. Marx, of course, analyzed the development of modern capitalism and predicted the emergence of increasingly polarized class conflict. As previously described, Durkheim focused on society itself and analyzed the changing bases of solidarity and social control. Arguably, however, the founding sociologist with the greatest influence on contemporary discussions of governance was the German sociologist Max Weber. More than Marx and Durkheim, Weber's analysis led him to focus his attention on the development of the modern state and the rise of modern forms of organization.

Weber's intellectual project has been variously described. His work has been described as "sociology of domination" or a project to uncover the history of rationality. And it has been described as an attempt to understand why modernity first emerged in the West—out of European civilization. All these descriptions are apt. We might sum them up by saying that his intellectual project was to understand why a new, modern form of domination—rational-legal authority—developed first in Europe.

Weber's sociology of domination is most immediately apparent in his description of three forms of authority: traditional, charismatic, and rational-legal. Weber famously defined authority as "legitimate power" and he argued that to be stable, social orders must be legitimate. Authority and legitimacy were thus central concepts around which he built his conception of institution, and his ideas continue to be influential in current discussions of governance. Historically, Weber argued that the customary authority of traditional orders and the visionary authority of charismatic leaders gave way, in modern institutions, to an impersonal form of authority that Weber called rational-legal. Science and law, as exemplars of rational-legal authority, were thus the basis for the legitimate use of power in modern institutions. As Weber pointed out, the emergence of modern bureaucracies—both in states and in business enterprises—was a reflection of the growing importance of rational-legal authority, a development he regarded with some cynicism.

Weber's analysis of the development of rational-legal authority was linked to his analysis of rationalization on a much longer time scale. He viewed

rationalization as a phenomenon that developed over millennia and as rooted in the Judeo-Christian religious traditions of the West. This historical analysis is beyond the scope of this entry. However, with regard to governance, it is worth pointing out that rational-legal authority was only one dimension of his broader conception of rationalization. For Weber, rationalization was a process whereby "ends" and "means" were progressively clarified and then related systematically to one another. One important consequence of rationalization was the differentiation of institutional spheres—the economy, the political system, society, and religion. And rational-legal institutions such as state bureaucracies became "means" to achieve the ends of state, with state officials developing "neutral competence" to serve these ends.

The major themes developed by Weber—rationalization, bureaucracy, legitimacy, and authority—remain foundational concepts in many discussions of contemporary governance. Moreover, these themes were refined and elaborated by sociologists that followed him.

Elite and Pluralist Views of Governance

Weber ushered in a new age of modern organization and managerialism. Building on Weber, sociologists recognized that organization had important consequences for social stratification and domination. A protégé of Weber's, Roberto Michels, who was also influenced by the elite theory developed by fellow Italians Gaetano Mosca and Vilfredo Pareto, argued in a now-classic study of political parties that organization inevitably leads to oligarchy—control by the few. Centralized bureaucratic structures, he argued, create a managerial elite that controls the levers of organizational power. Bureaucratization leads to what was later called goal displacement—with the organization coming primarily to serve needs of the elite that controlled it rather than those of its intended constituency. Thus, we can say that the Weberian tradition (and indeed, Weber himself) was ambivalent about the neutral competence of managers.

The generation of scholars following Michels was alive to possibilities for goal displacement and also

to the "iron law of oligarchy." Philip Selznick, for instance, applied Michels's goal-displacement model to a now-classic study of the institutional evolution of the Tennessee Valley Authority. Perhaps even more widely influential, C. Wright Mills extended the Michels analysis to interorganizational relations, arguing in *The Power Elite* that bureaucratization led to the creation of elite networks that organized across societal sectors. Along with work studying local communities, Mills's work led to a genre of sociological work called "community power studies." The conclusions of this work, however, was challenged by pluralist theorists, mostly from political science, that argued that elites rarely achieve the kind of collusive unity suggested by elite theorists. By contrast, the pluralists shifted attention from the state to society. Influenced by Alexis de Tocqueville, they emphasized the importance of intermediary institutions—voluntary associations and interest groups—as key organizers of politics. Political sociology of a pluralist bent also developed Tocqueville's emphasis on the civic quality of societies. Although the debates between elite theorists and pluralists were not always fruitful, they did help both political scientists and sociologists to clarify conceptions of political power.

Poststructuralist Perspectives

In the late 1960s and early 1970s, a new wave of social theory arose that challenged some of the basic assumptions of the classical sociological tradition. This new social theory was particularly critical of the strongly structuralist bias of classical sociological theory, meaning its emphasis on the explanatory importance of mental, social, or economic structures and the corresponding lack of attention to possibilities for individual choice. The two dominant sociological theorists at that time were Talcott Parsons, who had developed a structural-functionalist theory on the back of Durkheim and Weber, and the French anthropologist Claude Levi-Strauss, who had elaborated a highly structuralist interpretation of the Durkheimian tradition. Although less represented among scholars, the Marxism of this era also emphasized structure over agency, with the influential French Marxist Louis Althusser offering a highly structuralist interpretation

of Marx's theory of classic conflict. Influenced by (and influencing) the new social movements of the 1960s and 1970s, a new generation of sociological theorists attacked the reigning structuralism.

Three of these new theorists—Anthony Giddens, Pierre Bourdieu, and Michel Foucault—provided particularly influential visions of a revised poststructuralist interpretation of the classical sociological tradition. Of the three, it was perhaps Giddens who was most concerned about regrounding classical sociology itself in new poststructuralist assumptions. Therefore, his collected work reads like a poststructuralist reinterpretation of Marx, Weber, and Durkheim, among others, with the goal of refounding the classical tradition. He did not reject the idea of "structure," which he saw as central to the sociological tradition, but rather sought to reemphasize the importance of "agency"— the importance of individual action and choice. His central concept—structuration—argued that there is a duality of structure and agency: Agency is necessary to create structure, and structure in turn both constrains and enables agency. While structure is static, structuration was dynamic.

Bourdieu's work can be read as challenging two fundamental structuralist tenets. First, challenging the widely held Marxian view that the reproduction of social class was a product of economic structure, Bourdieu emphasized the social and cultural dimensions of class distinctions. Second, in opposition to the Levi-Straussian view that society was organized around elemental mental structures that were prior to activity, Bourdieu focused on activity itself—or practice—as the source of social structure. Like Giddens, Bourdieu did not so much reject the idea of structure as reinterpret it as a more active concept. Bourdieu argued that social structure developed out of the habitual and often taken-for-granted understandings of individuals. This "habitus"—as Bourdieu called it—was as much a cultural as an economic product and, as with Giddens, both enabling and constraining. Thus, Bourdieu has been an important contributor to the contemporary idea of social capital.

Perhaps the basic thrust of Foucault's work was to historicize what appeared to be universal categories or practices. His work falls in many respects in both a Weberian tradition that seeks to understand the history of different forms of domination and a Durkheimian tradition that explores different logics of punishment. His work is notable, however, in extending beyond descriptions of broad social and political structures— the state, bureaucracy, and professions—to explore how knowledge and power are concretely instantiated in conceptions of the self. A central theme in Foucault's historical essays is the development of disciplinary technologies that produce social control through a disciplining of the body. Foucault's attention to the active organizing quality of these disciplinary technologies is perhaps an analogy to Giddens's concept of structuration and Bourdieu's emphasis on practice.

Although the work of the poststructuralists sometimes speaks directly to work in the field of governance—particularly Foucault's—it has more often provided scholars with basic theoretical lenses through which to approach questions of governance. Governance, for example, might be interpreted as a process of structuration, a social practice, or a disciplinary technology.

The Sociology of the State

One of the consequences of the social movements of the 1960s and 1970s was an invigorated interest in history. Historical sociology emerged as a particularly lively subfield in sociology, and one of its central themes was renewed attention to the state and its historical development. Drawing on both Marxist and Weberian traditions, historical sociologists focused on understanding the development of the modern European state in broad political, economic, and social terms. The work of Charles Tilly was particularly influential in promoting a range of work on state building. Tilly argued that the expanding administrative and coercive capacity of European states resulted from geopolitical competition and the imperative of mobilizing societal resources for war.

The renewed attention to the state in historical sociology was memorably captured in a 1985 volume edited by Peter Evans, Dietrich Rueschemeyer, and Theda Skocpol entitled *Bringing the State Back In.* To

understand the relevance of their argument—after all, where had the state gone?—it is necessary to situate the volume in sociological debates of the time. In part, the volume was an argument with the society-centric views of pluralists. The volume argued that pluralists focused too much on the power of interest groups and too little on the power of the state. Pluralism was regarded as having been overly influenced by the weak state tradition of the United States, which failed to acknowledge the much more powerful European state. A related debate was influenced by a renewed neo-Marxism. Classical Marxism regarded the state as in the service of the capitalist class, but neo-Marxists began to pose the question of when the state might achieve autonomy. The Evans, Rueschemeyer, and Skocpol volume took the position that the state was a critical political actor with its own interests distinct from those of powerful economic actors or of society.

This attention to the role of the state, in turn, led to greater interest in the relationships between the state and society and the state and the economy. Joel Migdal, for instance, argued that a weak state that confronts a strong society will be penetrated by societal groups and unable to effectively govern society. The state-building literature framework thus became a lens through which to understand the development of states in developing countries, which were often being implicitly compared to the development of strong European states.

New Sociological Institutionalism

This renewed attention on states coincided with a revived interest in institutions. As an institution, the state was, of course, *primus inter pares.* Although there were many versions of what came to be called new institutionalism, this section will describe the sociological version of the new institutionalism, which grew out of organizational sociology. Deeply influenced by Peter Berger and Thomas Luckmann's phenomenological interpretation of institutions in *The Social Construction of Society* and influenced by post-structuralism and developments in organization theory (described in the following paragraphs), the new sociological institutionalists sought to break with the old structural-functional view of institutions. Yet in many respects, and notably in their emphasis on the importance of legitimacy, they remained closely tied to the Weberian tradition.

A leading figure in this new sociological institutionalism was John Meyer. He and his collaborators argued that rationality was a dominant myth and that organizations achieved legitimacy by adopting the outward forms of rationality. This legitimacy was particularly important in ensuring their survival in institutional environments where organizations were evaluated as much by their symbolic compliance with dominant myths as by any more specific performance standard.

Many of the basic ideas of the new sociological institutionalism were collected in a volume edited by Walter Powell and Paul DiMaggio, *The New Institutionalism in Organizational Analysis.* Powell and DiMaggio traced the sources of new sociological institutionalism back to the work of Philip Selznick, but they distinguished their version from his in terms of their more cognitive and less normative attitude toward institutions (among other differences). The old institutionalism, they argued, emphasized the importance of socialization through the internalization of values as the key mechanism of institutionalization. The new sociological institutionalists, by contrast, viewed cognitive mechanisms—in keeping with both Giddens's concept of structuration and Bourdieu's theory of practice—as more important. Thus, they interpreted institutions as taken-for-granted ways of thinking and acting rather as than internalized values.

Organizations

New sociological institutionalism can also be located in a broader set of developments in organizational sociology that began in the 1970s. Earlier developments in organizational studies had already emphasized that organizations need to be understood as open systems shaped by their environments. However, in the 1970s, new approaches to organization emerged that pushed this open-systems perspective much further, shifting attention from what was happening inside organizations to what was happening between

organizations. Three new schools of thought developed around this shift in perspective in the 1970s: resource-dependency theory, new sociological institutionalism, and population ecology. Resource-dependency theory viewed organizations as dependent on resources secured from their environments and viewed other organizations as the critical controllers of these resources. New sociological institutionalism emphasized that institutions arose in the environment at the level of what it called the organizational field—sets of interacting organizations. Population ecology developed a model of interorganizational competition to explain the types of organizations that dominated a particular organizational population (defined, essentially, as industries).

One question that united new sociological institutionalism and population ecology, in particular, was why organizations in a field or population often came to adopt such similar forms. These two schools of thought, however, pointed to different mechanisms to explain why organizations converged on a dominant form. New sociological institutionalism argued that organizations in a particular organizational field would adopt forms that had achieved legitimacy in their environments. Population ecology, by contrast, argued that the mechanism was competition for scarce resources. More effective or efficient forms would compete more successfully and therefore become the dominant mode of organization. This debate was fairly fruitful, and although significant differences in emphasis remain, both the institutionalists and the population ecologists revised their models to incorporate elements of the competing theory.

This focus on explaining how organizations converged on a particular form—isomorphism—has also led to interesting work on social and institutional mechanisms. An influential article by DiMaggio and Powell, for instance, argued that there were three institutional mechanisms producing isomorphism: coercive, normative, and mimetic. The state is the main agent of coercive isomorphism. For instance, the state might require schools or firms to adopt particular procedures or programs. The professions are the main agent of normative isomorphism. Their training in systematic bodies of knowledge makes them carriers of similar norms into different organizations. Finally, DiMaggio and Powell argued that mimetic isomorphism—or copying—is particularly important under conditions of high uncertainty. When recipes for success are uncertain, it is rational to copy those organizations that appear successful.

Economic Sociology and Social Networks

Much of contemporary economic sociology might trace its roots back to Marx or Weber, to the American institutional economists John Commons and Thorstein Veblen, or the Austrian anthropologist and historian Karl Polanyi. In an extremely influential study of the historical development of the modern British economy, Polanyi argued, in essence, that markets are embedded in both social and political institutions, by which he meant that these institutions were necessary precursors for the creation of markets. An influential statement of contemporary economic sociology was made in the mid-1980s by Mark Granovetter when he argued, extending Polanyi's study, that modern markets were embedded in social networks. In doing so, Granovetter emphasized that market exchange requires trust and that trust often depends on the prior existence of personal relationships of obligation and reciprocity. Much like Durkheim's critique of classical economics, Granovetter argued that exchange is often social. Many studies in this tradition have demonstrated that even archetypical markets—the stock market or banking—are embedded in social networks.

The study of social networks is an important subfield in its own right in sociology. Social networks can be thought of as important to governance because they are channels of influence; the informal bases of political mobilization and power; and the conduits for the diffusion of information, norms, and innovations. In addition, the concept of network is often conceived as a way to represent the complexity of social or political processes. The sociological approach to networks, social network analysis, is distinguished by a formal mathematical approach to representing and analyzing networks. It is now a commonly used technique to

understand complex patterns of alliance and exchange in firms and markets.

Because much of modern governance is the governance of markets, such insights have important implications. Economic sociology is often, in fact, often closely aligned with the sociology of the state, social network analysis, new sociological institutionalism, and organization theory. One of the intellectual threads that often links them together is a social constructivist perspective: a desire to demonstrate that institutions—including states, markets, and organizations—are the embodiments of ideas, symbols, categories, or narratives rather than part of the natural order. For example, Neil Fligstein's *The Transformation of Corporate Control* develops the idea of "conceptions of control" as a basic institutionalist idea for understanding historical shifts in the governance of business firms. Another example is Frank Dobbin's *Forging Industrial Policy,* which argues that different political cultures have produced different conceptions of rationality in the development of industrial policy in the United States, Great Britain, and France.

The Intersections of Sociology and Governance

Up to this point, this entry has sought to provide an overview of sociology itself as a discipline, focusing on both the classical traditions of sociology and its contemporary interpretations. This section reverses the logic. Instead of asking how sociology as a discipline speaks to governance, the entry now considers how current trends in governance call for sociological analysis.

The term *governance* has, of course, varied connotations. However, a common argument is that the term *governance* is being contrasted with the term *government.* Whereas government emphasizes the role of the state to rule or govern society, governance expands the focus to include nonstate institutions and society itself as essential components of the governing process.

This sense of the changing relationship between state and society and between public and private sectors creates both opportunities and demands for a more important role for sociology. For example, new kinds of organizations are receiving increased attention as

critical in contemporary governance. Nonprofit organizations are now seen as critical providers of social services and dubbed collectively the third sector. Nongovernmental organizations (NGOs), and their variant, international nongovernmental organizations (INGOs), are increasingly seen as important interlocutors in policy formation and implementation. There is also a renewed interest in voluntary organizations as important intermediaries in collective political action and dispute resolution. Sociological work in organization theory, social network analysis, and social movement theory is often particularly relevant for understanding these organizations.

The study of governance, as opposed to government, also renews interest in communities and community building. Although the era of increasing state centralization often overlooked the role of local communities, new decentralization trends have renewed interest in the character of communities and their capacity to engage in governance. A new (or renewed) communitarianism has emerged in the social sciences, as exemplified by sociologists like Robert Bellah and Philip Selznick and political scientists like Robert Putnam. The concept of social capital, as developed by sociologists like Bourdieu and James Coleman, has become a central concept in the governance arsenal. Social capital is seen as being rooted in local communities.

Another area where a sociological perspective has become increasingly valuable is in studies of professionals and professional knowledge. Although the role of experts in government has long been a topic of concern, governance is often seen as a highly technical, hence professionalized, sphere of activity. In contemporary discussions of governance, professionals are increasingly viewed as semiautonomous actors in policy making and implementation. Networks of professionals, and the professional knowledge they mobilize, are seen as key factors shaping governance. Sociology has a distinguished tradition of studying professions and processes of professionalization. Part of the importance of the professions arises because of the increasing prevalence of science as a form of regulatory and administrative decision making. The sociology of knowledge has been one perspective

from which to analyze (and often to criticize) the knowledge claims of experts.

Conclusion

This entry has suggested that sociology's basic concerns about domination, social order, and society have many implications for contemporary discussions about governance. Communities, organizations, professions, social movements, states, markets, and social networks are among the most basic elements of governance, and sociology provides critical intellectual resources for understanding them. Many subfields within sociology are relevant to governance, but this entry has focused on organization theory, economic sociology, and political sociology as particularly relevant. These subfields provide fundamental insights into the most critical institutions of contemporary governance—organizations, states, markets, and social movements.

—Chris Ansell

See also Communitarianism; Economic Sociology; Institutionalism; Interpretive Theory; Nongovernmental Organization; Nonprofit Organization; Organization Theory; Patrimonialism; Professionalism; Rule of Law; Social Capital; Social Constructivism; Social Movement Theory; Social Network Theory; State Building

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SOUTH EAST ASIA TREATY ORGANIZATION

During the Cold War, the United States developed a number of military alliances, which included the South East Asia Treaty Organization (SEATO). In the early Cold War years, the United States had not played an especially active role in the Southeast Asian region. This changed in 1950s following the French withdrawal from Indochina. Initially, the United States focused its attention on the formation of the Australia, New Zealand, and United States (ANZUS) Treaty of 1951, which tied the treaty members to a U.S. anti-communist containment policy in Southeast Asia. Direct U.S. involvement in the region came in September 1954 when the United States, Great Britain, France, Australia, New Zealand, Thailand, the Philippines, and Pakistan met in Manila and signed the South East Asia Collective Defense Treaty, which became SEATO, in 1955.

SEATO should be viewed as part of a complex network of anti-communist military alliances championed

by the United States. At the core of this system was the North Atlantic Treaty Organization (NATO), and attempts were made to develop SEATO into a NATO-style institutionalized alliance system. This failed for a number of reasons. First, there was no real consensus among members as to what the purpose of SEATO was; the Southeast Asian states sought to safeguard their own national security, the United States saw SEATO as a psychological weapon in the struggle to contain communism, and Great Britain, France, New Zealand, and Australia were never especially committed to SEATO. Second, none of the allies sought to establish a unified command structure, and attempts to designate national forces for SEATO purposes were limited. Third, competing interests within SEATO meant that the organization remained inactive in the face of two regional security crises—a military coup in Laos in the 1960s and the crisis in Cambodia in 1970. During the 1970s, as the United States normalized relations with communist China, SEATO entered a dissolution phase—it was disbanded in 1977.

It should also be noted that SEATO emerged at a time when decolonization had given rise to a growing sense of third-world identity. It was the Association of Southeast Asian Nations (ASEAN), formed in 1967 and made up entirely of (pro-capitalist) Southeast Asian states, that was ultimately much more successful in securing the region. ASEAN differed from SEATO in that it was concerned with a wider range of issues than simply containing communism—most notably its commitment to regional economic cooperation. The United States endorsed the creation of ASEAN, viewing it as a regional organization that was better able to counter nontraditional security threats (poverty in particular).

—*Juanita Elias*

See also Asian Governance; Association of Southeast Asian Nations

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SOUTHERN AFRICAN DEVELOPMENT COMMUNITY

The Southern African Development Community (SADC) is the successor to the Southern African Development Coordination Conference (SADCC). It is necessary to have a brief understanding of the SADCC in order to introduce the SADC. The SADCC was created in 1980 as a result of an agreement among Angola, Botswana, Malawi, Mozambique, Tanzania, Zambia, and Zimbabwe, which had undergone a process of regionalization for over a century. The SADCC created a political regionalism based on two key concerns that united the member states. First, these economically weak states wished to assert a collective strength in contrast to the Apartheid regime in South Africa. Second, the SADCC aimed to facilitate the disbursement of aid from Western donors, the more progressive of which understood support for the SADCC as part of an anti-Apartheid development policy.

The SADCC was formally replaced by the SADC in 1992. This was a result of the abolishment of Apartheid in South Africa, and indeed South Africa joined the SADC in 1994, the year in which Nelson Mandela won the presidency of that country. The SADC now includes Angola, Botswana, the Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, United Republic of Tanzania, Zambia, and Zimbabwe. Institutionally, the SADC is constituted by regional summits, a complex regional bureaucracy mainly based in Botswana, interministerial groups, and an SADC interparliamentary forum.

With the entry of a democratic South Africa, both of the founding *raisons d'être* for the SADCC melted away; the SADC is an attempt to maintain a southern African regional project in light of these historic

changes. But, the entry of South Africa—which has an economy that is larger than the sum of all the other members—has been far from straightforward, and in fact the SADC has at best instituted a halting and tentative regionalism. The key issues underpinning the SADC's limited progress are listed in the following paragraphs.

The SADC's regional economic strategy has undergone a substantial change. The assumptions about state planning and inwardly focused regional economic development have been replaced by a more market-driven development strategy that aims to make southern Africa a more competitive region within a global economy reflecting a broader global shift toward neoliberalism. This form of regionalism—often called open regionalism—can only work if the member states have adequate levels of economic integration and complementarity. Southern African states are not highly integrated or complementary in this sense.

South Africa has established itself as the hub of the region. Where there is regional integration, it is not multilateral but rather "hub-and-spoke" in its spatial patterning: Mozambique, Botswana, and others all maintain strong linkages with South Africa but have far less interaction with other neighbors. The economic inequalities of the region have not been significantly mollified; South Africa remains a core in a region of peripheries. And Western aid strategies have been refocused on South Africa.

The SADC is now one form of regionalism in a complex of overlapping regional organizations. The East African Community and the Community of Eastern and Southern African States have also incorporated SADC members into their own institutions. It is unclear how this multiregionalism will affect the SADC.

—*Graham Harrison*

See also African Governance; Neoliberalism

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SOVEREIGNTY

Sovereignty is a key concept in modern political thought. It is both a complex institution and an artificial political arrangement. As such, it must be understood in the context of its historical development and its various political applications. Nonetheless, its core features are relatively stable and allow a general framework to be drawn to clarify what is at stake when speaking about sovereignty.

Sovereignty regulates relations between the rulers and the ruled, as well as relations between sovereign entities in the international arena. In both domestic and international spheres, sovereignty encompasses three aspects. The first is institutional: Sovereignty is tightly linked to the emergence of the modern state and the peculiarities of the powers it exercises. The second aspect refers to its doctrinal underpinnings: Sovereignty operates as a legitimizing concept depending on who is deemed to be the holder of sovereignty (the monarch, the nation, the people, the state). Finally, the legal dimension of sovereignty refers to the limits of power exercised by the holders of sovereignty.

The meaning of sovereignty can be explained by reference to the emergence of the modern state at a time when medieval lawyers, in particular in France and Great Britain, sought to legitimate the rights of kings and princes to assert centralized authority over the numerous entities and communities (such as feudal lords, guilds, monasteries) that had until that time enjoyed virtual autonomy within their jurisdictions. They also explicitly, and successfully, challenged the constraints imposed by the nominally supreme authority of the Pope and Holy Roman Emperor. Indeed, the first doctrinal texts dealing with sovereignty mainly focused on the necessity to preserve the state from outside pressures and internal disorder. This primacy principle must be viewed in conjunction with the principle of exclusivity: A sovereign state is mainly a territorial institution because its exercise of exclusive authority is limited to the geographic perimeter of its territory. Sovereignty encapsulates the idea that there exists a final and absolute authority in the political community, and that no final and absolute authority exists elsewhere.

To the extent that sovereignty is tied to the territorialization of power, it is also illustrative of the secularization trend. In this context, absolute authority also means that state sovereignty is indivisible, that is to say it cannot exist in degrees: A state is either sovereign or is not. Sovereignty also implies a unitary condition because the sovereign state is considered as a whole. As a result, all of the competences exercised by the sovereign state are ultimately attributable to and embodied by a single legal personality. Sovereign authority is mainly characterized by the monopoly on the legitimate use of physical force, along with an exclusive capacity to make and enforce legal norms. The making of rules and enforcement of authority are therefore the most important means to measure state sovereignty. This does not rule out the fact that some competences might be delegated to subentities (in the case of a federal state, for example) or supraentities (such as the European Union), but these political entities are still not considered to be sovereign and are not deemed to exercise a form of power characterized by the same traits.

Alongside this qualitative aspect of sovereignty is a more substantial aspect relating to the range of prerogatives exercised by the state (justice, diplomacy, defense, minting currency, regulating markets, levying taxes, etc.). The number and the nature of functions performed by the state have varied over time and according to regions. The mere fact that competences may be transferred to other entities (for example the European Union or private actors) does not necessarily mean that sovereignty is divisible or jeopardized. This is because, in most cases, these processes are themselves ultimately decided by the sovereign state itself.

Following from the first essays on state sovereignty, scholars, lawyers, and philosophers developed different and sometimes antagonistic views about who constitutes the sovereign. Those who challenged the concept of absolute state sovereignty argued that if the king exercises sovereign power, he is only empowered to do so in the name of the people (as the *corpus politicum*) and not just in the name of God. This idea led to a revolutionary conception of political power, which asserted that political society is a voluntary association of people, and that they are the genuine holders of sovereignty. This redefinition of political

power gradually upset the traditional top-down approach. The people—mainly conceived as a group of citizens falling under the authority of a single government—became vested with new individual and collective rights, in particular the right to self-determination that would later trigger the development of the democratic state model.

Henceforth, the legitimization of obedience and coercion had to be adapted in order to fit these new ideals. According to the social contract model, obedience can be justified by the fact that citizens are themselves the source of the law. Legal norms are thus deemed to express the general will, and the government is expected to behave as the true representative of its people.

This revolutionary perspective had an enormous impact on the legitimacy of the political authority but did not really alter the main features of sovereignty. To this day, the terms *national sovereignty*—which is consistent with the idea of representation developed as a condition to ensure the implementation of the sovereign right of the people—and *state sovereignty* are usually used interchangeably and function according to the same logic.

Popular and national sovereignty essentially amounts to a limitation of the power of the state and puts an end to absolutist conceptions. But the issue of the limits of sovereign power must be framed within a broader picture in order to take into account the legal aspect of the concept of sovereignty. Since the seventeenth century, sovereignty has, at times, been criticized for providing the justification for the wielding of unlimited powers, whether on behalf of the king (according to divine law), the state (i.e., the *raison d'etat*), or the people (through the general will). This kind of argument has been used in particular by proponents of liberal doctrines, who are more inclined to defend the rights of individuals against the state. Before analyzing the changes brought about by liberalism in this field, it is important to underline that originally absolute power did not mean unlimited power. In fact, the evolution in the nature of limits, which are generally conceived in legal terms, varied according to the ideologies dominant in a given place and time. First, natural or divine laws were considered normative constraints on the sovereign. On a larger

scale, a metajuridical order that combined references to God, to the laws of nature, and to the main customs (*us et coutumes*) of the country served this purpose. Of course, the effectiveness of these limits did not depend on external authorities (such as the Pope or the emperor) from which modern political authorities broke away, but rather on the way the sovereign chose to interpret them, rendering them arbitrary and potentially hazardous. Furthermore, the very nature of the social contract, as defined by Thomas Hobbes, serves to limit sovereign power: The sovereign state is instituted to guarantee the safety and security of the people, which is the ultimate reason why individuals choose to relinquish the freedom they enjoy in the state of nature. As a consequence, a state that is incapable of fulfilling its basic duties cannot legitimately demand obedience from its subjects.

The idea of sovereignty gradually began to fit into a general pattern inspired by rationalism and humanism, which were to become the principal factors explaining the development of constitutionalism and the advent of the rule of law. This development encountered serious resistance but finally became the dominant ideology in support of sustaining state authority (particularly in Western countries).

It is clear that early liberal doctrines, in avoiding the use of the word sovereignty, demonstrate their reluctance with regard to the concept. But the political system they pledged for implicitly relies on the national sovereignty model. As a matter of fact, the way in which state power is exercised and legitimized cannot be understood without reference to the main features of sovereignty previously described (supreme authority and unitary condition). On the one hand, the elaboration of mechanisms like the separation of legislative, executive, and judicial powers; the necessity to ensure a balance of powers; and the reference to reason and justice as supraconstitutional values aimed at neutralizing excessive governments served to guarantee the rights and freedoms of individuals against the state (as the sovereign authority). On the other hand, these innovations did not actually challenge the principle of the sovereign as wielding supreme authority over a defined territory. Indeed, law and especially the supreme law of the state enshrined in

the constitution mainly appeared as a useful tool for civilizing and legitimizing the exercise of sovereignty, even if the idea of imposing legal constraints on political authorities had been hotly debated.

Briefly said, the rule of law principle is based on a structural link between a state and its legal system similar to the one that brings the state and the nation together under the sovereignty principle. The three dimensions of sovereignty (state sovereignty, popular sovereignty, legal sovereignty) are intertwined in the contemporary discourse on sovereignty and operate according to the logics of its main features. However, this is not to say that tensions or contradictions between these three levels have never occurred in practice. One can point to many cases of secessionist claims or popular upheavals in which the government is no longer considered to be the genuine representative of the nation. Moreover, at the theoretical level, several authors have pinpointed discrepancies between political and academic discourses and the realities to which they purport to refer. They have raised important questions concerning the relevance of sovereignty for consolidating democratic regimes and enhancing civic participation. Nonetheless, sovereignty continues to pervade the discourses of the main political actors and represents an enduring principle for organizing and legitimizing the relationship between rulers and ruled.

As previously noted, sovereignty is also an institution structuring the international arena. The spread of the sovereignty model concurrent with the multiplication of states having exclusive jurisdiction over their domestic affairs has logically lead to the emergence of an international order (the so-called Westphalian system) characterized by the absence of a paramount political authority. On one hand, anarchy in international relations stems from the recognition of the political independence (also referred to as external autonomy) of states as a governing principle. But anarchy does not necessarily amount to disorder or chaos. As indicated by some authors, sovereignty implies a set of constitutive rules (equality of states before the law, self-determination, reciprocity, nonintervention, membership and participation in the society of states, notably in international organizations)

that are considered foundational because they lay the groundwork for certain activities. On the other hand, the regulative rules of sovereignty pertain to the day-to-day interactions between sovereign entities.

If sovereignty follows a specific path in the international sphere, the meaning of external sovereignty can also be illustrated by reference to the three previously mentioned aspects.

State sovereignty implies external autonomy, which refers to the right of each state not to be subject to another political authority. This is the negative side of the concept that expresses the formal and juridical aspect of sovereign statehood and takes the form of a legal entitlement conferred by the international society upon an entity by recognizing it as such. Negative sovereignty is therefore an absolute condition. Conversely, positive sovereignty (defined as the capacity of the state to act in international relations, that is to say its ability to project power) and operational sovereignty (whereby states choose to limit their legal freedom of action in a process of bargaining with other states when establishing principles or rules of international governance) are variable by nature. Due to its unitary condition, however, the sovereign state acts as the sole interface between the domestic and international spheres through its officials. Some other actors (for example, federal entities and NGOs) may participate in international affairs, but the ultimate authority to endorse legally binding agreements rests with the state.

The popular or national dimension of external sovereignty can also be viewed through the same lens. According to the principle of self-determination, external political authorities are not entitled to interfere in the political, social, and economic choices made by the citizens of a country (negative sovereignty). Foreign policies and diplomatic activities are supposed to serve the interests of the nation (positive sovereignty), and national interests are also deemed to determine the conditions under which a state will participate in international organizations or activities (operational sovereignty).

And finally, in the domestic sphere, limits have been set with a view to restraining the exercise of crude power politics in international affairs. Some limits are considered as inherent features of sovereignty (such as the nonintervention principle), while others relate to the natural law of nations, the common law of mankind (the metajuridical order). That which is actually considered to be the legal international system is mainly grounded in the positivist tradition. This views sovereignty as providing the means by which people can express consent to the application of international legal norms and to the competences exercised by international organizations. As a consequence, activities performed by international organizations, even if they relate to issues that are traditionally viewed as pertaining to domestic affairs, are not in contradiction with the sovereignty principle per se. If the state has previously accepted to abide by conventional or customary norms and to participate in international organizations, its sovereignty is not infringed on by the intervention of third parties willing to ensure the effectiveness of its legal commitments, as long as the ways and means of the intervention are consistent with international law (for instance, unilateral military intervention is ruled out by the United Nations Charter).

Given the absence of a superseding political authority, the international legal system appears to be less effective than domestic law. Moreover, there is an enduring difficulty in disentangling the meaning of sovereignty from the ideological controversies that surround it. Some still consider it to be an anachronistic concept that permits barbarism within and across state boundaries, whereas others continue to view sovereignty as an arrangement that is particularly conducive to upholding certain values that are considered to be of fundamental importance to individual and collective security (such as international order among states, membership and participation in international organizations, political freedom of states, and pluralism or respect for the diversity of ways of life of different groups of people, to name a few).

—*Barbara Delcourt*

See also Authority; Border Theory; Commonwealth of Independent States; Failed State; Governance; Humanitarian Intervention; Nation; Pooled Sovereignty; Realism and Neorealism; Rule of Law; Self-Government; State; United Nations Security Council

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SPACE

From a governance perspective, space is far from a natural, pregiven, purely external condition of social action. It comprises socially produced grids and horizons of social action that divide the material, social, and imaginary worlds into different places, areas, territories, and scales and also orient actions in terms of such divisions. Even the space-time coordinates of a given physical space can intersect with many spaces, places, and scales that have different identities, spatiotemporal boundaries, and social import. Cyberspace also poses complex governance issues. Such issues may even arise and have real-world consequences with regard to purely imaginary spaces and places, such as utopias, dystopias, heavens, and hells. In all cases, the material and symbolic delimitation of spaces, places, and scales and their social meanings is inherently contestable.

Overall, as a product of social practices that appropriate and transform physical and social phenomena and invest them with social significance, space can function as a site, object, and means of governance. Inherited spatial configurations and their opportunity structures are sites where governance may be established, contested, and modified. Space is an object of governance insofar as it results from the fixing, manipulating, and lifting of material, social and symbolic borders, boundaries, and frontiers. Space can be a means of governance when it defines horizons of action in terms of inside and outside and configures possible connections among actors, actions, and events inside and outside. Because boundaries contain and connect, they frame interactions selectively, privileging some identities and interests over others and they structure possible connections to other places and spaces across different scales. While such spatial divisions may generate fundamental antagonisms and more or less unrestrained conflict, they may also facilitate and require coordination across spaces, places, and scales through solidarity, hierarchy, networks, markets, or other governance mechanisms. Which mechanisms, if any, dominate and their relative success or failure vary with the primary forms of sociospatial organization, ranging from simple nomadic bands and segmentary societies through center-periphery relations to world society with its multiscalar functional differentiation and multiple bases of social fragmentation.

Space is constructed and governed at many scales, ranging from the corporeal to outer space. Individuals create their own personal space materially and socially, with intimacy and distance varying by locale, type of social relation, and capacities for surveillance-intrusion. External efforts also occur to govern bodies (including hearts and minds) and their interrelations in many ways. Thus, Michel Foucault analyzed the anatomo-political (individual) and bio-political (population-focused) practices of modern states and other disciplinary apparatuses. Other sites of spatial governance, involving enormous heterogeneity in objects, stakes, mechanisms, actors, and potential lines of conflict, include residential areas, markets, workplaces, schools, prisons, places of worship, (de-)militarized zones, public spaces, private and common land, the built environment, airspace and outer space, areas of outstanding natural beauty or special scientific interest, and so on. Even this incomplete list suggests that there is no "one best way" to govern time and space and that no actors are inherently privileged or powerful in this regard.

This said, modern states do claim special responsibilities for control over political territory as a crucial site, object, and means of governance. Statehood involves authoritative power that is collectively binding on those present in a given territory. The classic case is the modern Westphalian state system based on mutually exclusive, hierarchically organized, sovereign

national states that coconstitute an essentially anarchic interstate system that is governed, if at all, quite differently from domestic relations within states. Besides the classic Westphalian international balance of power system, we find relations of dependency, suzerainty, and colonial domination. Earlier forms of the state include city-states, classic agrarian empires with complex center-periphery relations, the patchwork medieval state system, and absolutism. A recent innovation is the European Union, with its variable geometry and evolving multiscalar system of government, governance, and metagovernance. Many other novel forms of spatial governance, such as those concerned with cross-border regions, free ports and free enterprise zones, or international trade, investment, and service regimes, are also emerging in the postnational era, leading some to suggest the arrival of a neomedieval polity. This raises interesting questions about the relations among different spatial scales of governance.

Scale concerns the articulation of bounded spaces of differing size (e.g., local, regional, national, continental, and global). A crucial governance issue here is the relative dominance of different scales and their possible disjunction across social spheres. Scale dominance derives from the exercise of power by forces at certain spatial scales over other forces at the same, higher, or lower scales. It can rest on the articulation of scales *qua* strategically selective terrains of power and domination or the capacities and activities of individuals, networks, and organizations at different scales. A particular scale may gain special sociopolitical significance by playing the dominant role in the scalar division of labor within and across different fields of social practice. For example, in Western Europe, the national scale became dominant during the postwar economic boom due to a socially constructed coincidence of national economies, national states, and national citizenship regimes. Nodal scales lack such dominance but have key roles in delivering certain activities in a spatiotemporal order. Local states, to continue the example, were nodal in postwar Europe. More marginal or peripheral scales may become sites of resistance. Creating new scales of action, reordering them, and jumping scale (selecting the scale on which effective power is exercised) are important features of power relations and the reordering of governance.

Debate continues whether the current global era has (or could have) a dominant scale of organization comparable to the national scale in postwar Europe and elsewhere or, on the contrary, it will remain characterized by a complex, tangled, disjointed, and inherently multiscalar set of social relations with no primary scale of governance.

Spatial grids and horizons of action are complexly interwoven with their temporal equivalents. Key questions of governance arise here from space-time distantiation and compression. Space-time distantiation stretches social relations over space and time so that they can be controlled or coordinated over longer distances, greater areas, or more scales and over longer periods of time (including into ever-more-distant futures). It results from the growing spatial reach of practices and is enabled by new material and social technologies of communication, transportation, command, control, and intelligence. Space-time compression involves the intensification of discrete events in real time or the increased velocity of material and immaterial flows over a given distance. It is linked to material and social technologies that enable the conquest of space by time and permit more precise control over ever-shorter periods of action. Differential abilities to stretch or compress space-time help to shape power and resistance in the emerging global (dis)order and are important for governance success and failure. For example, hypermobile, superfast, financial capital in a deregulated world market is destabilizing and has provoked countervailing efforts to redesign global economic governance.

Governing the spatial and scalar division of economic labor on a local, regional, national, or global scale poses different issues from governing social relations in a multicultural, multiethnic neighborhood. To multiply examples and complications, consider governing interfaith access to Jerusalem's holy sites, regulating flows of asylum seekers and economic migrants, monitoring extraordinary rendition, dealing with uneven economic development, controlling offshore tax havens, regulating multinational companies, defining norms of extraterritoriality in diplomacy, organizing cyberspace, and controlling military and commercial uses of outer space. This multiplicity is reflected in the variable coincidence (and noncoincidence) of

boundaries, borders, or frontiers of economic, political, and other types of activity or process in diverse contexts, in the changing primacy of different spatial or temporal horizons of action, and in the wide range of spatial governance objects, mechanisms, and subjects. Rather than convergence on one best way to govern space-time in all its heterogeneity, we find different types of spatiotemporal fix, linked to different ways of marking spatiotemporal boundaries and governing relations inside, outside, and across them. While each fix distinguishes inside from outside, the outside has a key role in facilitating effective governance inside. Spatiotemporal fixes also differentiate winners and losers internally and externally, facilitate institutionalized compromises, and enable those engaged in governance to claim success if the effects of governance failure are largely externalized. In short, space as site, object, and means of governance is intrinsically linked to temporal questions as well as to place, space, and scale and, equally importantly, to what lies outside given frontiers, borders, and boundaries as well as what lies inside.

—*Bob Jessop*

See also Glocalization; Governance Failure; Self-Organizing System; State

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Special District

One of the least understood institutions of local government is the special district. Special districts are service providers that operate within specifically defined areas and in response to public demand, though they are created by state legislation. As originally authorized, and still to a large extent, they provide a single service such as education, cemeteries, transportation, and fire protection, to name a few.

California and other Western states pioneered the special district instrument for water and agricultural needs in the nineteenth century. As of 2002, there were 35,052 special districts nationally and about another 15,000 when independent school districts were included. The Western and Midwestern states, including Texas, led in the use of this form of government.

One classification of types of special districts covers three sets of contrasting features: single-function versus multifunction, enterprise versus nonenterprise, and independent versus dependent.

Single-Function Versus Multifunction Districts

Most special districts perform one service or function. The following are single-function special districts listed by the U.S. Census Bureau: school building authorities, libraries, hospitals, health, highways, air transportation, fire protection, drainage/flood control, irrigation, sewerage, solid waste management, water supply, cemeteries, and mosquito abatement. Multifunction districts are: parks and recreation, housing and community development, industrial development and mortgage credit, natural resources and water supply, and sewerage and water supply. Not commonly found, but nevertheless extant, are single- and multifunction special districts, such as bridge authorities and, again in California, community service districts, which can offer up to sixteen different services.

Enterprise Versus Nonenterprise Districts

Special districts possess many of the same governing powers as cities and counties. They can enter into contracts, employ workers, and acquire real property through purchase or eminent domain. They can also issue debt, impose taxes, levy assessments, and charge fees for their services. Special districts, like other

governments, can sue and be sued. They can also adopt a seal and alter it at will.

Because of the nature of some services and products provided, it is difficult to finance the work of certain special districts by taxing all recipients. For example, gas, water, and electricity utilities usually charge customers by quantity consumed. Services commonly provided by nonenterprise districts include fire protection, libraries, and police protection. Sometimes nonenterprise districts charge use or service fees, which are minor sources of revenue, such as from rental of facilities and swimming pool admission charges. However, nonenterprise districts basically rely on property taxation or other taxes, such as sales tax.

Independent Versus Dependent Districts

Independent districts have their own separate boards of directors elected by the district's voters for fixed terms. Governing boards vary in membership with the size and nature of the district. One extreme example is the Metropolitan Water District of Southern California, which has thirty-seven board members. The number of members in this case is a reflection of public jurisdictions and other interests serviced by the district.

Dependent districts are governed by the elected bodies of general-purpose governments. Larger independent districts usually have a professional manager similar to a city manager to assist board members. Small dependent districts in large cities or counties, such as street or lighting maintenance or mosquito abatement districts, are often clustered together for administrative purposes in public works or engineering departments.

An incipient application of special districts, yet to be extensively tried, is use as service providers under the emerging emphasis on governance. The definition of governance is: The sum of the many ways that individuals and institutions, public and private, manage their common affairs.

In municipal governments, an aspect of governance has been requirements for public consultation and interaction with constituents on policy issues. Public hearings, referenda, petitions, polling, and the like are traditional devices of communication with constituents. More and more, however, the need to communicate even closer to citizen grass roots has been recognized. One emerging means used, especially in large urban governments, is formation and empowerment of neighborhood councils. The City of Los Angeles's experience has been most informative, with neighborhood councils serving both as channels of articulation of political demands as well as supports in relations with city councils, commissions, and departments. Although channels and agendas have traditionally been controlled by the government (except in anomic demonstrations), neighborhood councils often have their own issues. Also, the Los Angeles experience appears to demonstrate that as citizen perception of the importance of an issue increases, so does the tendency for neighborhood councils to coalesce, presenting a more formidable political force.

While neighborhood councils may, at times, be able to influence budgetary allocations to favor perceived needs of constituents, usually in a revenue shortfall situation this is difficult to do. If the need is important enough, however, there are the self-financing alternatives of special assessments and special districts. Usually, special assessments are selected for one-time projects, such as sidewalks and curbing, and special districts are used for ongoing service provision, such as street lighting, park maintenance, and storm-drainage management.

—*Gilbert B. Siegel*

See also American Governance; Local Governance; Urban Governance

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Stakeholder

Stakeholding has been articulated as a foundation for both corporate and societal governance toward economic democracy. A stakeholder can be defined as any

individual, social group, or actor who possesses a stake (e.g., interest, legal obligation, moral right) in the decisions or outcomes of an organization (typically firms, corporations, or governments). Thus, stakeholders are characterized by either being affected by or affecting the achievement of an organization's objectives. The stakeholder approach is based on the assumption that governance is more advantageous when it is guided by a principle of inclusiveness. However, the viability of a multistakeholder process is not only determined by its inclusiveness, but also by its capacity to deliver its objectives, that is, its effectiveness.

The first formulation of the term is credited to the Stanford Research Institute (SRI) in the 1960s as a generalization of stockholder or shareholder. SRI's work was focused on firms, and the stakeholder concept was focused on the firm's most closely related actors. In the mid-1980s, a stakeholder approach emerged from the work of Ian Mitroff, Richard Mason, James Emshoff, and, specially, Edward Freeman. In 1984, Freeman broadened the definition of stakeholder as including any person or group affecting or affected by the achieving of organizational objectives. The meaning of the concept has been subsequently stretched through the development of its social and political dimensions and is now a key concept for governance in general.

Stakeholder Theory and Analysis

Freeman's work was seminal in the development of stakeholder theory and in advancing academic debate. Since 1984, academic interest in a stakeholder approach has both grown and broadened. Indeed the number of citations using the word stakeholder has increased enormously. The stakeholder concept is being embraced by many as an inclusive philosophy, which can be justified by the organizations' increasing need of dealing with complex contexts. The term is widely used by academicians, politicians, managers, and consultants. However, the academic validity of the concept is disputed by those that argue that stakeholding is too vague and imprecise and the term can mean almost anything the author desires. The stakeholder approach has also been contested because of its marginal treatment of critical concepts such as equity, power, and resistance.

Stakeholder theory proposes that stakeholding has a dual instrumental-normative quality. On one hand, incorporating stakeholders' participation enhances the organization's management capabilities in a globalized context characterized by increasing socioeconomic interconnectivity. On the other hand, promoting plurality and inclusivity and recognizing the intrinsic value of stakeholders' interests makes it morally superior (e.g., in terms of democracy and social justice) to traditional managerial approaches based on the mere optimization of shareholders' gains.

In more practical terms, stakeholder theory seeks to describe and examine the connections between stakeholder legitimate interests, stakeholder management practices, and the achievement of the goals of an organization. This examination should lead to: (1) a better understanding of needs of stakeholders in order to set the bounds of operation and (2) the formulation of recommendations for increasing governance efficiency.

Stakeholder analysis typically consists of the systematic identification and characterization of the most relevant stakeholders for an organization or initiative: that is, those stakeholders exerting, or trying to exert, influence on the company's decisions and activities. Stakeholders with similar interests, claims, or rights can be classified into different categories according to their roles (e.g., employees, shareholders, customers, suppliers, regulators, nongovernmental organizations). In corporate governance, stakeholders are often classified into primary and secondary groups. Primary stakeholders are fundamental for the firm's operation and survival. Such stakeholders include owners, investors, employees, suppliers, customers, and competitors, as well as nature (physical resources and carrying capacity). Secondary stakeholders are those influenced by the firm's operations, but not directly engaged in transactions with the firm, and consequently not essential for its survival. Examples of secondary stakeholders are local communities and local business support groups. Secondary stakeholders can be of high strategic importance for the success of particular operations and activities of a company. A second methodological step consists of determining

the stake of stakeholder. Stakes and groups can be categorized as threats and opportunities that build a stakeholder strategy matrix.

Business literature has focused heavily on assessing the differential threats caused by primary and secondary stakeholders. A major purpose of these developments is to help corporate managers understand their stakeholder environments and manage their relationships with external actors more effectively (e.g., by reducing unnecessary conflict). Through stakeholder analysis, corporate managers can improve the social value of the outcomes of their actions and minimize the disservice to, and from, stakeholders. Thus, stakeholder theory would provide tools for equipping managers to develop more effective relationships with the company's environment (e.g., by reducing the firm's vulnerability to stakeholder opposition).

Stakeholder analysis is also used for policy analysis, project management, and the generation of multistakeholder processes for participatory public decision making. Public institutions can be interested in generating multistakeholder initiatives in order to avoid conflict, gain legitimacy, and deepen democracy. However, in the context of public policy, the objectives of stakeholder analysis and management are not only related with the instrumental interests of public institutions, but also with the common good and the reaching of fair decisions (e.g., by giving marginalized stakeholders a significant voice). Multistakeholder processes are associated with new styles of governance for promoting higher transparency, openness, and extended participation in public policy.

Finally, stakeholder participation has been proposed in the context of decisions characterized by high risks, uncertainty, and complexity. In these contexts, purely technocratic approaches present fundamental limitations and may lead to misguided decisions. Stakeholders' values can orient the type of scientific information (e.g., among several disciplines) that is more relevant for each decision. The identification of these values can provide the weighting of the criteria for reaching more representative decisions. Therefore, the identification of relevant stakeholders and their values is a preliminary step for taking complex decisions marked by high stakes and

uncertainty. For instance, key decisions affecting water quality issues would require the identification of everyone that has influence upon the quality of the water (e.g., polluting industries, municipalities, farmers) and anyone who is impacted by the quality of the water (e.g., fisherman, consumers, waterfront owners). According to a stakeholder approach, these people are said to have a stake in any decision affecting water quality, and their involvement is considered crucial for water governance.

Stakeholder Management and Corporate Governance

Stakeholder management contributes to corporate governance by helping to handle the multiple and often conflicting stakes held by the complex networks of groups that surround any company. The interactions, coalitions, behaviors, roles, resources, and preferences within and across the various groups composing these networks are highly dynamic. Individual stakeholders have various means of exerting influence, such as rhetoric, ethics, ruling, pressure, coercion, and market mechanisms. In practice, it is often difficult and costly, if not impossible, to identify and meet all the demands of a company's stakeholders. Consequently, it is crucial for governance to identify, analyze, and assess the meaning and significance of each individual group of generic stakeholders and to determine their respective power in order to be prepared for the conflict that may follow from the prioritizing of competing groups of stakeholders.

Stakeholder management for corporate governance provides a useful framework for managers that are forced to operate in environments characterized by unprecedented levels of turbulence and change. Traditional strategy frameworks were rendered inadequate for dealing with the quantity and kinds of change that started to occur in the business environment of the 1980s. Stakeholding proposes that corporate governance must acknowledge that stakeholders place limits on the action of the firm. However, investors that are only interested in financial returns might penalize firms that spend resources in stakeholder management. In any case, the stakeholder approach broadens the

concept of strategic management beyond its traditional economic roots and situates firms in a wider governance arena by emphasizing their interrelations with their environments.

Two main stakeholder approaches have been formulated for corporate governance. The least-inclusive approach seeks for strategies that, while considering the limitations posed by stakeholders, still lead to orienting management toward the maximization of the benefits of shareholders. In contrast, the most-inclusive approach is often formulated in terms of a new, enlightening corporate philosophy or ethos in which integrating the stakes of all stakeholders is seen as both a moral duty and a requirement for the success of the corporation. Thus, successful strategies are those that integrate the interest of all stakeholders, rather than maximize the position of one group within limitations provided by the others.

The implementation of stakeholding within a firm implies pluralistic governance structures with more than one center of authority (e.g., management board, supervisory board, social council). Multistakeholder structures tend to increase organizations' complexity. Initially, companies considered their key stakeholders to be employees, legislators, and consumers. However, as the action span of corporations broadens, a wider group of players perceives the opportunity of being regarded by companies as legitimate stakeholders. Obviously, the inclusion of an increasing number of stakeholders renders the decision-making process more costly and complicated, which is at odds with efficiency claims. A counterargument to this premise is that the stakeholders' challenging and eventual ratification (or rectification) of the board's decisions can prevent the emergence of social conflict and avoid eventual mistakes that sometimes cannot easily be reversed.

The stakeholder approach to corporate governance is closely related to the presently popular notion of corporate social responsibility. This notion highlights the increasing pressure exerted on firms by all kinds of stakeholders (e.g., consumers, governments, nongovernmental organizations, competitors) to formulate voluntary commitments to behave ethically and contribute to economic development while improving the quality of life of its stakeholders and society at large.

Stakeholding and Societal Governance

The notion of stakeholder processes is not only considered a crucial element of corporate governance but also of policy making in the broadest sense, including for instance economic policy, welfare, and sustainable development. In some cases, it has even been proposed as a platform for widespread economic and political reform to restore the state's legitimacy through major participation in the decisions of public institutions. Authority within a public system conventionally comes from the state. However, democracy is founded on citizens' representation and participation, which for efficiency reasons is traditionally limited to elections of representatives to a people's government. Multistakeholder decision making, with the direct involvement of citizens in the process of decision making, could therefore be seen as an evolution toward a more participative, and even deliberative, democracy.

Stakeholding in policy making provides a framework for dealing with the crisis of legitimacy that the modern state is experiencing due to globalization, the complexities derived from the so-called knowledge economy, and the challenges of global environmental change. On one hand, a growing number of stakeholder groups (e.g., private sector, nongovernmental organizations, civil society) are entering both the national and international political arenas. Stakeholder groups are defined here as more or less organized groups of people that could be affected by the implications of a decision and that can directly or indirectly influence the decision and its consequences. These new players are constantly challenging the state's authority and the legitimacy of its power. By seeking consensus between different social actors, the state can restore its legitimacy and defend its weakened role more effectively. On the other hand, the emergence of increasingly complex issues on the political agenda is constantly challenging the limits, structure, and modus operandi of the state. In contrast to traditional policy making, which takes place within

ministries and governments, these new issues demand multiscale and interdepartmental responses requiring the involvement of diverse actors beyond institutional and traditional political arenas. This relevance of stakeholding for policy making has been formalized through the explicit reference made to stakeholder processes in the Rio Declaration (1992), the Millennium Development Goals (2000), and the World Summit on Sustainable Development Plan of Implementation (2002). All these international policy instruments acknowledge the importance of stakeholders' involvement for sustainable development. Stakeholding is said to provide the state with an opportunity to show its capacity to deal with increasingly higher expectations and maintain its legitimacy and position as the most relevant actor within the public system. Stakeholder processes create an appearance of deliberative democracy, which is increasingly critical to liberal democratic states.

The articulation of multistakeholder processes implies a certain reconstruction of public policy frameworks toward a more participative democracy with significant implications for societal governance. In contrast to rational and centralized explanations of decision making, this reconstruction implies incremental decision-making methods. Incremental decision making is based on the hypothesis that decisions result from pressures, compromise, coalitions, and negotiations among a plurality of interdependent actors. The method of analysis implies successive comparisons among the consequences for each group of available alternatives. The objective is to reach an agreement that allows reconciling the diversity of interests as an outcome of the adjustments among the involved parts. Depending on the subject, representatives from different fields of society are not only consulted but also directly integrated in deliberative decision-making processes. Therefore, stakeholders are given the opportunity of shaping the policies that affect them.

Nonetheless, stakeholding for societal governance faces significant oppositions grounded on methodological, theoretical, and ethical questionings. From a methodological perspective there exists a critical difficulty in the definition of what really constitutes a legitimate stakeholder. There is not an objective method for distinguishing those individuals and groups that should be counted as stakeholders from those that should not. In addition, even if there were an accepted method for their identification, there is still the issue of how much relative and absolute importance is to be assigned to stakeholders. Identifying and assigning relative importance is a crucial factor for both the fairness and efficiency of any multistakeholder process. Furthermore, this factor will also determine the ability of an initiative to engage the different stakeholders after having identified them. From a theoretical perspective, stakeholding can be criticized for imposing a too-simplified view of society in which people and groups are only concerned about defending their own interests. From an ethical perspective, stakeholding for societal governance is mostly justified for its contribution to participation and democracy. However, participation can be limited by how representation is defined, the type of processes designed, and the benefits in relation to the effort required. Decisionmakers, who are the stakeholder group charged with analyzing and justifying the final decision, are usually responsible for these choices about the stakeholding process itself. In this sense, it has been argued that governmental bodies can be tempted to set up fake stakeholding processes and use them as a means for increasing the legitimacy of already-made decisions. Regardless of these important questions, there is little doubt that stakeholding is going to be a powerful concept for understanding the increasing dependency of the state on organizations in civil society.

—David Manuel-Navarrete and Cecilie Modvar

See also Corporate Governance; Economic Governance; Interdependence; Public-Private Partnership; Third Way

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STATE

The idea of the state has been associated with the notion of managing an area by legal order. The concept of the state has tended to be qualified by prefixes such as "welfare," "warfare," and "developmental," denoting the particular organization and functions of the state's institutions.

The state combines two key elements. The first element is a historical institutional reality that is linked to the specific society, political culture, and economy within which it operates and with which it interacts. The three institutional elements of the democratic state are the executive branch, the legislative branch, and the judicial branch. The second element is a philosophical idea, wherein the various theories of the state have assumed a particular relationship between the state, society, and the individual.

The significance of the state for the process of human development has remained essentially contested by the principal ideologies of liberalism, conservatism, socialism, and Marxism. The liberal democratic notion of the state, whose central underlying assumption is that the state represents the general or the public interest, has been countered by Marxist conceptions of the state that have defined state power as an instrument of political action and societal control exercised on behalf of the private interests of the dominant capitalist class.

During the 1970s, the postwar social democratic and Keynesian consensus about an expanded role for the state into the fields of macroeconomic policy, full employment welfare provision, nationalized industries, and public services was challenged ideologically by the agenda of the New Right. Contending that the state had become overloaded, sclerotic, and a source of welfare dependency, the Reagan Administration in the United States and the Thatcher Government in the United Kingdom sought to roll back the frontiers of the state through policies of privatization, deregulation, and liberalization, and to roll forward the frontiers of the market, competition, and entrepreneurship. These neoliberal policies have subsequently become the orthodoxy shaping the institutional governance of global markets. The ubiquity of the so-called Washington Consensus has been reflected by the World Bank's narrow definition of the role of the state as the construction of institutions for the market.

In the modern era of globalization and governance, the sovereignty of the state, as the highest power in its particular territory, has been challenged by the role of new public and private actors. In the public domain, the state has seen its policy choices constrained by the pattern of multilevel governance that has arisen from the constantly changing network of regional, international, and supranational institutions that constitute contemporary global governance. In the private domain of nonstate actors, both the power of the transnational corporation operating in liberalized markets for finance, trade, and investment, and also the capacity of terrorist networks (such as Al-Qaeda) to penetrate the architecture of national security to a devastating effect have presented dramatic new threats.

As a consequence, during the 1990s, the central debate in political studies focused upon the nature and impact of globalization upon the sovereignty of the state. On the one hand, proponents of the power of globalization have claimed that nation-states have now been replaced by region-states, which provide ports of entry for entrepreneurs and corporations to global markets. On the other hand, skeptics of this thesis of the powerless state have asserted that the nation-state continues to retain a significant role in both national and international governance, not least because the nature and impact of globalization have been greatly exaggerated.

The idea of the state, both as an institutional reality and a philosophical idea, remains in constant flux in debates about contemporary governance. For example, following the collapse of communism, Francis

Fukuyama had asserted the convergence of former totalitarian states toward the end point of mankind's ideological evolution. However, Fukuyama has subsequently twice modified his "end of history" theory of the state. First, he has acknowledged the importance of culture and society in determining whether the role of the state in different national models of capitalism has been shaped by the presence or absence of shared values of trust, that is, solidarity and social cooperation. Second, Fukuyama has distanced himself from his former neoconservative allies' support for the invasion of Iraq. Here he has claimed that the New Right's agenda of rolling back the frontiers of the state and rolling forward the frontiers of the market has neglected state building. Fukuyama has argued that state building depends on effective organizational design and management, the political design of state institutions and their possession of legitimacy, and the development of democratic norms, values, and culture. Because much of this latter development can only be manipulated by public policy at the margins, the transition of many weak states from their former authoritarianism toward a more liberal democratic future may be far from certain.

—Simon Lee

See also Civil Society; Globalization; Governance; Government; Hierarchy; HIV/AIDS; Hollow State; Marxism; Nation; Political Business Cycle; Postcolonialism; Sovereignty; Space; State Building; Territoriality; World Health Organization

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STATE BUILDING

In its most generic form, the term *state building* refers to the construction of an apparatus of governance defined by its monopoly of the legitimate use of violence in a given territory. Defining the modern state is a contentious project, but most scholars would recognize a core set of features, including a standing army; a diplomatic corps; a centralized bureaucracy (especially for tax collection); the replacement of ad hoc, patrimonial legal procedures with standardized, legal-rational ones; the demarcation of national economies; and the incorporation of populations as citizens rather than status groups.

This constellation of features first developed in Western Europe in the sixteenth century through the mutually reinforcing, though analytically separate, processes of making war, raising taxes, and constructing a centralized officialdom to oversee and maximize success in both war and taxation. In Western Europe, these changes were marked by the transition from feudalism to absolutism to the nation-state. State-building theory tends not to dwell on the differences of political regime that may accompany the state-building process; both democracy and authoritarianism are possible complements to modernization, but each requires a state to defend its borders, govern its citizens, and extract resources from them. An important exception to this last point is more recent scholarship on the link between democratization and state building. One influential argument is that the development of professional and effective state bureaucracies is more difficult in areas where democratization precedes the consolidation of core state institutions.

Decolonization after World War II and, later, the collapse of the Soviet Union greatly added to the number of states in the international system. The success of these state-building efforts, however, has been highly variable, ranging from failed states such as Afghanistan to neopatrimonial states such as Nigeria to developmental states such as South Korea. Changes in the international system have altered the basic dynamics of state building: The harsh selection mechanism of interstate military competition that characterized the emergence of Western Europe's nation-states no longer prevails.

Thus, the drive for rationalization is no longer an imperative of state survival, and from the state-builders' perspective, it is no longer as crucial that growth in state size be matched by increase in state capacity—especially its capacity to stimulate economic development. Instead, a host of other factors may drive state expansion. A commonly cited factor is the need to maintain a domestic governing coalition, especially in societies with divided political elites. This may lead to rapid state expansion fueled by political patronage or targeted pork-barrel spending; it may also take the more passive form of surrendering state capacity through insider privatization and the toleration of official corruption. Some have argued that international aid to less-developed countries has also had the unintended effect of diverting resources from state-building capacity.

Given these differences between early- and late-developing states, state building is perhaps best understood not in generic terms but as the result of political dynamics bearing the indelible imprint of their historical moment.

—Conor O'Dwyer

See also Capacity Building; Coercion; Contracting Out; Failed State; Sociology of Governance; State

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STATE CAPTURE

The concept of state capture has been used in political science literature as referring to the way in which private, often corporate, power has dominated public policy making. Thus, the phenomenon of state capture was described in the early critique of pluralist scholars.

Pluralism's claim was that a multiplicity of interest groups prevented any particular group from being dominant. However, the counterargument is that interest groups are not equally endowed with resources. Many commentators argue that business represents a very strong power system—far stronger than any other social group or institution—that challenges and threatens to dominate public power. The term "capture" describes how public bureaucracies have become dominated by strong and powerful interest groups. In a context characterized by a complex multitude of interest groups, the bureaucrats tend to deal with the best-organized groups as a way of reducing complexity. State capture has been used in the critique of corporatism as well. Corporatism refers to the permanent representation of well-organized hierarchical interest groups in the state apparatus, a phenomenon that may be seen as a way of the state giving in to specific interests. Both the critics of pluralism and of corporatism argue that private corporate power must be controlled by democratic institutions.

In the literature on postcolonial societies, the concept of state capture refers to the fact that neopatrimonial rulers tend to favor their own ethnic or regional group rather than the nation as such; the state is thereby captured by a specific group. A weak state may be the most prone to be captured by interest groups or even by strong individuals. A relatively strong, institutionalized state may therefore be necessary in order to avoid state capture. An institutionalized party system also may be important, for where parties are weak, traditional forms of elite interaction tend to prevail, enabling elites to capture the state apparatus.

State capture has recently been related to the postcommunist region where it describes the way the policy process, for example of privatization, has been dominated by powerful oligarchs that belonged to the old *nomenklatura* elite. Joel Hellman and colleagues thus defined state capture as a situation in which decisions are made to appease specific interests, maybe even through illicit and nontransparent private payments to public officials, rather than to the national interest aggregated and mediated through a democratic process. State capture takes place when the basic rules of the game are shaped by particularistic interests rather than by the aggregated national interest.

The literature on governance focuses on how authority migrates away from the central state both upward to supranational organs, downward to subnational units, and outward to civil society interest groups. The notion of state capture is conspicuous for its absence in this literature that mainly emphasizes the win-win potential of state-society networks. However, societal actors in the networks may well take over, and hence capture, decision making and implementation. In the World Bank, state capture is seen to be closely related to governance, particularly corruption, because giving in to particular interests often involves the use of public means for private purposes, which is the essence of corruption.

—Anne Mette Kjær

See also Corporatism; Corruption; Governance; Interest Group; Pluralism; Policy Network; Political Exchange; Rent Seeking

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State-Society Relations

Understanding relations among centralized political organizations (states) and the social collectivities (societies) they govern remains a perennial theme of social scientific, historical, and philosophical inquiry. With almost all the world's territories and peoples formally under state authority—or some form of pooled sovereignty—any discussion of governance builds on an understanding of these associations. Their centrality, however, belies their essential indescribability: Defining state and society continually tests scholars, to say nothing of efforts to characterize the wide diversity of state-society relations across time and space. Rather than presenting a single, comprehensive definition, this discussion points to a series of critical considerations for evaluating these configurations' historical emergence and contemporary manifestations.

Two primary concerns serve as the locus around which approaches to state-society relations typically diverge or overlap: the demarcation of states from their societies and the character of their engagement. The degree to which one can (or should) differentiate states from societies is critical to any conceptualization of domestic politics and governance. Moreover, there are compelling reasons for viewing the two in tandem or as inexorably coupled. After all, few societies of contemporary interest exist, or have ever existed, without some form of institutionalized political leadership or governing bodies. Similarly, it is difficult to imagine a set of formal political institutions disconnected from both a constituent population and territory. (Governments in exile may be one exception, although even they make claims to both a society and a territory.) Analyzing or comparing states alienated from their social context consequently risks undue formalism (i.e., focusing on empty institutions) or reifying (i.e., speaking of the state as a unified actor) what is in fact a conglomeration of potentially competing and overlapping institutions, officials, laws, and socioeconomic interests.

Recognizing the complexity of state forms, some scholars understand states as expressions of their social and historical contexts. However, such an approach is not without its hazards. Assuming that state behaviors and forms reflect broader social trends may mean ignoring the often-decisive role states play in shaping societies' preferences and interests, and those critical instances in which states act more or less independently. This is most evidently important in international relations (e.g., war, diplomacy, trade negotiations), where national government representatives occasionally make decisions or commitments with relatively limited reference to domestic political opinion or social interests.

The autonomy of socially embedded states is also visible in the domestic sphere. Although Karl Marx famously once defined the modern state as little more than a tool for the bourgeoisie, his more sophisticated writings describe a semiautonomous state that balances competing interests within the ruling classes.

Even the pluralists, who see government priorities and actions primarily as an expression of social interests, grant states a certain level of autonomy as they mediate conflict in pursuit of collective goals. In almost all cases, states are at once captured by (or responsive to) social interests while retaining some capacity to act independently against powerful social actors. Such discussions appear again in Joel Migdal's influential work, especially his dialogue of strong and weak states and, later, in his state-in-society approach. While useful, the question of where the boundaries lie between states and societies remains a matter of debate.

However problematic, the willingness to analytically grant the state autonomous status points to a second area of differentiation in approaching state-society relations: the qualities of links between the two. Echoing Thomas Hobbes's *Leviathan,* authors influenced by the German sociologist Max Weber typically focus on the state's ability to monopolize and systematically apply physical power (i.e., violence) over a society contained by geographic boundaries. Such expressions may take benevolent forms, with states using their coercive mandate to pursue the common good by preventing social conflict, enforcing contracts, and protecting the rights of individuals and groups. There are also conspicuous occasions when the state's coercive apparatus is used in more malevolent (and autonomous) ways: to alienate or persecute subnational populations, to conduct military operations outside its borders, or in the kind of aggressive transformative agendas undertaken (most extremely) by Adolph Hitler, Joseph Stalin, and Pol Pot.

Marxists and other structuralists accept the importance of physical power in governance, but privilege material exchanges between state and social actors in the form of taxes, pensions, wages, and other forms of spending on social and economic programs. A focus on material relations also draws attention to forms of clientelism (where states are tied to populations through payoffs), kleptocracy (where states maintain power by stealing), or the peculiar forms of governance (rentier states) that occur when state leaders' access to internationally marketable raw materials (e.g., oil or gemstones) allows them to retain power outside of any contact with the majority of their citizens.

A focus on nonmaterial ties between states and societies similarly reveals signs of both autonomy and capture, albeit through different mechanisms. Antonio Gramsci's work, for example, balances classical Marxism's materialism by drawing attention to the role of discourse, education, and language in shaping relations between political and social actors. This is visible in the ways social and political elites (who need not be state officials) consciously use state influence over the mass media, education, and the arts to promote values and behavioral norms that serve their interests. A similar focus on the power expressed through symbolic and ethical relations among residents and political leadership appears again in anthropological treatments of the state and in sociological institutionalism (new and old). These perspectives reveal that while values, norms, and symbols sustain state legitimacy and serve as powerful resources for some, they also constrain and bind the state by defining state responsibilities while limiting the scope of acceptable political action.

In almost all instances, states and societies relate in all of the ways previously described. The relative importance of these connections depends in part on one's specific area of inquiry and on historical circumstances. Indeed, comparison of political practice over time and space draws critical attention to the development of various social and political interests, the varied means of domination and resistance, and the diverse political formations these produce. Importantly, recent scholarship underscores the value of disaggregating states and societies by identifying the frequent internal contradictions and conflicts that occur within each as a source of dynamism and change. It should be recognized, however, that while such a perspective provides a holistic framework for understanding the emergence of particular political configurations, the need for historical specificity often frustrates those seeking to make broader, comparative generalizations.

Reconsidering the State-Society Framework

The previous section outlines a number of critical points for understanding the relationships between domestic states (or state actors) and their societies.

Adding to the already acute challenges of grappling with state autonomy and the nature of state-society relations, contemporary studies of governance must consider these relations in light of new processes and political trends: decentralization, globalization, and state collapse. All three are generating new political configurations that question the validity and utility of a perspective privileging dyadic relations between states and societies. Throughout much of the world, a dual process is taking place in which the authority and responsibility once vested in central states is (1) being shifted to subnational political or administrative units (e.g., provinces, regions, and municipalities), and (2) being voluntarily or involuntarily ceded to supranational, regional, and global bodies.

Driven by quests to improve government response and administrative efficiency—or to manage demands for local autonomy—decentralization and devolution are leading subnational administrative authorities to take on many of the state's primary functions, including service provision, economic policy, and elements of international relations. Due to design or the weakness of central states' regulatory capacities, such devolution generates opportunities for considerable variations in governance across a single national territory. This is sometimes formalized in federal arrangements, but often appears in less institutionalized configurations, some of which may contradict official policy. Under such conditions, speaking about state-society relations *in toto* becomes almost impossible or beside the point. One must instead make sense of the growing number of semiautonomous governing institutions, each with their own dynamic relations to each other and subnational populations.

Often accompanying devolution and decentralization, domestic state responsibilities are being transferred—through plan and practice—to regional or global bodies. This is most apparent in formal programs of economic and political integration, such as the European Union and similar (if less comprehensive) initiatives in North America, Latin America, Asia, and Africa. There are parallels in efforts to create regional or global bodies responsible for regulating areas as diverse as international trade, environmental protection, and even immigration, an issue over which

domestic authority has long been considered almost absolute.

Multinational corporations—private businesses simultaneously operating in multiple national territories—are also redefining patterns of decision making, restructuring labor markets, and affecting citizens' relations to domestic authorities (i.e., the state). These actors' material resources, frequently overshadowing those controlled by domestic authorities, mean that their investment decisions can fundamentally reshape patterns of human settlement (e.g., urbanization, household structure), infrastructure development, and social mobilization. Moreover, the relative ease with which such corporations shift investments and production—and their ability to negotiate favorable tax regimes—challenges the national government's ability to exact taxes, enforce progressive labor laws, or maintain the social democratic regimes common to past generations.

In many of the world's poorer countries, humanitarian and development aid is having similar effects on state-society relations. In certain instances, aid has enhanced ties between governments and societies by providing poor or largely irrelevant states with the resources needed to regulate or assist their citizens. Elsewhere, international assistance has encouraged (or required) officials to implement policies developed without popular consent or involvement. Even where development assistance programs demand public participation, input may be structured in ways that avoid contestation by limiting the scope of debate or excluding critical parties. Humanitarian and developmental aid's visible effects may also lead citizens to see the international community as responsible for providing services that would otherwise be deemed state responsibilities. In many instances, state actors have themselves promoted these shifting logics of political responsibility by using international actors as scapegoats: a means of absolving themselves and their administration for shortcomings or inaction.

The long-term effects of these processes on state society-relations are not yet fully realized. What is all but certain is that they will not be uniform. When supranational bodies exercise a narrow range of responsibilities or compete with relatively well-resourced and organized domestic states, relations between those

states and their societies are unlikely to undergo significant change. When the autonomy of these superordinate bodies is greater and domestic capacity is limited, logics of responsibility and political action are likely to shift in ways that may fundamentally reshape governance by circumventing national or local leadership. The last decade has seen growth in forms of political mobilization that are transnational in either their organization or in the targets of their activities. The 1999 protests against the World Trade Organization's meeting in Seattle are a conspicuous example, while appeals to global/international human rights standards by domestic and international advocacy organizations (e.g., Amnesty International) or separatist groups (e.g., the Mexican Zapatistas) further suggest a need to question the value of focusing exclusively on domestic state-society relations. The increased prevalence of such actions—many taking place outside of formal means of interest articulation—indicates a renegotiation of the social contract and a more general change in state-society relations as international actors are insinuated into domestic politics.

State Formation and Failure

Throughout much of the world, the legacies of Soviet communism and European colonialism have created patterns of state-society relations that significantly differ from those envisioned by classical theorists of citizenship, the social contract, and the nation-state. In many countries, state formation remains incomplete, with subpopulations (and their social, economic, and political processes) all but living beyond the influence of central states. Although decreasing numbers of people live in these nonstate spaces, the retreat of state influence through much of the world—a consequence of financial and political crises and reforms oriented to generating a minimalist state—has extended the number of societies (or subnational societies) that exist in near stateless environments. Such configurations are visible in poor countries' rural peripheries, although they are also appearing in the burgeoning urban slums of Africa, Latin America, and Asia. In both cases, social life is characterized by economies that are largely unregulated by the state, that have few

publicly provided social services, and also have forms of political organization that do not focus on the state or, more critically, explicitly work to escape state influence. As with other processes of engagement or disengagement, these disconnections are often driven by a combination of resource scarcity, politicians' attempts to avoid responsibilities, and efforts by residents to circumvent states that they see as predatory, unjust, or simply useless.

Conclusion

The often-disparate perspectives on state-society relations previously described stem from a diversity of normative perspectives (what we believe the state should do), the focus of our inquiries (what links between state and societies we believe are most significant), and the multiple forms in which state-society relations are realized. The growing diversity of these configurations due to decentralization, globalization, and state failure only heightens the challenge of developing a unified framework for analysis or descriptive generalization. Increasingly, the study of governance will need to rely on an approach that understands the historical origins and the contemporary dynamics influencing state-society relations in individual countries, regions, or globally. Although the state must remain a central component of critical analysis, there is also now a need to make analytical space for transnational actors and forms of political organization that exist outside a state-society framework but have direct influence on state-society relations. The administrative frailty of states throughout much of the world also demands a consideration of nonstate spaces and variations in state-society relations across a single, national territory. This may undermine the state as the fundamental unit for comparative study, but promises to improve the accuracy—and utility—of future analyses.

—*Loren B. Landau*

See also Association; Center-Local Relations; Citizenship; Clientelism; Constitutionalization; Decentralization; Embeddedness; Globalization; Governance Failure; Humanitarian Intervention; Marxism; Multilevel Governance; Network; Network Society; Political Business Cycle; Postmodernism; Power; Rule of Law

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STATE STRUCTURE

In almost all of the literature on governance, the state is appealed to as a structural variable—a context in which actors are situated rather than an actor in his or her own terms. This structural emphasis upon the state is reflected in the centrality of the term *state structure* to the analysis of processes of governance. State structure refers to the institutional form that the state takes in a particular location at a particular point in time—from the responsibilities it takes on, to the functional differentiation of tasks between the institutions and organizations that together comprise it, and to its (often regulatory) relationship to both the market and the realm of civil society.

Somewhat more specifically, state structure might usefully be seen as one of a family of related terms, operating at different levels of abstraction or generality. At the highest level of abstraction, theorists of the state refer to the concept of state form—the most general type of state to which a particular state might be seen to belong. Thus, we might speak of the capitalist, feudal, or patriarchal form of the state. At an intermediary level of abstraction, state theorists refer to the concept of state regime. In so doing, they appeal to the existence of more or less stable stages in the development or evolution of a particular state form. Therefore, having identified a particular state as a capitalist form of the state, we might further categorize it as, say, a (Keynesian) welfare state or as a competition state. Thus, we are identifying the state regime to which it might be said to correspond. Finally, and at a somewhat lower level of abstraction, theorists of the state refer to state structure. Consequently, they focus on the specific institutional and organizational configuration of the state in a particular context at a particular point in time. Therefore, having identified the state in Sweden in 1970, for instance, as a capitalist state (its state form) and as a Keynesian welfare state (its state regime), we might focus in on the distinctive institutional and organizational features of this particular Keynesian welfare state at this particular point in time. Hence, we would be describing its state structure.

The appeal to the concept of state structure reminds us of the extent to which the autonomy and agency of political actors are both shaped and conditioned by the contexts within which they are exercised. As such, it sharpens the political analyst's purchase on the opportunities and constraints that political actors must negotiate in exercising power. Political analysts sensitive to the state as a structured domain of political action are less likely to see political actors in voluntarist terms—as free-willed subjects in almost complete control of their destiny and able to shape political realities in the image of their preferences and volitions. In contrast, state theorists tend to see the ability of actors to realize their intentions as conditional upon often-complex strategic choices made in densely structured institutional contexts that facilitate certain strategies while militating against others.

As this suggests, the parameters of political possibility are, to a significant extent, delimited by state structure.

—*Colin Hay*

See also Marxism; Regulation Theory; State

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STEERING

Steering is one of the metaphors commonly associated with governance. Scholars have discussed governing in terms of the role of the coxswain and have noted that there may be several helmsmen involved in the steering process, with politicians and bureaucrats often competing for control over policy. The familiar metaphor of the "ship of state" implies that there is a need to provide direction to the economy and society, and that the public sector is charged with a principal role in providing that direction.

Although the steering metaphor is a useful one, and is one that is commonly employed to describe governance, if it is to be any more than just a metaphor then various dimensions of steering need to be considered and developed. Therefore, the process of steering in government is from the perspective of (a) Who steers? (b) How do they steer? (c) What are they steering toward, and who gets to decide on the goals? (d) How accurate does steering have to be? and (e) How do governments respond to their own decisions about steering and what enhances the steering capacity of governments (and their partners)? To some extent these questions represent a general set of questions concerning governance, but this entry will attempt to focus attention on the process of steering itself.

Who Steers?

As indicated at the beginning of this article, there has been a good deal of debate about who is, and who should be, responsible for steering contemporary societies. This debate occurs at two levels. At the more general level, scholars have been engaged in a debate over the relative roles of official and unofficial actors in governing. Within the public sector there has been a discussion over the relative importance of elected officials and bureaucrats in governing. These two levels of debate have both empirical and normative dimensions, questioning the actual practice of governing, as well as the pattern of governance that would be most desirable, given the particular set of premises that any one analyst may bring to the debate.

The discussion about the role of nongovernmental actors in governing reflects the power of social actors and networks in some societies and the more general movement of governments to involve societal actors in making and delivering public policy. It is difficult to deny that nongovernmental actors play a significant role in the overall process of steering, although it may be too easy for some enthusiasts of this approach to forget that the influence of these social actors is exerted within a framework that depends heavily on public authority and law. Likewise, it is also easy to forget that the involvement of social actors is not exactly novel but has been in existence for decades.

The second debate centers on the relative capacity of politicians and civil servants to steer and to govern effectively. Elected politicians are often characterized as less knowledgeable than their civil servants about the policy areas for which they are responsible; elected politicians often are under significant time pressures that leave them virtually incapable of providing direction to their ministries. On the other hand, civil servants may be too closely tied to their individual departments and programs and hence incapable of guiding the society in other than a very narrow manner. The normative arguments in this debate are perhaps more compelling than the empirical ones, given the importance of maintaining democratic control over policy and public organizations.

How to Steer?

Steering is not easy, given that governments (and their partners) are attempting to alter the behavior of large numbers of actors and influence complex social and economic processes that have their own internal logics. Governments may appear powerful but society is too, and society is often resistant to change. In attempting to steer in these treacherous waters, governments have a number of instruments at their disposal. Any number of classification schemes have been advanced for the instruments available to government, with all of these schemes (including law, money, and information) as central assets for the public sector when it attempts to exert its influence. Therefore, the choice of instruments to match both the characteristics of the situation and the resources available to the actors responsible for governing is a crucial aspect of public governance.

The involvement of social partners in governance is also relevant for this dimension of steering. Lester Salamon argued in 2000 that steering is moving toward new governance, involving consultation rather than command and control, and depending heavily on the social partners. The new governance therefore implies that steering may be done at a distance, and governments will be able to exert their influence through less direct, but perhaps in the end more effective, mechanisms. These instruments for implementing governance will also have to be matched with the particulars of policy and social settings and may not be feasible in all settings. For example, when there are sharply conflicting policy views in a domain, or if the fundamental rights of citizens are in question, governments may have to undertake more of the steering function themselves, rather than depend upon cooperative solutions to the problems.

Toward What Goals Is Society Being Steered?

The governance literature often ignores the crucial question of goal selection when it discusses steering. The selection of goals, and especially collective goals that can encompass and integrate a range of individual policies, is crucial to governance, just as having a destination is crucial for steering a ship. It is important for each program and organization delivering public policies to develop its own goals, but steering implies a more strategic vision of where the society should be going, and what instruments are required to get it there. Such a strategic conception of steering involves a means of identifying those collective goals and of coordinating and linking the actions of individual programs.

Goal selection as an aspect of the steering process may be less amenable to the involvement of the social partners in governance than are the other dimensions. Social groups may know what their members want and need, but by definition may not be particularly interested in broader visions of a societal future that always gives each group what it wants. While these groups and organizations should certainly be involved in determining goals for society, a more authoritative process, and one that has clearer decision rules, may be needed for goal selection. Also, goal setting as a precondition for steering therefore requires decision-making processes that can reconcile competing values and competing conceptions of appropriate goals. Given the existence of constitutional rules, and the legitimacy derived from direct connections with the electorate, this aspect of steering may be the particular province of the formal institutions of government. Social actors should not be denigrated too much, however, given that political actors will also continue to press for their own views of the desirable goals for the society despite apparent losses at different stages of the process.

Even for government institutions, developing goals that cut across existing boundaries of programs and policies is not easy. The only actors that have any strong incentive to develop such goals are the executives at the apex of government—presidents and prime ministers—and the central agencies, such as ministries of finance charged with both serving those top executives as well as deciding on priorities among competing programs. Thus, steering in a manner that does more than simply validate the preferences of individual departments, and their allies in the society, can be centralizing and drives decisions upward in the public sector. Much of the political and managerial ideology of the past several decades has stressed

decentralization, but as governance becomes a focus for the public sector, there may have to be greater emphasis on the possible virtues of more centralized solutions to public problems.

How Accurate Does Steering Need to Be?

Striving to reach social goals is obviously important for governance, but societies need to think about how close to those goals is sufficient to say that governance is effective. Again, the answer to that question could depend in part on the particular policies in question and perhaps on the individual political system. For example, reaching economic targets within a few percentage points may be acceptable in affluent countries, while the same level of success or failure might be less acceptable in poor countries striving to provide a minimal standard of living for its people. Likewise, achieving targets on protecting fundamental civil and political rights may be more important than targets on even economic problems.

The importance of the accuracy of steering in governance may be a function of the political culture of countries as well. In liberal societies such as the United States that tend to depend less on the public sector than do many others, the accuracy of steering may be relatively unimportant. Likewise, strong societies provide some redundancy for the public sector so accurate public steering may be less crucial for success. On the other hand, in newly industrializing countries that have adopted a state-led model of economic development, the accuracy of steering may be much more central to the overall success of the social and economic systems than in more affluent and less étatiste (state) systems. Certainly the failure of centrally planned economies to be able to steer accurately was one of the causes for the demise of most of these systems.

How Do Steerers React to Their Previous Actions?

It is worth considering steering as a continuing process rather than as a single decision. When steering an automobile, steerers react to their own previous actions to keep the car on the road and going where they want it to go. This is especially true if driving on slippery roads where a slight bit of oversteering may cause a skid and lead to an accident. Systems of governance also need to identify the results of their own actions and continue to adjust interventions in order to reach their goals, and to do so as efficiently as possible.

In 1964, Karl Deutsch wrote about a cybernetic model of government. Deutsch argued that one could conceptualize governing as a cybernetic system, analogous to a thermostat and its relationship to temperature in a house. The thermostat registered the temperature of the house and when there was a need for more heat, it turned on the furnace. When "governance" was successful in implementing a policy, then the "thermostat" turned the "furnace" off. Likewise, attempts to steer on the part of government would involve assessing the success or failure of efforts at policy making and adjusting subsequent steering attempts. Thus, the assessment would require a predetermined set of goals (analogous to the desired temperature) as well as a mechanism to implement changes in the existing conditions.

Actors involved in governance would like to have as simple a task as that of the thermostat. In most instances, there are no clear indicators of success, failure, or the desirable state for the economy or society. Likewise, those desirable outcomes of governance are rarely agreed on by all segments of society, so the political battles over the types of interventions by public action will be as continual as the need to respond to changes in the environment. Even when there are relatively clear measures of goals available to decisionmakers, as in economic policy, there may be a number of important goals—high growth, low inflation, high employment—that need to be balanced, and finding and implementing that balance can be a difficult political process.

A society in which the actors are involved in public governance plays a significant role in the capacity to respond to previous attempts at governance. Governance theorists have stressed the importance of social actors for governing, and these actors may be especially important for providing feedback to official actors about the effectiveness of efforts at governing. The effectiveness of the official actors in registering

such feedback will depend, of course, on their receptivity to that information. Paradoxically, a strong society may also make governance more difficult if the social actors are unwilling to cooperate and are unwilling to deviate from their inertial patterns of coping with issues.

While society tends to preserve its own patterns of behavior, governments may also. Therefore, even if the evidence coming from previous public interventions is less than positive, governments may not alter their steering patterns, but rather may simply continue to do what they have been doing, but do it better or more intensely. Governments as a whole, and especially the individual departments and programs in government, have their own ideologies and routines that will reduce their responsiveness to their own actions or indeed any other feedback. These tendencies are exaggerated in political systems with a tradition of étatiste dominance over society.

Conclusion

Steering is not easy. Although governments, whether alone or in league with social actors, may appear powerful, they often confront equally powerful social forces. Societies that governance actors confront are often highly inertial and tend to persist in established patterns unless there is a good reason to change. Likewise, the governance actors themselves tend to find change difficult, and may not want to abandon failing programs even in the face of largely negative feedback from their actions. All of these rigidities tend to reduce the capacity of public action to respond effectively to needs and opportunities in society and to match interventions with the continuing change in society. However, a well-developed society may also be an asset for would-be steerers, providing that the society contains social actors that are capable of cooperating with the public sector.

One clear conclusion from the previous discussion is that not all steering devices are suitable for all instances, whether policy areas or political systems. The assumption of much of the analysis of governance is that the public sector should attempt to adopt a single model of governance that can be suitable, and

effective, in almost any case. It can be argued that instead of that uniformity steering, including at least the types of instruments utilized, the involvement of social actors, and the necessary accuracy of the resultant steering, it should instead be considered contingent on the nature of the state and society involved in the process. Further, the contemporary governing ideology favoring decentralization may have to be reconsidered in light of needs to provide central direction and steering.

—*B. Guy Peters*

See also Complexity; Culture Governance; Governance; New Public Management; Policy Network; Political Exchange

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STRATEGIC PLANNING

Strategic planning is an unavoidable part of organizational management and decision making in public, private, or nonprofit organizations. It is a means of establishing major directions for organizations and a structured approach to anticipating the future and exploiting the inevitable. Through strategic planning, resources are concentrated in a limited number of major directions in order to improve effectiveness and

performance of an organization. Strategic planning is a tool for finding the best future for the organizations and the best path to reach that destination. As with any management tool, it is used to help an organization do a better job—to focus its energy, to ensure that members of the organization are working toward the same goals, and to assess and adjust the organization's direction in response to a changing environment. In short, strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future.

The strategic planning process is strategic because it involves preparing the best way to respond to the circumstances of the organization and its environment. The process is disciplined in that it calls for a certain order and pattern to keep it focused and productive. The process raises a sequence of questions that helps organizational leadership examine experience, test assumptions, gather and incorporate information about the present, and anticipate the environment in which the organization will be working in the future. Strategic planning is ultimately a set of decisions about what to do, why to do it, and how to do it. Strategic planning sets priorities for organizations. Because it is impossible to do everything that needs to be done, strategic planning implies that some organizational decisions and actions are more important than others. Much of the strategy lies in making the tough decisions about what is most important to achieving organizational effectiveness.

Strategic Thinking and Strategic Planning

Strategic planning is only useful if it supports strategic thinking and leads to strategic management. Strategic thinking means asking, "Are we doing the right thing?" Strategic management entails attention to the big picture and the willingness to adapt to changing environments. There are a variety of perspectives, models, and approaches used in strategic planning. The way that a strategic plan is developed depends on the nature of the organization's leadership, the culture of the organization, the complexity of the organization and its environment, and the size of the organization.

Strategic planning can provide a long-term map on how to get from where the organizations are and where they want to be. Because it encompasses activity over several years, a strategic plan will need to be twisted over the course of time; various assumptions made in creating the plan ultimately will not hold true.

Why Is Strategic Planning Essential?

Formalized strategic planning grew out of budget exercises of the 1950s in the United States and spread rapidly. By the mid-1960s and throughout the 1970s, strategic planning was occurring in most large corporations. Even the federal government used a Planning-Programming-Budgeting System (PPBS) during this time. Public and nonprofit organizations recognized the usefulness of strategy formulation during the 1980s, when the notion of marketing for public and nonprofit organizations gained prominence. Most well-known models of public and nonprofit strategic planning have their roots in the Harvard policy model developed at the Harvard Business School. The systematic analysis of strengths, weaknesses, opportunities, and threats (SWOT) is a primary strength of the Harvard model and is a step in the strategic planning model.

Benefits of Strategic Planning

Strategic planning clearly defines the purpose of the organization and establishes realistic goals and objectives consistent with that mission in a defined time frame within the organization's capacity for implementation. It communicates those goals and objectives to the organization's constituents. Strategic planning develops a sense of ownership of the plan. Strategic planning ensures the most effective use is made of the organization's resources by focusing the resources on the key priorities. It provides a base from which progress can be measured and establishes a mechanism for informed change when needed. Strategic planning brings together everyone's best and most reasoned efforts that have important value in building a consensus about where an organization is going.

The indicators to be used in assessing organizational effectiveness must be chosen from several possible areas and data gathered from several possible

sampling frames. The pattern of strategy in an organization is determined not only by the plans and actions of its leaders but also by forces in its external environment. Because both organizations and environments can change over time, and because different agencies operate under different conditions, no single strategy is universally viable.

Organizations cannot be effective unless they know where they are headed. Effectiveness is not random—it begins with a clear vision, mission, and goals. Formal strategic planning approaches establish missions, goals, and visions. Strategic management offers a means of systematically thinking about and reviewing an organization's direction, environment, and strategies. Strategic planning is essential and continues the process for public organizations that wish to determine their own vision and mission. But strategic planning and continuous change requires committed leadership, a supportive organizational culture, an established structure for coordinating and managing the implementation process, and the ability on the part of organizational members to participate in the planning process. Participation can be a powerful device for directing the energy of participants in the public organization.

Recently, we recognize the world of public and nonprofit organizations to be unstable, filled with fluctuation and change. In this rapidly changing environment, complexity limits management control and continuous learning is essential. To cope with this environment, public and nonprofit managers should develop a comprehensive strategy for effective organizations. The result of this recognition is an understanding that public and nonprofit managers must develop comprehensive strategic planning and management. The effective public organization is one that maintains a state of continuous learning and renewal.

—*Naim Kapucu*

See also Collaborative Planning; Communicative Rationality; Dirigisme; Leadership; Planning; Policy Development; Urban and Regional Planning

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STREET-LEVEL BUREAUCRAT

Used for the first time in 1980 by Michael Lipsky, the expression street-level bureaucracy indicates the public services whose agents, called street-level bureaucrats, are in direct relation with the public (teachers, police officers, legal aid lawyers, social workers, agents of institutions managing social payments). The interest of such an approach is to analyze public action, not from the point of view of institutions but by bottom-up observation of the interaction between agents and clients. It is generally at this level that the citizens' representations of the institutions and state are built. The way in which administrations individualize the treatment of social problems through face-to-face relations between their workers and the public is not a residual dimension of public action but, on the contrary, a structural characteristic of bureaucratic work.

The relations between street-level bureaucrats and clients are generally seen as ones of domination. This domination is not abstract but very concrete. The agents that categorize individuals using social, racial, and behavioral stereotypes construct them in a bureaucratic identity. But in fact, these relations are more complex than it appears. The good ordering of interactions depends upon the implementation of routines by the agents and on the acceptance by the client of his or her bureaucratic identity. But this order changes when the latter rejects the way in which agents construct them as a problem. The personal characteristics (gender, body, reasoning, and affects) of the agent and client then become important and make the exchange much more subjective. Thus, the client becomes a genuine actor developing strategies (violence, tricks, seduction, claims, or suffering) in order to transform their identity and at the same time those of the agents. This process reveals human

resources that are normally invisible during a routine activity.

The crisis of traditional social regulation has increasingly transformed the public services into places for the expression of dissatisfactions and misfortunes. This development explains why many institutions have created ombudsmen to manage a process of institutional adaptation to this new reality. In this context, the role of street-level bureaucrats is to make permanent adjustments between the obligation to observe abstract bureaucratic rules and the necessity of adapting them to singular situations. Their autonomy and their capacity of interpretation confer on them the role of policymakers. Of course the content of public policies depends on broader political and socioeconomic elements; nevertheless, their implementation by street-level bureaucrats can transform their meaning.

—Jacques Faget

See also Bottom-Up Approach; Bureaucracy

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STRUCTURAL CONTINGENCY THEORY

Structural contingency theory is a paradigmatic framework for understanding how organizational factors of size and strategy and environmental factors, such as changes in technology and markets, shape the internal structure of organizations. Its three chief claims are (1) no one organizational structure is effective for all organizations, (2) some ways of organizing are better than others, and (3) organizations whose characteristics best match environmental requisites will do better than those whose features do not. The underlying premise is that organizations are not merely autonomous, self-directed entities oriented toward their individual ends but instead are components of larger social systems. As such, they are subject to external and internal pressures that must be taken into account when organizing tasks and lines of authority. Organizational size and strategy and environmental uncertainty generated by technological innovation and market change determine organizational hierarchies of authority, power and control, rules and norms governing decision making, communication and information flows, and patterns of both formal and informal behavior.

The goal of contingency theory is to identify and explain differences between organizations in terms of the relationships between structure and the contingencies shaping it. To achieve successful performance, an organization aligns its structure with these contingencies. In contrast to classical management theories of organizations that posit an all-purpose, best way to organize an enterprise, contingency theory turns toward identifying the appropriate (rather than maximal) degree of authority and specialization. Because organizations whose characteristics best match environmental requisites will do better than those whose features do not, some ways of organizing are better than others.

Contingency theory addresses a fundamental fact of organizational life: Changes in the size of an organization alter its structure. Growth increases the need for multidivisional structures to accommodate specialization. But it also determines the degree to which the activities of the enterprise follow a formal set of rules that govern authority relationships. As organizations increase their scale, they create rules and norms governing decision making, communication flows, and information processing. The design of organizations in the classical framework is based on the expectation that the optimal structure for any enterprise consists of a set of relationships in which planning and decision making emanate from the top and penetrate lower levels as tasks become increasingly routinized. In this framework, organizational effectiveness (success or failure) rests on the extent to which formal authority relationships regulate behavior as a firm grows. However, after a certain point, centralized decision

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making is inefficient. Bureaucracies are good examples of the threshold effects of growth on the internal arrangement of organizations. As the number of organizational members increases, a well-coordinated centralized structure is superseded by a decentralized one. Delegation of authority is the hallmark of large enterprises with complex structures, while smaller firms can maintain simpler command structures because management can personally make effective decisions.

Contingency theory also addresses the effects of strategic choice on organizational design. In order to achieve a high level of effectiveness, organizations adapt their structures to changes in strategies. Like size, strategy affects functional and divisional ways of assembling organizations. A divisional structure (i.e., differentiated by multiple product or services lines) best fits a diversified strategy because it has numerous product or service markets and these must be organized into their own divisions. In contrast, a strategy that issues in a single product line or a simple set of tasks fits best with a functional structure (i.e., differentiated by functions such as marketing, sales, and production) because its focus on a limited market or service requires specialization. Creating an increasingly differentiated structure introduces difficulty in the coordination of organizational processes, creates conflict, and increases the need for resources devoted to coordination and control. Increasing structural complexity includes the advantages of predictability and routinization but is often accompanied by the disadvantages of rigidity and organizational dysfunction.

Because no organization can generate all its own resources, organizations must engage in exchange relationships with other organizations in their environments and these relationships create interdependencies. Different environments create different kinds of dependencies, and organizational structure reflects differential environmental influences. Environmental uncertainty entails changes in market conditions and technologies. Environmental uncertainty enters an organization by way of the tasks and work performed. Innovation increases task uncertainty because new technologies for doing previously routine organizational activities may now predominate. The more uncertain the task, the more information that must be processed, and the less likely tasks can be routinized. With increasing innovation, diverse (nonroutine) organizational subunits may become important players in carrying out tasks. This alters coordination and control of activities. Research shows that centralized structures and hierarchical relationships are most effective only when tasks are certain and environments stable. A hierarchical structure matches a stable environment because this type of structure is most efficient when activities can be planned and coordinated in advance. Centralized control is efficient for routine operations, although a less hierarchical, decentralized, more participatory structure is better for nonroutine decision making. Tasks with relatively low uncertainty are more effectively performed in the context of centralized hierarchical authority, because, in addition to ease of planning, it is cost effective. As task uncertainty increases, hierarchical coordination and control must give way to more flexible relationships. These include greater participation and team-based networks that can quickly adapt to changing conditions. Organizations that do not modify their structures when these contingencies prevail are likely to experience diminished performance.

—*Matthew E. Archibald*

See also Organizational Structure; Organization Theory; Resource Dependency Theory

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SUBSIDIARITY

The principle of subsidiarity involves a method of governance implying a distribution of competences for public action between various levels of power. In recent years, subsidiarity has become an important concept in a number of fields: philosophical, legal, and political.

It is difficult to give a precise definition of this term, which is characterized by strong fluidity and a polysemous nature. To do so, it is necessary to take into account the formal dimension of the principle by examining its use and instrumental dimensions. The application of the principle of subsidiarity varies widely according to cognitive, institutional, and political configurations.

Subsidiarity: A Time-Honored and Polysemous Principle

Applied to a large number of fields of analysis, the principle of subsidiarity is multifaceted and flexible. Historically, ancient medieval thought did not take into account the aspect of efficient public action presently denoted by this term. The principle of subsidiarity is mentioned in the works of philosophers such as Aristotle and Saint Thomas Aquinas. The objective of the principle was to determine the link between the community (cities, village, family) and the individual. The central idea was that whenever an individual is capable of meeting one's needs, the community should not interfere. The principle was applied by the Roman Catholic Church in a similar manner in an encyclical of 1931, which defined a doctrine of organizing social relationships.

From these philosophical and religious approaches, the concept of subsidiarity gradually came to be used as a legal and political principle for the distribution of competences between various levels of public action. As it became a legal and political norm, the principle of subsidiarity became a method of governance that was seen as an effective and democratic form of direct government close to citizens. Therefore, the aim of subsidiarity was to determine a fair balance of competences while taking into account the skills and resources of different levels of power. In this way, the principle represents a good and just rule of governance.

The Principle of Subsidiarity: A Method of Governance

The principle of subsidiarity is a method of legitimate recourse to a certain kind of action. Given the fact that subsidiarity is perceived as being not only a principle of organization, but also one of efficiency (subsidiarity management enables better implementation thanks to proximity, competence, and autonomy) as well as a political doctrine, its application varies according to the levels of intervention and the institutional and political configurations of the actors.

The principle is used most often as a standard of legitimacy and thus as an element of what some people call good governance. Under such circumstances, the lack of precision of the concept partly explains the success of the principle. At the present time, the subsidiarity method is observed more and more on the national, community, and even international levels (such as the Rio de Janeiro Declaration on the Environment and Development in 1992).

On the national level, the principle of subsidiarity has served as the basis of the constitutional and legal architecture of both the Federal State of Germany and the Swiss Union, each with a relatively different formal dimension due to their historical and political logics.

However, it is unquestionably at the level of European integration that the principle of subsidiarity has been the most successful. More than a simple legal principle within the community framework, it is a resource that can justify either the change or the maintenance of a system of public action, whether it is at the European, national, or regional level. The European institutions, as well as the states, have accepted this principle, expecting it to serve their perspective interests.

As far as the Treaties of the Union are concerned, the principle of subsidiarity appeared for the first time in the Treaty of Maastricht, adopted in 1993. The application of this principle at the community level indicates its ambivalence. Subsidiarity is not synonymous with decentralization. On one hand, the subsidiant principle

can allow community institutions to intervene in certain fields and, on the other hand, place restrictions on the competences of the European Union. For example, in 1990, the principle was used during the Intergovernmental Conference on Political Union and on Economic and Monetary Union in order to limit the increase of community competences. In the field of social affairs, justice, freedom, and security, European states remain attached to the implementation of the subsidiarity system because it is often in the name of this principle that it is possible to prevent certain questions from appearing on the European Community's agenda. The use of this method also has an impact on the process of the construction of the European Union.

In the name of subsidiarity, an action can be refused or accepted depending upon institutional and political conditions and configurations. By virtue of the aspect of polysemous inherent in subsidiarity, this method of governance is destined for success given by strength of internationalization and Europeanization. More and more, the concept is referred to as a political norm allowing better regulation at both the EU (for example, Project of the European Constitution, Title III Article 9 on Union competences) and international levels. The understanding of the principle thereby constitutes a highly pertinent heuristic prospect as a legitimate act.

—*Antoine Mégie*

See also Center-Local Relations; Decentralization; European Governance; European Union; Interregional Relations

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SUBSTATE REGIONALISM

Regionalism is an ideology and political movement that seeks to advance the cause of regions. But it is necessary to distinguish two quite different meanings of the term *region.* In international relations theory, it refers to a group of countries, such as Western Europe, the Western Balkans, or Southeast Asia, that are linked by geography, history, or economic features. Used in this sense, regional integration refers to attempts to reinforce the links between these countries. Today, the foremost example of such an attempt is the European Union (EU). In the second meaning of the term, region refers to a territory that is located within, or sometimes across the borders of, a nation-state. In this sense, different kinds of regions may be distinguished: political regions, which usually possess some form of elected regional government; administrative regions, which are geographical entities created for the purpose of administering a service such as a health region or an electricity region; geographical regions, which refer to a geographical feature, such as mountain regions, island regions, coastal or maritime regions; and, finally, economic regions, such as agricultural, industrial, or declining industrial regions. As a general rule, the political or administrative regions refer to levels of government or administration immediately below the national level. But, in some cases, as in the Netherlands, it refers to a level located between the *provincie* (county) and the *gemeente* (municipality). In Sweden and Finland, what are sometimes translated as regions—the *län*—are what would be called counties in the United Kingdom. Furthermore, the two experimental regions in Sweden, *Västra Götaland* and *Skåne,* which were established by amalgamating existing counties, are, constitutionally, simply counties. In some countries, as in Spain and Italy, there is a hierarchical relationship between the region, or autonomous community, and local authorities, while in others, such as France and Sweden, there is no hierarchical relationship. The difficulty of comparing across states is illustrated by the EU's classification of subnational levels of government and administration for statistical purposes, called N.U.T.S. (*nomenclature des unités*

territoriales statistiques). N.U.T.S. 1 is the level below the central state. In some countries, such as Belgium, the regions below the central state are N.U.T.S. 1 level, while in Finland, the regions are N.U.T.S. 2.

A final distinction may be made between regionalization and regionalism. Regionalization is a top-down process emanating from central governments or the EU to either set up political or administrative regions within a state or to implement regional policies. It is a policy or administrative process aimed at a territory, the formulation and implementation of which does not necessarily involve the inhabitants of that territory. Regionalism, on the other hand, is both an ideology advocating the setting up of political regions within nation-states and a political movement through which the population of a territory seeks to achieve this end. Regionalist demands may be based on the affirmation of linguistic or cultural identity or both, on perceptions of oppression by the nation-state, on the demand for political or economic equality, or on a combination of all these elements. These two distinctions are sometimes called top-down regionalism and bottom-up regionalism, but the distinction used previously is clearer in that it uses a different word for what is, in reality, quite a different phenomenon.

Regionalism has its roots in nineteenth century Europe and was a reaction to the emergence of the unitary nation-state as the dominant form of political organization. As a political ideology, it was developed by individual thinkers and groups opposed to the emergence of the nation-state and the liberal democratic political system associated with it. It was found especially among the Bretons in France, the Flemings in Belgium, the Catalans and Basques in Spain, and the Sardinians in Italy. In the United Kingdom, the movement for Home Rule in Ireland and similar movements in Scotland and Wales could be regarded as forms of regionalism. Sometimes, regionalism took the form of minority nationalism, as in the Basque Country, Brittany, Corsica, and Ireland, and there was some overlapping between adherents of the two movements. The difference between regionalism and minority nationalism was that regionalists limited their demands to a greater degree of political autonomy within the nation-state, while minority nationalists sought

complete independence and the setting up of their own nation-state. In the nineteenth and first half of the twentieth centuries, regionalists were usually found on the Right of the political spectrum, and they sought to defend traditionalist and corporatist models of society for their regions. A minority of regionalists was on the Left. In the period between the two world wars and during World War II, some regionalists and minority nationalists identified with the extreme Right and, in France and Belgium, collaborated with the Nazi occupants or, in Corsica, with the Italian occupants.

Although collaboration involved only a minority of regionalists, it discredited political regionalism in France after World War II. As a result, regionalists in Brittany, Corsica, and the French Basque Country concentrated first on demands to improve the economic condition of their regions (economic regionalism) and then on cultural issues such as language (cultural regionalism). The economic regionalism of the Bretons was especially successful in the 1950s through the activities of the *Comité d'Etudes et de Liaison des Intérêts Bretons* (CELIB) and led to the regionalization of the French national plan. Other regions, such as Corsica and the French Basque Country, attempted to imitate this success. During the 1950s and early 1960s, regionalist demands became increasingly political and some regionalist groups began to demand greater political autonomy (political regionalism). These regionalist movements were in reality coalitions of different political tendencies from moderate Jacobins to extreme nationalists and, when the demands on the central state were not met, they tended to disintegrate, thus leaving the way open to the reemergence of minority nationalism. Regionalist groups appeared in other European countries and followed a similar pattern from economic to political regionalism and minority nationalism. In Northern Ireland, the Civil Rights Association, a widely based movement seeking simple equality of treatment for Catholics, ultimately gave way to the armed struggle of the Irish Republican Army. In Scotland and Wales, minority nationalism was dominant. In Spain, the ETA (Euskadi Ta Askatasuna) was active in the Basque Country.

The political evolution of these regionalist and minority nationalist movements can be understood in

the context of the creation and development of welfare states in developed capitalist states during the period of the *Trente Glorieuses* (1945–1975). These were the thirty glorious years of the postwar economic boom, of expanding social services to meet increasing social rights of citizens, but also of centralized and bureaucratic states. Regional policy during this period took the form of regionalization and usually paid scant regard to political regionalism and particularly minority nationalism. The aim of regional policy and regionalization was not to respond to the demands of these movements but to build up the national polity by bringing regions into production that were backward both economically and socially. Groups within disadvantaged regions responded to this in three ways. First, they demanded a greater share of the national pie on the basis of their status as citizens of the state (this was the original basis of Breton and Corsican demands in France and of the early Northern Ireland Civil Rights Association). This was economic regionalism. Second, when the central state did not always respond to this demand, or responded in an inadequate and piecemeal way, at least some of the regionalists began to make stronger political demands to modify the political institutions of the state in order to give them greater control over their own affairs. This was political regionalism, or the demand for greater political autonomy. Finally, a minority within some groups became disillusioned with the state itself and sought separation from it to set up their own ministates. This was minority nationalism or separatism. The political model of the minority nationalists was the nation-state itself. Minorities within this group resorted to violence to achieve their ends (in Brittany, Corsica, the Basque Country, and, to a limited extent, in Wales, although Northern Irish violence was of a different nature and magnitude compared to these other cases).

During the 1960s, there was an ideological shift within regionalism, with some regionalist groups moving to the Left and even embracing Marxist ideology. The latter used theories of unequal exchange that had been applied to international affairs to formulate the theory of internal colonialism, that is, they argued that their regions had been colonized by the central state. Their political strategy, therefore, should be one of national liberation, like the movements in the third world. In Corsica, the main violent separatist groups, the Front de Libération Nationale de la Corse (FLNC) took its name directly from the Algerian Front de Libération Nationale (FLN). At the same time, some mainstream Left-wing parties, such as the French Socialists, which were traditionally strongly Jacobin, began to adopt more regionalist positions. The British Labour Party was in its majority centralist but, in Scotland and Wales, had some members sympathetic to regionalism and minority nationalism. The French Socialist Party, which had been constituted by François Mitterrand in 1971, launched extensive decentralization and regionalization reforms in 1982, following their election to power in 1981. Tony Blair's New Labour Party adopted a program of devolution following their election in 1997. On the other hand, many regionalists remained politically conservative, or at least anti-Marxist, and some adopted the ideology of European federalism.

The period of the *Trente Glorieuses* and the creation of the welfare state marked the culmination of the process of nation-state building in Europe that had begun with the French Revolution. The process of European integration began in the late 1940s and early 1950s at the same time as the first steps in building the welfare state. Regionalists were divided in their attitudes to European integration. Some of them were federalists that espoused both a federal Europe and the federalization of their national states, which would give them greater political autonomy. Some European federalists, such as Denis De Rougement, who advocated a "Europe of the Regions," or Guy Héraud, who advocated "L'Europe des Ethnies," promoted a model of a federal Europe in which the units of the federation were not the nation-states but the "natural" regions and ethnic communities. The more radical Marxist regionalists and the minority nationalists opposed the process, either on the grounds that it was a capitalist ploy to incorporate their regions in a great European division of labor that would see them relegated to simple tourist havens or agricultural regions feeding the richer regions or because European integration threatened the principle of national sovereignty. In the United Kingdom, Sinn Féin, Plaid Cymru, and the

Scottish Nationalist Party all opposed the UK's entry into the then-European Economic Community (EEC) in 1973.

The crisis of the welfare state, of Keynesian economic policies in the 1970s, and the hegemony of the neoliberal paradigm in the 1980s radically changed the context of regionalism. First, national governments, to greater or lesser degrees and in different ways, initiated a series of administrative and policy reforms that reduced governmental intervention in the economy and particularly within the regions. Regions were sometimes left to fend for themselves, and this developed into a new theory of endogenous regional development or innovative regionalism, which was mostly making a virtue out of necessity. But, simultaneous with these changes at the level of the nation-state and closely related to them was the "relaunch of Europe," beginning with the Franco-German partnership in 1975, the Declaration on European Union by the European Parliament in 1984, and the arrival to the presidency of the European Commission of Jacques Delors in 1985. The driving force behind greater European integration was the Single Market programme of Delors, which led to the revisions of the Treaties at Maastricht, Amsterdam, and Nice.

As part of the deal for supporting the Single European Act of 1986, some of the member states with serious problems of regional underdevelopment, such as Spain and Italy, demanded some form of compensation and protection against the possible harmful effects of a Europe-wide market. This took the form of upgraded regional funds and eventually the creation of the Structural and Cohesion Funds. The decline of national sovereignty because of accelerated European integration and the financial inducements found in the new funds had an important impact on Europe's regions. First, the regions themselves were encouraged to look outside their national borders and not simply to their national governments for funding. Second, a vast regional mobilization took place across Europe that involved both collaboration and competition among regions. Collaboration took the form of the creation of pan-European regional associations of which the Assembly of European Regions is the main representative of the regional interest in Europe. Some

associations represent specific geographical or economic interests, such as the Association of Cross-Border Regions or the Conference of Peripheral and Maritime Regions. But, at the same time, regions began to compete with each other for scarce resources available both from the EU and from international investors. This led to competitive regionalism.

But the availability of EU funding could also disempower regions. In Germany, the Länder have competence for regional policy. But, because the EU can only negotiate with national governments and not other levels of government, EU regional funds were being channeled to the federal government, thus threatening the Länder's prerogatives. In reaction, the Länder launched a "Europe of the Regions" movement and, for a time in the 1990s, this was very much on the political agenda. The concept, though, was rather different from the original formulation by Denis De Rougement and was not really an attempt to create a regionalized federal Europe but to force the EU and the German federal government to respect the competences of subnational levels of government. The culmination of these developments was the creation of a Committee of the Regions by the Treaty of Maastricht, which began to function in 1994. However, the Committee of the Regions has proved to be a disappointment to those that wished to see a stronger regional representation in the EU, because it has a simply consultative function that is limited to emitting opinions on a range of issues, rather than the European equivalent of the German *Bundesrat,* as some of the most ardent European regionalists had hoped. At the same time, the Committee, originally modeled on the Economic and Social Committee, has slowly strengthened its functions and role with each successive revision of the Treaties. But disappointment with the initial settlement meant there was a period of regional demobilization, and the regional question was scarcely mentioned either at Amsterdam or Nice and only with great difficulty during the Convention on the Future of Europe, which drew up the new European Constitution.

Despite these setbacks, the regional issue is still very much alive in Europe, although the political, economic, and social context today has quite dramatically changed since the 1970s. The two key changes have been the

transformation of the nation-state itself and accelerated European integration. Today, all the large countries in which regionalist movements demanded greater autonomy have both regionalized and decentralized their states. Decentralization in the form of setting up autonomous communities, as well as entry in the EU, in Spain was closely associated with the transition to democracy. Although the Catalans and Basques are still not fully happy with the settlement, nevertheless, the transition has been quite successful. The Zapatero Socialist government in 2004, in collaboration with the socialist-led coalition government in Catalonia, began negotiations with regard to strengthening the Autonomous Communities yet further and even toward recognizing Catalonia as a nation rather than simply a nationality. France launched decentralization reforms in 1982, which included the establishment of elected regional assemblies that began to function in 1986. Although the Corsican problem remains and the majority of Bretons would like to have greater regional powers, the establishment of political regions was a significant change in the French political system. In Italy, the crisis of the party state led to important constitutional reforms in the 1990s, one element of which was the enhancement of the regions through the federalization of the Italian state. Finally, among the large states, the United Kingdom was the last to adopt a regional form of organization with the devolution reforms, which began in 1998 and have seen the establishment of a Scottish Parliament, a National Assembly for Wales, a Northern Ireland power-sharing assembly (which functions sporadically), and a Greater London Authority. Among the smaller countries, such as Ireland, Greece, Portugal, and the Scandinavian countries, the tendency has been to set up administrative rather than political regions for purposes of receiving EU funding. Finally, there has been a regionalization of the countries of East and Central Europe, even though central governments in those countries have been reluctant to cede decision-making power to lower levels of government. This is exacerbated by the fact that these countries contain ethnic and religious minorities, and it has proved difficult to draw the boundaries between them because they often overlap geographically and even spread across into neighboring states. The importance

of political decentralization and regionalization for democratic practice may be seen from the Council of Europe's Charter on Local Self-Government and its many declarations recommending regional self-government. However, the Council has had great difficulty in producing a Charter on Regional Self-Government because of the resistance of a number of its members.

Two other contemporary developments, directly related to the European dimension, may be noted by way of conclusion. First, the old anti-European, separatist regionalism and nationalism that was found in a number of states in the 1960s has given way to a new formulation of the aims of minority nationalism. The slogan today is "Independence within Europe," and many minority nationalists are sympathetic to the idea of a "Europe of the Regions," which they see as weakening the position of their nation-states or at least of their national governments. Second, the nature of regionalist mobilization has changed after the disappointment caused by the Committee of the Regions. Today, there is a division between the stronger regions, the regions with legislative powers, such as Scotland, Flanders, or Catalonia, and those without these powers, such as Rhône-Alpes or Lombardy. The former group now has its own groupings and are strongly lobbying for a greater role with the EU decision-making machinery. The latter continue to be mainly represented by the Assembly of European Regions, which seeks a more diffuse recognition of the regional interest in Europe.

—John Loughlin

See also City-Region; Interregional Relations; Mesoregionalism; Monetary Union; New Regionalism; North-South Regionalism; Open and Closed Regionalism; Urban and Regional Planning

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SUSTAINABILITY

Sustainability refers to the long-term viability of a community, set of social institutions, or societal practice. The idea rose to prominence with the modern environmental movement, which rebuked the unsustainable character of contemporary societies where patterns of resource use, growth, and consumption threaten the integrity of ecosystems and the well-being of future generations. Sustainability is presented as an alternative to short-term, myopic, and wasteful behavior. It serves as a standard against which existing institutions are to be judged and as an objective toward which society should move. With respect to governance, it implies an interrogation of existing modes of social organization to determine the extent to which they encourage destructive practices as well as a conscious effort to transform the status quo to promote the development of more sustainable patterns of activity.

Sustainability resonates with cognate concepts such as sustainable yield, sustainable society, and sustainable development. Sustainable yield relates to the harvest of a specific (self-renewing) natural resource—say timber or fish. Such a yield is one that can in principle be maintained indefinitely because it can be supported by the regenerative capacities of the underlying natural system. A sustainable society is one that has learned to live within the boundaries established by ecological limits. It can be maintained as a collective and ongoing entity because practices that imposed excessive burdens upon the environment have been reformed or abolished. And sustainable development denotes a process of social advance that accommodates the needs of the current generation and of futurity, and which successfully integrates economic, social, and environmental considerations in decision making.

In contemporary debate, sustainability often serves as a synonym for sustainable development. On other occasions, it is associated more exclusively with environmental constraints or environmental performance, and the expression environmental sustainability is used to emphasize this point. Parallel references can be found to social sustainability, economic sustainability, and cultural sustainability, which allude to threats to long-term well-being in each of these domains. Local sustainability emphasizes the importance of place. Corporate sustainability is another common usage, which relates both to the survivability of the individual corporation and to the contribution that corporations can make to the broader sustainability agenda. Central here is the notion of the triple bottom line—that businesses should pay attention to social and environmental performance as well as to financial returns. And there are connections to debates about reforming corporate governance, encouraging corporate responsibility, and designing alternative (sustainable, green, or ethical) investment vehicles.

While all sorts of practices are cited as threats to sustainability (political corruption, social inequality, the arms race, and profligate government expenditure), environmental issues remain at the heart of the discussion. Of course, what is conducive to environmental sustainability remains a matter of intense debate. Approaches range from a moderate "greening" of current social institutions to a radical transformation of the global political and economic order. A gradual adjustment toward sustainability relies on governmental initiatives to orient production and consumption into less environmentally destructive channels. This implies a reengineering of industrial and agricultural processes, a transformation of land use practices, and a shift in household consumption. Potentially renewable resources should be managed to conserve their long-term viability; nonrenewable resources should be extracted at rates that allow an ordered transition to alternatives; emission of waste and toxic substances must remain within the assimilative capacities of natural systems; and more vigorous measures must be taken to preserve species, habitats, and ecosystems. Managing long-term environmental issues such as climate change and the loss of biodiversity are of critical importance.

Governments can deploy an array of policy tools to affect such changes, including regulation, fiscal instruments, negotiated agreements, informational tools, and normative injunction. Yet many problems are resistant to solution because the offending (unsustainable) practices are linked to deeply embedded structural constraints and supported by established definitions of values and interests.

But there are also more radical takes on sustainability. For some "greens," true sustainability is only

possible in small-scale communities, where human beings can live in close contact with natural processes and rhythms. The catastrophic practices of industrial civilization must give way to a different mode of living where humans "walk lightly" on the planet, harmonizing their activities with natural cycles. While other radical greens may accept a high-tech, postindustrial civilization, here, too, there must be a clear break with existing economic practices and power structures. And the globalizing project of twenty-first century industrial elites must be subverted if society is to adopt a more sustainable orientation.

With respect to academic discussion, sustainability has been approached from various perspectives. Economic analysts have sometimes defined the concept in terms of nondeclining per capita income flows over time and debated how to maintain the capital endowments needed to sustain those income flows. Controversy over the substitutability of natural and man-made capital has divided proponents of weak and strong sustainability—with the former arguing that the two types of capital are largely interchangeable, while the latter insist that natural capital is increasingly the scarcest factor of production. Ecologists and systems theorists have tended to approach sustainability in terms of physical interdependencies, energy flows, and population dynamics. They have emphasized the design features that suit social systems for long-term survival, including robustness, resiliency, redundancy, and adaptability. For their part, political analysts have focused on the ideological and normative implications of sustainability, on the character of green political projects, and on the public policy implications.

—*James Meadowcroft*

See also Climate Change; Endangered Species Protection; Environmental Governance; Global Governance; Globalization; Natural Resource Management; Sustainable Development

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SUSTAINABLE DEVELOPMENT

Sustainable development refers to a process of societal advance embodying a more equitable and environmentally aware pattern of development that requires a careful integration of economic, social, and environmental objectives. Since the 1990s, the concept has increasingly been endorsed by governments and official bodies, and it has gradually emerged as a new international norm qualifying the sort of change that is to be regarded as authentic development. In governance terms, sustainable development raises the challenge of how human societies are to address urgent environment and development problems and how existing systems of governance (at the international, national, regional, and local levels) can be reformed to ensure a more desirable pattern of societal advance.

Initially popularized by the Report of the World Commission on Environment and Development (WCED) in 1987 and formally endorsed by world leaders at the United Nations Conference on Environment and Development in Rio de Janeiro in 1992, the idea of sustainable development is now routinely cited by governments as a fundamental policy objective. The WCED defined the concept as development for the present that does not compromise the future, emphasizing both the moral imperative of responding to the urgent development needs of the world's poor and the threat to continued progress represented by the failure to respect environmental limits.

As further elaborated in international political debate, sustainable development has come to be associated with a series of normative ideas including: protection of the environment, particularly the essential life support functions of the global ecosphere; promotion of human welfare, especially the urgent

development needs of the poor; concern for the well-being of future generations; and public participation in environment and development decision making. It is often spoken about in terms of ensuring an appropriate balance between three pillars—environment, economy, and society.

Sustainable development is a complex and contested concept, and despite the pages of "consensus documents" adopted by international agencies and conferences, there remain many different perspectives on what it entails and on the scale of political and social reform required to give it force. One often hears complaints about its fluidity and about the difficulty of translating the idea into specific policy prescriptions. Some environmentalists argue it has been co-opted by governments and corporations, while some enthusiasts of unfettered economic growth claim it is a creation of the environmental lobby. Nevertheless, the term remains at the heart of contemporary discourses of environment and development. Like other normative political concepts (such as liberty or democracy), it helps to frame and focus debate while being open to constant interrogation and reinterpretation.

Within industrially advanced countries, reconciling continued economic and social improvement with a radically reduced environmental burden stands at the crux of sustainable development. Although developed states have proven relatively successful in promoting economic growth and social welfare, much of the progress over the past half-century has been purchased at the expense of the global environment. Moreover, evidence suggests that the extension of prevailing patterns of "Northern" consumption across the globe would result in catastrophic damage to the biosphere. Yet there can be no ethical justification for denying people of developing countries access to living standards currently enjoyed in affluent states. Thus, it is incumbent upon developed countries to free up environmental space—dramatically reducing resource consumption and pollutant release—to make room for further growth in the developing world. This requires a decoupling of economic activity from environmental loading. In global terms, the significance of this decoupling is particularly evident with respect to climate change, where stabilization of the climate system will eventually require a decline in global carbon dioxide emissions to a small fraction of current levels. But threats to long-term ecological integrity are manifest in many other areas, including water use, the management of forests and fisheries, patterns of land utilization, soil degradation, biodiversity loss, chemical releases, and the disposal of wastes.

Significant reductions in the burdens developed societies place on the global environment will require dramatic changes to established patterns of production and consumption and a fundamental transformation of key economic sectors including energy, transport, construction, manufacturing, and agriculture. Some analysts have spoken of the need for a fourfold or even tenfold increase in resource efficiency in coming decades. But even change on such a scale will not ensure sustainable development unless attention is explicitly paid to maintaining environmental pressures within the assimilative capacity of natural systems and to enhancing the integrity of ecosystems. Of course, the real challenge is to dramatically improve environmental performance while also meeting other social aspirations.

Developing countries face a somewhat different set of circumstances, and in this context sustainable development emphasizes the importance of meeting the basic needs of the population—including requirements for clean water, food, housing, fuel supplies, employment, health care, and education. There is a clear recognition that less-affluent countries will necessarily place greater relative weight on achieving economic growth and meeting social priorities. But environmental considerations are not to be neglected. Public health, local livelihoods, and economic prospects can be damaged by environmentally unsustainable practices (for example, uncontrolled deforestation). And developing countries also have responsibilities for protecting the global environmental commons. Sustainable development implies that developing countries should ultimately seek a path of economic advance that avoids many of the destructive practices that were historically employed by today's affluent states. And, in seeking to leapfrog environmentally damaging technologies, developing countries have a legitimate claim on the industrialized world to provide them with assistance.

This brings to the fore a critical element of the idea of sustainable development—its international and internationalist foundations. At the core of the notion lie ideas about global interdependence and international solidarity. It is not just that human societies are increasingly interconnected, but also that there are moral obligations that bind people across continents. In particular, the developed states have an obligation to take the lead in transforming environmentally destructive patterns of production and consumption and to assist developing countries in meeting their developmental and environmental objectives. For their part, developing countries should pay particular attention to poverty alleviation and strive to avoid the environmentally destructive development path adopted by the North.

Governance Challenges

At heart, sustainable development can be understood as a governance problem. If contemporary societies have adopted unsustainable development paths—which threaten the integrity of global ecosystems and fail to meet the basic needs of large sections of the world population—then this represents a failure of existing institutional arrangements. And conscious action to reform established patterns of societal governance will be required to reorient development onto more sustainable lines. Thus, sustainable development embodies a specific "steering" logic. It does not imply an ambitious exercise in pattern matching—attempting to ensure that progress fits the profile of a preplanned development trajectory. But it does involve the more modest task of displacing the direction of social movement so that current (authentic) developmental priorities are attained, while the preconditions for subsequent social advance are not eroded. Value choices—about the kind of a society in which humans want to live and about the kind of a world they want to leave to posterity—are central to sustainable development. For while the concept indicates issues that should be of concern, its practical bearing cannot be established independent of the concrete life circumstances of a particular society and the needs, interests, values, and aspirations of its members. At base, it is not a technical project—although technical expertise is essential—but a political project. It involves problem solving in conditions of great uncertainty and the collective discovery of preferred social development pathways.

Turning from theoretical considerations to the practical world, it is evident that to date the scale of change associated with engagement of sustainable development has been modest. There has been some progress in the elaboration of international environmental agreements: International bodies have begun to take environmental assessments more seriously in their decision-making processes and a "basic needs" orientation has become more significant within development organizations. And yet international gatherings, such as the 2002 World Summit on Sustainable Development held in Johannesburg, have issued increasingly somber assessments of the failure of the international community to come to grips on the scale of the environment and development problems the world now faces.

Within the industrialized countries, sustainable development has been associated with a series of adjustments in the environmental policy field, including a greater emphasis on pollution prevention (rather than "end of pipe" solutions), a shift toward a more diverse portfolio of policy instruments (rather than almost exclusive reliance on regulation), involvement of a broader range of ministries and agencies (rather than only a specialized environment ministry), and an internationalization of policy approaches. Institutional innovations have included the preparation of national strategies and plans, which assess environmental burdens in a more comprehensive and long-term manner. Attention has been paid to measuring the state of the environment and to developing indicator sets that evaluate different dimensions of sustainable development. There has also been a trend to involve stakeholders from business and environmental nongovernmental organizations in environment and sustainable development processes. Increasingly, regions and urban centers have been seen as key loci for sustainability planning.

In this context, the most consistent theme to emerge from contemporary efforts to come to terms with sustainable development is the idea of integrating economic, social, and environmental considerations in decision making across society. In the broadest sense,

integration refers to all three pillars, to decisions made by individuals and by collectivities of all types and across all fields of societal endeavor. To the extent that governance for sustainable development relies on decentered networks and extensive practices of self- and cogovernance, such societal integration is essential. But the foundation for such extensive societal integration must be established in the more specific realm of policy integration—integration within the sphere of government itself. And this is not just because governments are themselves important social actors, but also because they possess policy levers that can encourage other actors to alter their behaviors. Policy integration involves a deliberate search for win/win options—policies that simultaneously promote economic, social, and environmental goods. But it also involves balancing goals that can be only partially reconciled, accepting trade-offs, and making hard choices. And if it is to mean anything more than business as usual, it also implies that in some circumstances environmental policy priorities will trump established economic and social objectives.

In the longer term, it is clear that more consistent efforts by national governments to confront the challenge of sustainable development will involve a series of tasks including the following:

- Encouraging scientific and technological innovation directed to reducing environmental loadings in the major spheres of production and consumption (energy, transportation, construction, manufacturing, agriculture, and so on)
- Improving the integration of different kinds of knowledge in decision making, including knowledge from the natural and social sciences, lay and traditional knowledge, and knowledge representing different societal vantage points
- Developing multinodal patterns of governance with expansive stakeholder involvement, which will include not just multilevel governance (local, regional, national, international) but also governance nodes organized on functional lines defined by themes, ecosystems, and environmental problems
- Ensuring continued public discussion and social reflection about existing practices, desired goals, and alternative futures

- Developing improved systems of measurement and monitoring to track changes in environmental state and the health and environmental impacts of societal activities
- Deepening the understanding of ecological and social systems, of the reach and limits of current knowledge, and of the potential (but also the limits) of attempts to consciously adjust social and ecological processes
- Perfecting a more elaborate array of policy instruments, including performance agreements, comanagement regimes, ecological fiscal reform, and changes to liability regimes to encourage actors to internalize environmental values
- Encouraging a public ethic of concern for the environment and the integration of sustainable development issues into the educational and cultural spheres

As this list suggests, while sustainable development is in some sense a new concept (particularly in the way it links together ideas about human progress, preservation of the global ecosphere, and intergenerational and intragenerational equity), it also relates to many issues that have long preoccupied political leaders and analysts. These include the place of normative ideas and moral argument in politics and policy making; the extent to which the state can or should seek to orient societal development; the appropriate linkages among decision making in international, national, regional, and local spheres; the roles of citizens, politicians, bureaucrats, and experts in democratic decision making; and the management of technological change.

Governance for Sustainable Development by William M. Lafferty points to a set of problems that appear destined to become more important as the twenty-first century advances and as the ecological strains related to the still-growing global population and the widening impacts of industrialization continue to increase. In this respect, climate change appears as a quintessential sustainable development problem. It is an issue of global reach, involving generational time frames and great uncertainty. It threatens serious environmental disruption and has the potential to aggravate many existing problems. Mitigation will entail significant economic costs and a

disruption to established ways of doing things. And on the political front there are enormous obstacles to developing the international cooperation required to address this issue seriously. On the other hand, the problem presents societies with an opportunity to move away from environmentally destructive and inequitable patterns of production and consumption, to improve environment and development decision making, to harness new technologies that provide welfare and environmental gains, and to reform international institutions to encourage collective solutions to global problems. And this is the pattern of societal development toward which this emergent international norm of sustainable development is intended to point.

—James Meadowcroft

See also Climate Change; Commission on Global Governance; Common but Differentiated Responsibilities; Development Theory; Ecosystemic Approach; Endangered Species Protection; Environmental Governance; Functionalism; Global Governance; Kyoto Protocol; Millennium Development Goals; Multilevel Governance; Natural Resource Management; Poverty Reduction; Precautionary Principle; Sustainability; United Nations Educational, Scientific and Cultural Organization; World Development Indicators

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SYSTEMS THEORY

A system is a complex arrangement of elements related to a whole. The body, for example, is a whole that is comprised of a complex of interacting cells, organs, limbs, and so on. The study of society as a social system has a long history in the social sciences. The conceptual origins of the approach are generally traced to the work of Herbert Spencer and Émile Durkheim in particular.

Herbert Spencer, influenced by Charles Darwin's theory of evolution, argued for a unitary form of the social system. In his approach, the system of society was constantly evolving into an even more complex state of perfection. However, alternative forms of social systems theory argue for a very different view of social evolution. In these perspectives, society is not evolving toward some perfect state; rather, it is reaching a state of increasing complexity. This was called structural differentiation.

Structural differentiation refers to the adaptation of the organism or society to its environment through changes in its internal complexity. An important aspect of social differentiation is deciding just how adaptation occurs. Put simply, the question is, How do changes in the structure of the system relate to the processes of the system?

There are several solutions to this problem. On the one hand, society can be viewed as a total organism that is sustained by the various processes that comprise it. An alternative view argues that stabilizations in social systems occur not because of any rational plan of overall survival, but simply because they happen to work. These differing views of society have been labeled structural functionalist and functional structuralist, respectively. Other forms of systems theory include the actor systems approach and the socio-cybernetic perspective.

Systems theory is relevant to governance because it is involved in analyzing how society adapts to its environment through adjustments in its structure. The problem of governance from this perspective becomes the problem of reaching an adequate understanding of

the complex processes of social evolution. If social systems theory were followed, governance would become preoccupied with eliminating inadequate social control and reducing deviance. The problem of steering becomes the problem of recognizing that society is multicentered and formed on the basis of a multiplicity of coevolving systems. Systems theory carefully outlines that there are very real limits to our ability to steer society. On the other hand, because society is so complex, the social scientist can, nonetheless, have an appreciation of the large range of adaptive possibilities for social systems.

—Barry Gibson

See also Autopoiesis; Self-Regulating System; Sociocybernetics; Sociology of Governance

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TAOIST GOVERNANCE

Taoism (or Daoism) refers to a philosophical and religious tradition that has played a prominent role in the history of East Asia. Core Taoist texts present the vision of a universe that is ruled by the principle of the "Tao" or "Way." The Tao may be characterized as moral principle, as "Nature," or as limitless, metaphysical reality. Because many Taoist teachings reject social and political institutions as interfering with the natural development of human character, some scholars have concluded that Taoist governance, if it exists at all, is anarchic. However, most Taoist texts do make explicit reference to governance, arguing that the role of the ruler is not to direct people's actions or to strengthen the state but rather to facilitate the emergence of the Tao in every member of society.

The primary principle of Taoist governance is that of *wu-wei,* or "nonaction." The Taoist worldview posits a universe in which all things resonate to a cosmic principle, or Tao, and suggests that human potential is best realized when allowed to follow natural patterns of behavior. In political Taoism, the ruler is seen as a reflection of this cosmic principle, which has become obscured over time by overarticulated social norms. To practice "nonaction" means to give up attempts to direct the moral development of others through the assertion of political control. Although leadership through nonaction may sound paradoxical, it rests on the notion that rulers with a true understanding of their own cosmic nature will gain such great moral authority that their subjects will recognize this virtue and, modeling themselves on it, act in the best interests of themselves and their society with no direct action on the part of the ruler.

This political vision was originally articulated as a response to the structured, hierarchical relationships advocated by Confucian governance and other Chinese schools of thought: Where Confucianism sets up a potentially authoritarian relationship between ruler and ruled and suggests that institutions are the foundation of a moral society, Taoist governance neither advocates hierarchies nor makes recommendations about ideal institutional forms. Indeed, Taoist texts argue that it is the institutionalization of sociopolitical norms that leads to the distortion of human nature and the development of conflict.

Since the 1980s, Taoist principles of nonaction and naturalism have been increasingly employed in Western writings on management, government, self-help, personal relationships, and many other areas. Such writings argue for a "looser" management style in which work is viewed as a means to self-fulfillment and in which leaders' primary goals are conflict resolution, community building, and "going with the flow."

—Alison Adcock Kaufman

See also Confucian Governance; Religion

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TECHNICAL-RATIONAL EXPERTISE

Technical-rational expertise refers to the role that scientific knowledge, and experts in general, have in political processes. From the point of view of democracy, this is a complex matter because it is centrally focused on the organization of politics and the role that such expertise should have in a democratic political system.

From a historical point of view, expert knowledge has been related to politics, both in practical as well as in theoretical terms. In practical terms, monarchs and rulers have always had advisors and counselors of all kinds. Likewise, the monarchs' interest in advancing technical knowledge has traditionally served specific political strategies (i.e., new military technology for territorial domination). In more theoretical terms, though, political philosophers throughout time have assigned different but central roles to scientists and scientific knowledge in the task of governing a society. This is the case of Plato, in ancient Greece, when he argued in his work *The Republic* for philosophers to rule. In relation to the consolidation of the modern state in the mid-nineteenth century, Max Weber argued that the best possible mode of political organization was based on a rational bureaucracy, as opposed to those based on personal charisma or religious dogma. His argumentation was largely based on the Enlightenment notion of state action as neutral, equal to all, and logically consistent.

With the advent of the democratic welfare state in the aftermath of World War II, the tension between democratic principles and technical-rational expertise becomes obvious. On the one hand, the functional expansion of state involvement to highly technical and complex areas (like medical care, environmental protection, consumer safety) requires adequate knowledge resources to make appropriate decisions, decisions that typically involve risk assessment (i.e., should a specific medicine or genetically modified organism be released onto the market?). On the other hand, there is a growing acknowledgment that these decisions have a political character because they affect the entire society. And why should obscure technocrats and experts take such important decisions outside governmental procedures?

This tension has been obvious since the 1970s with the legitimacy crises of technical matters most typically related to environmental protection and decisions concerning risk and safety. Society has become a risk society, with a clear risk-aversion attitude of the public and growing political contestation. But the nature of scientific knowledge has changed as well. The traditional unanimous style of scientific authority is giving way to a growing number of disputes among scientists and the emergence of alternative sources of valid knowledge outside authorized academia, which are changing the nature and dynamics of knowledge production. Both these trends are questioning the single rationality of the traditional scientific method along new lines in the philosophy of science and the hitherto technocratic form of experts' involvement in democratic political processes. However, the specific way in which this technical-rational expertise will be democratized is highly debated among political theorists.

—*Susana Borrás*

See also Bureaucracy; Rationality; Research and Development; Science; Technology

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TECHNOLOGY

Technology can be understood in the simplest terms as techniques for making and doing things. Originally derived from the Greek *technos* for art or craft and *logos* for speech or word, technology referred to the discourse on all arts. It was not until the seventeenth and eighteenth centuries in Europe that technology came to be understood as the techniques by which humans strive to change or control their environment. A key differentiation to highlight is that between technology and science. Technology has its origins in the earliest efforts of humans to develop tools that were used systematically in daily practice. These efforts were not always pursued based on a clear knowledge of physical or chemical properties and expected outcomes, thus technology must be seen as separate from, and primary to, the rationalistic practices of modern science. Technology analysts argue that many techniques in the past lasted much longer than would be justified by rationalism, such as the practice of alchemy, but technologies can become incorporated into social practices in ways that are difficult to change. Today, as a result, technology is often closely associated with the progress of scientific research; however, technology itself and technological inquiry long predate current scientific practice.

The history of technology thus involves discussions of thousands of years of innovations from the periods prior to the invention of the wheel to the development of tools utilized for almost instantaneous communication across vast distances and the mapping of the human genome. For these purposes, however, the discussion will highlight some key technologies in history, with a focus on those technologies that have had substantial effects on social and political organization. This will provide the context for a discussion of more recent advances in technology to emphasize current innovations that have important implications for governance.

Selected Technological Advances

Technological advances can be considered in all industries, but the innovations that have generally had the most significant effects on society at large are those

with applications across many fields. One significant technology that fits this condition is the printing press.

The Printing Press

During the fifteenth century, individuals began to print documents using moveable metal type. Of particular importance was Johannes Gutenberg's establishment of a large printing shop, which was able to produce book-length texts. This shop incorporated the use of a printing press to produce regular and even text. Within fifty years, books were being printed in at least fourteen countries, and the total number of editions was nearly 40,000. This invention had wide-ranging implications.

One initial result of new printing methods was increased pressures on the paper industry, which resulted in driving reforms in the industry's structure. More significantly, increased access to printed texts created the opportunity for broad-based literacy. While the Catholic Church initially considered requiring licenses for printing presses, in the end they resisted this strategy and presses spread quickly through Europe. Ironically, one key subsequent result of increased access to printed materials was the creation of a wide audience for the writings of Martin Luther, thus precipitating the Protestant Reformation. More generally, this implied greater opportunities for the general public to access knowledge and establish an environment for debate.

A final implication of the printing press for governance was the increased importance of authorship. Consistency across copies of a text made it possible to cite the particular edition and give reference to the author. The ability to easily copy a text created important concerns for appropriate citation, and this eventually led to the establishment of copyright laws. Innovations in manufacturing and engineering during the industrial revolution led to additional print-related changes, such as the ability to produce newspapers and books for a mass audience.

The Industrial Revolution

The Industrial Revolution is a broad term that encompasses a range of social, economic, and technological

changes occurring in Great Britain during the eighteenth and nineteenth centuries and then spreading to continental Europe and North America. The major drivers of initial stages in this period are the introduction of steam power and automated machinery in manufacturing. The first true commercial steam engine was developed by Thomas Newcomen in 1712. Important for the ultimate success of steam engines is that there was a specific industrial role for which they were properly suited at the time of their emergence. In the British coalfields there was a need to keep the mines empty of water, and Newcomen's steam engine was highly appropriate for achieving this goal. Steam power subsequently became the main source of power for industries during this period, thus contributing to the major shifts in industrial production of the time.

The late nineteenth century is considered the "Second Industrial Revolution," and this period was characterized by the ability to mass-produce steel cheaply, particularly for the needs of the railroads, in addition to more automation in other industries. This effort was facilitated by the availability of steam engines and contributed to major changes in transportation in Great Britain and many other countries.

The Industrial Revolution is seen by many as having driven a major shift in social organization. The emergence of more automated technologies was seen by some as a threat to the jobs of skilled workers. The Luddite movement in Great Britain destroyed many wool and cotton mills in the early 1800s until being suppressed by the national government. Analysts such as E. P. Thompson and Karl Polanyi argue that the introduction of new pricing mechanisms and free market policies during this period was the real threat to workers. Thompson posits that the actual source of the Luddites' antagonism was a shift from prices determined by custom to a fluctuation of prices based on free market principles. Polanyi had previously argued that economic reforms in Great Britain created a situation in which individual laborers were unprotected from the forces of the market. As a result, the government was forced to enact additional reforms to support the general welfare.

Nuclear Technology

The twentieth-century discoveries in atomic physics led to potentially unmatched changes in the character of warfare. While advances in nuclear fission and fusion were the important scientific foundations of nuclear weapons, the success of these weapons depended on major technological advances involving the building of large nuclear reactors and developing technology to protect humans during the handling of radioactive materials. Further advances in the technology of bombs in the postwar period contributed to continued build up and proliferation of weapons.

The use of nuclear weapons to date has been limited to attacks during World War II. However, the long-term implication of access to these weapons has been significant in terms of global governance. In the postwar period of global dominance by the United States and the Soviet Union, the development of more advanced nuclear weapons was a key factor in national defense strategies. After the Soviet Union achieved effective nuclear parity with the United States, the countries entered a situation of mutual assured destruction (MAD). MAD entailed that the full-scale use of nuclear weapons by one side would result in a similar response by the defender, thereby resulting in the destruction of both countries. Thus, an ongoing strategy of deterrence resulted in which it was perceived as necessary to maintain a large deployment of weapons in order to create the threat of retaliation for the enemy. In the post-Soviet period, a major concern of governments has been the proliferation of nuclear weapons to more countries in addition to the potential for nonstate actors to access weapons. Although the Cold War provided an inherently threatening environment, the logic of deterrence created what seemed to many to be a generally stable situation. More recently, without a clear strategic logic to guide government action under the threat of continued proliferation, national governments are faced with what may be a much less predictable nuclear situation.

The dominance of nuclear weapons also had important effects on a broader aspect of society. The growth of weapon-related industries played an important

economic role in each country, while the fact of potential nuclear war also influenced the character of society in both countries for multiple generations. References to nuclear war entered into popular art and literature in addition to regular attention in the news media. Thus, the development of a new military technology by the government contributed not only to a new era of military strategy, but also to changes in economic structures and the character of society.

Recent Technological Advances

At the beginning of the twenty-first century, discussions about technology are often linked to recent innovations, such as biotechnology, information and communication technology, and nanotechnology. The implications of these technologies from a governance perspective are extensive and still emerging.

Biotechnology

Biotechnology refers to the application of discoveries made in the biological sciences to other fields. Biotechnological advances have played an important role in many areas, particularly medicine and agriculture, with genetic engineering playing a key role. In medicine, genetic engineering led to the production of human interferon, human growth hormone, and human insulin, as well as new techniques for use in diagnosis and oncology. The most controversial uses of biotechnology have been in the cloning of organisms, particularly large mammals such as sheep, and the genetic engineering of plants and animals.

Genetic engineering of plants has played an important, and again controversial, part in the agricultural sector. Because the long-term health effects of eating genetically modified foods and growing genetically modified crops are still undetermined, many people, particularly in Europe, have resisted the use of these products. At the same time, genetically modified crops have played an important role in increasing agricultural productivity in many other parts of the world and are often seen as more environmentally friendly than traditional crops.

Information and Communication Technology

Information and communication technology (ICT) refers to all of the technologies used to process and share information. ICTs became important tools in government, business, and people's personal lives as computers became smaller and less expensive, thereby making it easier for individuals to purchase personal computers for their homes and for businesses to purchase computers for their staff. The development of the Internet in the late twentieth century created the technological means to link computers and share information between them. In the 1990s, the widespread access to the Internet increased opportunities for individuals and groups to communicate with each other through their computers or other digital communication devices.

The potential for information and communication technologies is seen as incredibly broad because of the potential for their use across all industries, in the public sector, and by individuals. At the same time, access to these technologies is still limited for the majority of the world's population. Efforts to provide access are a key part of the agenda of most multilateral development organizations, such as the World Bank and the United Nations Development Program, in addition to many smaller nongovernmental organizations.

Nanotechnology

Nanotechnology is a general term used to refer to technological research and developments on the nanometer scale, with one nanometer equal to one millionth of a millimeter. An important aspect of nanotechnology is the belief that as tools get smaller, the physical forces acting on them will produce differing effects than what we currently observe. It is expected that gravity would play a lesser role in the interaction of nanotools and that surface tension and van der Waals forces would play greater roles.

The development of nanotechnology is still in its early stages at the beginning of the twenty-first century. Analysts expect that nanotechnology could be

used in a wide range of fields and industries, from computers to ceramics, as applications are developed. One difficulty for progress is that researchers are still developing techniques for incorporating atoms and molecules into particular devices for specific purposes. Advances in chemistry and biology are seen as providing potential techniques for achieving these goals. Also important to consider are the potential detrimental effects of new technologies. Science fiction–style perspectives highlight the risks of nanorobots that could replicate and destroy the Earth's ecosystem through a process of global ecophagy. Less extreme threats come from the potential problems of human interaction with products such as nanodust, which could be dangerous if inhaled or ingested. As with all technologies, the potential side effects of use must be considered as a part of the development process in order to avoid such counterproductive outcomes.

All of these advances in technology create new issues for governance. As previously noted, genetic engineering has become a topic of intense international debate, particularly between the United States and the European Union. The growth in information and communication technologies has also led to a variety of new issues for governments. At one level, governments now have the ability to interact with their citizens through technology by providing government services online and thus reducing the costs of accessing these services for many individuals. Although online voting may provide an opportunity to improve vote counts, experiences in the United States also show that there are risks of vote rigging, even with electronic systems. On another level, Internet commerce and increased access to the Internet presents additional tasks for government. National governments must determine how they will tax domestic and international online purchases to ensure both growth of e-commerce and adequate national income from taxes. Issues of personal information privacy and data security on the Internet are also key issues that governments must consider in response to these new technologies.

This review of technology highlights a small portion of the thousands of technological innovations that have had an impact on social and political life. The twentieth century in particular is seen as the most

significant period of technological innovations in human history and it is expected that the twenty-first century will easily surpass this achievement. With each new technological innovation, new issues potentially arise with respect to governance that must be analyzed and reconciled with the values and goals of the polity. Governments play an important role in subsidizing research that contributes to technological innovations, while at the same time offering the most important source of regulation on the limits and bounds of technological endeavor in consideration of the benefits and threats to society.

—Jennifer Bussell

See also E-Democracy; E-Government; High-Reliability Organization; Science; Technology Transfer

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TECHNOLOGY TRANSFER

The term *technology transfer* has been used in two important ways during the latter half of the twentieth century and into the twenty-first century. In the first case, technology transfer is used to refer to the process by which research organizations and the research and development arm of public and private enterprises attempt to develop commercial uses for new technological innovations. The second use of the term refers to the transfer of technologies developed in one environment to a new environment and most often refers to the use by developing countries of technologies designed in developed countries. Each of these uses will be discussed in turn, for each process plays an

important role in the availability of new and innovative technologies to various groups.

Applications for Research

Developing practical applications and commercial uses for research innovations is a fundamental aspect of business development. Both the development of initial applications for research results and the design of new applications for currently available technologies are important parts of business innovation. As a result, many government, university, and private-sector research organizations have dedicated offices for evaluating research and recognizing the commercial potential of particular results. In addition, many independent organizations and business concerns have emerged to offer support to research organizations for developing new applications. Academic research on the processes of technology transfer itself has also become an important source for analysis.

An important example of the perhaps only partially realized potential of research organizations is that of Xerox Palo Alto Research Center (PARC). PARC has produced many significant innovations that have been highly commercially viable, such as the laser printer and Ethernet. At the same time, the organization has been critiqued for failing to recognize the commercial potential of many of the organization's innovations. This highlights the importance of the technology transfer process itself and the difficulties entailed even in research organizations closely linked to commercial enterprises.

The status of research organizations as a part of commercial businesses has been a concern for government regulators in some technology industries. In the telecommunications industry, the Bell Labs component of AT&T was instrumental in the development of the theoretical foundation and technological components of telecommunications networks in the United States. Inventions such as the transistor, first developed at Bell Labs, were also subsequently used across a range of industries. After the antitrust case against AT&T in 1982, the company reduced its efforts to derive proprietary commercial benefits from the research of Bell Labs. For the most part, transfer functions continue to play an important role in companies with significant research and development capacities. Opportunities for technology transfer in this form also create significant incentives for links between major research universities and the private sector.

Technology Use in New Environments

The second important usage of technology transfer is with regard to the process by which technologies developed in one country are introduced in another country. The practice of borrowing technological tools has existed for as long as people from different areas have encountered each other, particularly through long-distance trade. More recently, opportunities for technology transfer have been highlighted as a key factor in economic development. The analysis of opportunities for "borrowing" technologies developed in other places has been an important aspect of economic historians' evaluation of the processes of the Industrial Revolution. Thorstein Veblen argued that Germany was able to industrialize quickly because it was using technologies developed in Great Britain, thereby reducing the size of investment in terms of time and capital in Germany and offering opportunities for more efficient use of these tools. Alexander Gerschenkron drew on this argument to highlight the ways in which late developers can take advantage of previously developed technologies, while also arguing that the processes of industrialization can lead to significant social and political strife. For the former colonies in the postwar period, development economists such as Albert Hirschman argued that industrialization, often using technologies designed in the already industrialized countries, could reduce the economic dependence of these countries on developed countries and utilize the underemployed populations. These efforts produced mixed results in terms of economic growth and employment, particularly in Latin America, and often led to political repression.

Therefore, an important rejoinder to the technology transfer discussion is the argument that the introduction of technologies developed for a different environment can produce unexpected outcomes when they

are "borrowed." Thus, the social, political, and economic context in which a technology is introduced should be considered prior to any transfer initiative. In the 1970s, a movement began to consider what are called "appropriate technologies," or the most simple and benign technologies available to achieve a particular goal, thus minimizing potential negative consequences. This movement has emphasized sustainable technological practices and technologies that are designed for the particular context and purpose for which they will be used. Proponents of technology transfer are thus encouraged to consider the ways in which borrowed technologies will affect the environment in which they are implemented and the suitability of these technologies for particular new tasks and applications.

The opportunities for technology transfer are seen to expand well beyond industrial technologies, and this concept has been applied in recent decades to agricultural technologies, as in the green revolution, information and communication technologies, and biotechnology. The potential of all these initiatives depends at least in part on the relevance and fit of the technologies themselves with the needs and abilities present in the environment in which they are introduced.

In both cases discussed here, technology transfer involves a process by which the ideas developed in a research environment are adapted for practical use, either for the first time or for a later application in another environment. With the requisite attention to the context in which these technologies are applied, technology transfer serves as a fundamental piece of technological innovation.

—*Jennifer Bussell*

See also Communication; Science; Technology; Transnationalism

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TERRITORIALITY

Territoriality is the development and exercise of power through control or influence over a bounded space and its contents, including both population and resources. The closely related term *territorialization* can be defined as processes that foster territoriality in particular circumstances, usually through the assertion or material creation of linkages between particular social identities or activities and specific places. Typically, territoriality requires the division of space into areas with clear boundaries that are widely recognized both by those within them and those outside of them. Also, it is often accompanied by the creation of organizational structures dividing the claimed and controlled territory into an internal hierarchy of spatial units (e.g., states, counties, and townships).

Many theories of territoriality center on the territorialization of state power; they focus on control over a given territory as a critical component of sovereignty. However, it is vital to recognize that territoriality is also a feature of many nonstate actors, from multinational corporations to churches and from transnational social movements to informal cliques. All these actors territorialize their power, claiming bounded spaces and seeking to control or influence activities within those spaces as a way to secure and consolidate their power and then using these organized spaces to enable future activities. Moreover, it is important to note that territorialization is done not just by various actors, but to them: People can be territorialized against their will. For instance, the geographer Derek Gregory wrote a powerful account in 2004 of how the U.S. government insisted on territorializing the mobile, nonstate opponent Al-Qaeda, identifying it first with the territory of Afghanistan and then with that of Iraq, with the effect that the entire populations of those countries were then subject to U.S. efforts of territoriality.

It is not surprising that theories of territoriality have focused on the nation-state. The modern era, particularly the twentieth century, has been defined in large part by the dual territorializing processes of (a) dividing the world up into contiguous and nonoverlapping areas, each identified with a sovereign state, and (b) developing increasingly intensive territorializations of state power within those areas. So successful and pervasive were these forms of territoriality that even within the social sciences it seemed almost natural that geopolitics, social movements and change, economic growth and competition, and eventually even culture and society themselves were conceived of predominantly at the scale of nation-states. Even theories that saw capitalism as the primary shaper of the modern world accepted that for the most part, capital was territorialized into, and worked through, distinctive nation-states.

Thus, it came as a tremendous shock when states, the primary organizing "containers" of social activity, began to leak. In the last quarter of the twentieth century, linked processes often referred to collectively (if imprecisely) as "globalization" put growing pressure on dominant state-centered territorializations. Economic aspects, often referred to collectively as the decline of Fordism and the rise of a new international division of labor, included the end of the Bretton Woods agreement and the introduction of floating currency exchange rates, tremendous internationalizations of productive and finance capital, the development of major new markets, and the creation of ever-more comprehensive free trade areas and agreements. Political aspects included the breakup of the Soviet Union and end of the Cold War, the proliferation of multilateral agreements and institutions, and explosive growth in the numbers and influence of nongovernmental organizations (NGOs) and transnational social movements. Citizenship and its relationship to state territoriality were called into question by growing numbers of migrants and refugees, as well as both resurgent nationalisms and new, Diasporic nationalisms. Finally, increased awareness of the global or transboundary nature of many environmental problems and the increased ease of electronic communications of many sorts both added to the forces calling into question the relevance and utility of state-centered territoriality. States seemed to have less and less control over who and what crossed their borders and what happened within their territories.

Work on territoriality and territorialization in recent decades has focused on debates over deterritorialization and reterritorialization in the context of globalization. To many analysts, the previously described trends all revolved around increased mobility of various sorts and hence signaled an era of deterritorialization. Capital and commodities, people and political allegiances, toxins and information all appeared to move easily across national borders in new flows and networks while lacking clear national identities themselves. Many observers concluded that places, distances, and borders no longer mattered, and that these trends thus heralded the end not only of the nation-state but also of geography itself. These profound analytical mistakes flowed from the deep and largely unrecognized naturalization of state-centered territorialities in the social sciences. Challenges to, or even departures from, state-centered territorialities are only deterritorialization if the state is the natural or only scale of territoriality. Rather, the processes previously discussed are all instances of reterritorialization. Forms of territoriality—claims to and forms of control over bounded spaces—remain vital to each of the previously described developments. The comparative advantages of regionally specific production complexes are arguably more important when capital is freer to move. Diasporic nationalisms still typically draw upon or seek specific territorializations of identity. In practice, movements that call for "global" commons for environmental reasons seek new forms of control over bounded areas (e.g., the oceans), while relying upon highly territorialized clusters of participants and forms of influence for their support. Moreover, as many observers have noted, nation-states remain central and essential to many of the processes above—for example, as parties to multilateral agreements and providers of the legal and physical conditions of production for multinational firms.

—*James McCarthy*

See also Border Theory; Glocalization; Nation; State

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TERRORISM

The use of terror as a method of political influence has a long history. From the Assassins and the Ku Klux Klan to Al-Qaeda and the dictators of the nineteenth and twentieth centuries, political entrepreneurs have recognized the value of employing atrocity and exemplary violence to achieve their aims; liberal democratic states have also employed terrorism on many occasions. The era of modern terrorism is generally agreed to have begun in the late 1960s. It emerged as a significant international security issue in the 1970s when a series of spectacular bombings, kidnappings, and airline hijackings were transmitted to a worldwide audience via the global media. The multifaceted challenges posed by terrorism and counterterrorism have taken on even greater salience since the devastating attacks of September 11, 2001, and the subsequent war on terrorism.

A Contested Concept

Terrorism is a highly contested concept and no agreement can be found for its definition; in both scholarly literature and official policy documents there exist hundreds of competing definitions and approaches. It is a highly pejorative term that no person or group voluntarily adopts, and with its culturally shaped connotations of savagery, criminality, and illegitimacy, the act of labeling particular instances of violence as terrorism is almost always a political judgment rather than an analytical or definitional exercise. The popular adage, "one person's terrorist is another's freedom fighter" expresses this reality. Arguably, the central problem in defining terrorism revolves around the legitimacy of violence. Although states take the view that violence by any actor other than appointed authorities is both illegitimate and illegal, there is a political tradition that maintains that violent resistance to brutal and unjust state repression is legitimate, even if it is strictly illegal. For example, the resistance to Nazi rule during World War II, anticolonial struggles in Africa and Asia, and the anti-Apartheid campaign in South Africa were all perceived as legitimate forms of nonstate violence against a recognized state. Similarly, the violent resistance by the Palestinians to what is perceived by them to be an illegal and unjust military occupation by Israel is to many observers a legitimate form of struggle.

Despite these controversies, it is possible to identify some key characteristics of terrorist violence that distinguish it from other forms of violent action. First, terrorism is a form of politically motivated violence. This characteristic distinguishes it from criminal violence, although there are intense definitional contests over what constitutes a political motive. There can be many political motivations for employing terrorist violence: publicizing a cause or grievance, intimidating a population to enforce compliance, forcing a change in government policy, instigating popular revolution or social disorder, providing an additional strategy to revolutionary or guerrilla struggle, eliminating rivals or opponents, or illustrating the weakness of the state as a keeper of law and order—among many others.

A second feature of terrorist violence is that it is a form of political communication—what the early anarchists called, "propaganda of the deed." It is an act of exemplary violence designed to send messages

to a range of audiences: the wider society, the authorities, external observers, potential and actual supporters, and members of the terrorist group. For this reason, the vast majority of terrorist attacks are directed at symbolic targets that serve to amplify the various messages. Thus, it is misleading to describe terrorism as random and aimed at mass casualties. Some scholars have suggested that terrorists want a lot of people watching, rather than a lot of people dead. Terrorist violence is also instrumental; it is a means to an end, rather than an end in itself. Unlike military violence, terrorists do not aim to capture strategic territory, degrade the enemy's capabilities, or physically dominate their opponent. Whether the victims of terrorist violence are chosen deliberately or incidentally, they are treated as means to objectives other than murder or destruction. These features highlight the important role of the media in the calculations of terrorist violence; in one sense, media exposure functions as the amplifier of terrorist violence.

For critical scholars, the promiscuous overuse of the term by the media and the authorities, its pejorative and judgmental connotations, and the political uses to which the language of terrorism is frequently put have robbed it of any precise or analytical value. Terrorism also functions as a modern cultural and political taboo, which paradoxically prevents terrorism scholars from contact with their primary subjects: terrorists themselves. The fear of moral contamination means that most terrorism experts have never met a terrorist and would never attempt to do so; they rely solely on secondary and usually official sources. To critical scholars, most of what passes for terrorism studies is an extension of state security discourses.

Types of Terrorism

As a generic term, terrorism encompasses a vast and heterogeneous collection of groups, tactics, and motivations for political violence. At the broadest level, a distinction is frequently drawn between state terrorism and nonstate terrorism (or terrorism from above and terrorism from below). State terrorism includes the use of terrorist violence to discipline domestic opponents, as well as the direct or indirect involvement in acts of

terrorism against foreign or external enemies. Nonstate terrorism refers to groups or individuals acting outside of the authority of the state, usually directed at a particular government and in pursuit of nationalist or ideological aims. Within this basic typology, the problem of state terrorism appears far more serious than that of nonstate terrorism; terrorism from above has killed tens of millions in the previous century, while terrorism from below has resulted in tens of thousands of deaths. Reflecting its institutional bias, the field of terrorism studies remains almost solely focused on the subject of nonstate terrorism.

Within the category of nonstate terrorism, a distinction is sometimes drawn between professional and amateur terrorism. In the former category are those groups with sophisticated networks and support structures that are fighting for clearly articulated nationalist or ideological causes and who have accumulated tactical experience over a long period of sustained struggle. The Northern Ireland paramilitaries, such as the Irish Republican Army (IRA) and the Ulster Volunteer Force (UVF), the Euskadi Ta Askatasuna (ETA) in Spain, Palestinian military groups, the Tamil Tigers, Al-Qaeda, and a great many other nationalist and ideologically driven groups fall into this category. On the other hand, amateur terrorism refers to lone individual terrorists, such as the Unabomber (Ted Kaczynski) or Timothy McVeigh, or to millennial groups like the Aum Shinrikyo cult in Japan. These groups lack the tactical experience and support networks of professional terrorists and frequently have only rudimentary political programs.

Within the professional terrorism category, it is common to distinguish between nationalist, ideological, and more controversially, religious groups. Nationalist terrorism typically emerges from an ongoing struggle for self-determination or regional autonomy: Palestinian, Northern Irish, Kurdish, Basque, Tamil, Chechen, Armenian, Iraqi, and Kashmiri terrorism are all examples. Ideological terrorism reached its zenith in the 1970s, although there are still plenty of contemporary examples. Motivated by extreme Right-wing or Left-wing ideologies, these groups typically hope to provoke social revolution through violent acts: the Red Brigades in Italy, the Weathermen in America,

the Japanese Red Army, the Tupamaros in Uruguay, Shining Path in Peru, and Action Directe in France are examples. The notion of religious terrorism is a recent addition to existing typologies and refers to groups with primarily religious motives for their violence. The term is usually applied to Islamic fundamentalist groups like Al-Qaeda, although it is also used to describe Right-wing antiabortion groups and cults like Bhagwan Shree Rajneesh in Oregon and the Lord's Resistance Army in Uganda. Controversy surrounds whether religion acts as a primary motive or whether it is simply a mobilizing tool for what are essentially political goals. For this reason, some scholars feel that the term *religious terrorism* is employed primarily as a political tool to paint certain groups as fanatics who lack genuine political grievances.

There are many other typologies and subcategories applied to terrorist groups, including revolutionary terrorism, dissident terrorism, nihilist terrorism, communal terrorism, criminal terrorism, narcoterrorism, ecoterrorism, cyberterrorism, and international terrorism. What they illustrate, apart from the highly contested domain of the field, is that terrorism covers an incredibly diverse array of actors, contexts, motivations, strategies, and tactics. In an important sense, each terrorist group emerges from a unique combination of historical and political contexts. From this perspective, the indiscriminate and imprecise use of the term by both the authorities and scholars serves to obscure rather than illuminate the nature and causes of specific acts of political violence.

The Threat of Terrorism

By any measure, terrorism by nonstate groups is a minor form of criminal activity and a miniscule risk to personal safety and state security. On average, nonstate terrorism is responsible for between 1,000 and 7,000 deaths per year globally—compared to the millions who have been murdered by repressive regimes. The vast majority of terrorist attacks take place in a relatively small number of countries beset by intense political conflict: Israel-Palestine, Russia-Chechnya, Kashmir, Colombia, Algeria, Iraq, Pakistan, and Spain—among others. The vast majority of countries

in the world experience no terrorism at all. Contrary to popular perceptions, the number of terrorist attacks around the world has remained steady or even declined in recent decades (depending upon the data source), the great majority of terrorist attacks are against property rather than people, and mass casualty terrorism is extremely rare; out of more than 10,000 recorded terrorist attacks since 1968, only around a dozen have caused more than 100 fatalities.

The deaths caused by nonstate terrorist violence are dwarfed by the 40,000 people who die each day from hunger, the effects of small arms in civil conflicts (500,000 deaths globally per year), and deaths caused by diseases like influenza (3.9 million annual deaths) and HIV and AIDS (2.9 million annual deaths). Statistically, the risk of being killed in a terrorist attack ranks somewhere near the risk of being killed by home repair accidents, bee stings, or getting struck by lightning. No country has ever been seriously threatened by terrorism, although a number of states have experienced severe instability when violent counterterrorist campaigns have undermined social and political order—such as Germany's disproportionate reaction to the Red Army Faction (RAF) in the early 1970s.

However, the sheer visceral horror of the September 11, 2001, attacks heightened social fear and raised the issue of mass casualty terrorism and the threat posed by so-called "super-terrorism" or "catastrophic terrorism." While the raw number of terrorist attacks has remained steady in recent years, terrorist attacks are steadily increasing in lethality. Some terrorism scholars have suggested that there is a real risk of terrorist groups using weapons of mass destruction (WMDs), such as dirty bombs or chemical attacks. They point to the Tokyo underground sarin attack and the attacks against New York and Washington, DC as evidence of increasing terrorist ruthlessness. Other scholars argue that terrorists are unlikely to use WMDs because the risks and costs are too great: they are sometimes difficult to obtain and deploy effectively compared to conventional weaponry, the risk of massive retaliation by the target state is very high, and the use of WMDs may undermine support and sympathy for the group. It is suggested that the authorities

(and terrorism experts) deliberately exaggerate the threat posed by terrorism in order to expand state powers, increase military spending, discipline opponents, and create a more docile society.

The Causes of Terrorism

There is little agreement about the causes of terrorism. In large part, scholarly efforts to discover the origins of terrorist violence have been hampered by the taboo nature of the subject; the moral and political dangers of developing sympathy for their cause militate against in-depth interviews with known terrorists, for example. While the authorities encourage the popular perception that terrorists are psychopathic or mentally unbalanced individuals, every serious psychological study on the terrorist personality has concluded that terrorists are most often normal, well-adjusted individuals with no discernible psychopathology. There is no single terrorist personality; individuals join terrorist groups for an infinite number of personal and political reasons, from the desire for excitement and to be part of a tight-knit group to idealistic notions of changing the world for the better or revenge for humiliation experienced by their community. In contrast to the psychological profile of recidivist criminals for example, most terrorists are educated, emotionally stable, and economically well-off.

Other approaches suggest that terrorism arises out of a complex set of background and immediate causes that are intimately connected to local issues and historical and sociological factors, such as relative deprivation or historical injustice. From this perspective, searching for generic causes is fruitless because each terrorist group emerges from a historically specific context. Nonetheless, there is some agreement that for nationalist terrorism at least, its origins lie in the lack of effective institutions for articulating political grievances and the lack of progress in political negotiations. As levels of frustration grow across society, extremists gain support and violent struggle is seen as a legitimate form of resistance. A wide range of background and immediate factors can influence whether an oppressed society produces terrorist groups, including cultural attitudes toward violence; the level

of social cohesion; the type of leaders, opportunity, and means; and historical relations between groups.

A final approach to the causes of terrorism suggests that it is the result of rational calculation based on situational exigencies and ideological considerations. From this perspective, terrorist violence is seen as the optimal strategy for achieving a group's political goals—given the nature of the enemy, the constraints the group has to operate under, and the lack of success of alternative strategies. In many cases, such as the adoption of terrorism by the African National Congress (ANC) in South Africa, it is the outcome of an evolutionary political progression in which other nonviolent strategies were first tried but then abandoned because they failed to achieve any concrete gains. Usually, terrorism appears as an effective strategy of resistance when direct military confrontation is unfeasible. Importantly, this perspective suggests that genuine political dialogue and social reform can encourage terrorist groups to abandon their violent struggle.

Responding to Terrorism

There are a great many ways of responding to terrorism. Most governments respond using force-based and coercive strategies, including suppression campaigns, punitive and preemptive military strikes, and covert operations, such as targeted assassinations, sabotage, hostage rescue missions, and rendition programs. The authorities may also attempt to enhance security around potential terrorist targets, improve emergency response procedures, and apply economic sanctions against states they suspect of supporting terrorism. Legalistic responses, by contrast, focus on enhancing law enforcement and criminal investigation and include measures such as the passing of new laws, the creation of special task forces within domestic law enforcement agencies, and improving surveillance and investigation of targeted communities. International law can provide the context for law enforcement cooperation between states, such as extradition treaties and intelligence sharing, as well as special tribunals for prosecuting terrorists. Political and conciliatory responses to terrorism involve attempts to deal with the

underlying grievances and issues driving the violence. In such cases, states may engage in diplomatic negotiations with terrorist groups or their representatives or make specific political concessions in exchange for an end to the violence. Alternatively, a broad program of social and political reform may be necessary to rehabilitate the environment that caused the terrorism to emerge in the first place.

While small terrorist movements can sometimes be suppressed through force, serious terrorist campaigns have most frequently been ended through a mixture of intelligence-based and law enforcement measures, combined with substantial political progress on the central issues articulated by the terrorist groups and their constituencies. By contrast, the record of force-based terrorism or repressive counterterrorism has been very poor; in most of these cases, including Israel, Sri Lanka, Northern Ireland, Algeria, and Chechnya, the application of massive counterterrorism violence by the state has resulted in ever-greater levels of terrorist violence. So-called wars against terrorism are not only impossible to win, but they are often counterproductive; frequently, they are damaging to human rights and the functioning of democracy. In dealing with terrorism, global governance can play an important role in facilitating the political resolution of the world's intractable conflicts where most terrorism is currently taking place and providing the institutional context for enhanced international law enforcement cooperation.

—*Richard Jackson*

See also Emergency Powers; Peace Process; Post-9/11; Security; War on Terrorism

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THIRD SECTOR

The third sector is an intermediary realm between the private business sector, the public sector, and the personal sector comprising family and friends. As the sum total of not-for-profit enterprises and voluntary associations within a society, the concept of the third sector is often used interchangeably with two better-known terms: the voluntary sector and the nonprofit sector.

A confluence of recent historical processes has increased the scope and depth of third-sector activity, making it an important arena of contemporary governance. The collapse of socialism and the crisis of the welfare state have diminished confidence in the capacity of the public sector to deal with contemporary economic pressures. At the same time, rapid advances in technology and communication and the growth of social movements have spawned greater public awareness of the rising social and environmental costs of expanding capitalist economies. Under these conditions, third-sector organizations provide a means of responding to the increasingly complex challenges facing modern societies.

The identification of third-sector organizations varies across disciplines. Sociologists tend to include all institutions joining individuals in voluntary association. Public administrators and economists tend to be more discriminating. The former generally equate the third sector with voluntary-based, government-directed service organizations, and the latter focus on cooperatives and nonprofit enterprises operating within the market economy. Despite the absence of a definitive, broadly accepted typology of third-sector organizations, they are generally understood as having some degree of institutionalization, formal autonomy

from both the public and private sectors, and a nondistribution requirement that prevents profits from being passed on to members or owners.

There are two distinctive frameworks for understanding third-sector governance. The first situates the third sector within the context of welfare state development. Focusing on the fields of welfare, education, and health, this perspective examines the dynamics and effectiveness of service provision. In so doing, it explores issues of self-governance, such as organizational design and management, as well as issues involving public-private relations, such as regulation, financing, and accountability. The second framework emphasizes the third sector's relationship to the development of civil society. Emerging from a more sociopolitical perspective, it explores institutionalized patterns of cooperation and solidarity, the factors that affect these patterns, and their implications for democratic participation and social involvement.

While awareness of the third sector has broadened over the last decade, it continues to be underutilized as a research subject within the social sciences. As a result, key areas of interest, such as its role in policy making and its capacity and efficacy in pursuing public purposes, require further analysis.

—*Vanna Gonzales*

See also Association; Civil Society; Nonprofit Organization; Social Market

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THIRD WAY

Historically, the term *third way* has been used in a multitude of ways to refer to a variety of forms of governance—from Nordic social democracy to fascism.

In its most recent incarnation, it was deployed first by then Director of the London School of Economics, Anthony Giddens, in a string of influential publications from 1998 to 2002 to refer to an alternative to both neoliberalism and social democracy in an era of globalization. It has been associated most clearly with the New Labour administration of Tony Blair in Great Britain, but also, if less directly, with a number of Center-Left administrations, notably those of Bill Clinton's New Democrats in the United States and Gerhard Schröder's Social Democratic Party (SPD) in Germany. The term is taken to variously refer to a new and distinctive policy program, to a new political economy, to a new conception of social justice, and, by many of its critics, to a Center-Left capitulation to neoliberal globalization.

Anthony Giddens is relatively specific as to the policy content of the third way, distinguishing it unequivocally from both neoliberalism to the Right and a "traditional" conception of social democracy to the Left. But herein lies the first potential confusion. Though clearly framed in the first instance to chime with the mood of modernization associated with the birth of New Labour in Great Britain, the aspirations for the third way have grown over time. So too has its intended audience. It is now presented as a guide to good governance, appropriate to conditions of globalization and complex economic and social interdependence for developed and developing economies alike, as Giddens noted in 2002. Yet arguably it continues to betray its origins in domestic British political discourse. For instance, the conception of social democracy, from which it distances itself, is scarcely recognizable to students of the latter's distinctive (and arguably defining) Nordic/Scandinavian form. Indeed, the conception of social democracy to which Giddens's third way is a response in fact owes far more to Great Britain's peculiar experiments with corporatism in the 1960s and 1970s than it does to the continental European tradition of social democracy— a tradition to which the British Labour party and movement never really belonged. Indeed, the rather ambiguous nature of the relationship between the third way and social democracy is merely compounded by periodic references to the third way as a "modernized" social democracy fit for the new

prevailing social, political, and economic landscape of contemporary capitalism. This sits uneasily alongside the idea of the third way as "beyond Left and Right," that is, beyond social democracy and neoliberalism.

Yet whether conceived as an alternative to, or an updating of, the social democratic tradition, the central and defining features of the third way are set out very clearly by Giddens:

1. A commitment to the seemingly paradoxical notion of the radical center and, with it, to the idea that a modernizing Center-Left administration can draw radical zeal from Left and Right simultaneously

2. An emphasis on the "new democratic state" and with it a commitment to a more open and dialogic conception of international politics (and, rather naively, as it was to turn out, to "states without enemies"), to raising environmental consciousness and, domestically, to a far more transparent, direct, and open form of participatory government that empowers the citizen

3. An associated emphasis upon a more active and engaged civil society that has taken greater responsibility for its own governance through a proliferation of more community-based initiatives and an expanded role for the third sector

4. A commitment to the sustenance by public policy of the "democratic family" and with it an associated emphasis upon support for coparenting, gender equality, and life-long parental contracts

5. An emphasis upon the "new mixed economy" and an acceptance (from neoliberal variants of public choice theory) of the need for public-private partnerships, private finance initiatives, and the incentivization of consumer-friendly public service provision

6. A commitment to "equality as inclusion" and with it a far greater emphasis upon providing appropriate opportunities for citizens to improve themselves (for instance, investing in their own human capital) rather than the pursuit of equality of outcome

7. An associated commitment to the notion of "positive welfare" and of "no rights without responsibilities"

8. A commitment to the development of the "social investment state" and to the use of public resources to build the national stock of human capital, thereby contributing to competitiveness and good economic performance

9. An emphasis upon the development of a genuinely "cosmopolitan nation" celebrating cultural diversity and pluralism

10. A commitment to extending such cosmopolitan values into the international areas through a democratization of the institutions of global governance

This is undoubtedly an original and distinctive combination of programmatic commitments and one that clearly draws inspiration from both Left and Right. However, what is perhaps odd is that having set out to chastise traditional social democracy, the third way seems to embrace a series of policy goals that arguably have been most successfully pursued in social democratic regimes. Notable here is the third way's commitment to raising environmental consciousness (and standards), to the democratic family, to coparenting, to greater gender equality, and to a social investment state. These have been mainstays of continental European social democracy throughout much of the postwar period; arguably traditional social democratic regimes continue to enjoy far greater success in fulfilling their commitment to these goals than those states whose leaders have come to embrace the third way.

A second interesting point is that the political economy of the third way is seemingly rather underdeveloped. Indeed, if much of the social and ecological policy innovation of the third way can—or at least could—trace a direct lineage from traditional social democracy, the economic policy content seems decidedly neoliberal in tone. Notable here is the enthusiastic endorsement of market and quasi-market mechanisms in the delivery of public services and in the incentivization of public-sector performance. This is particularly significant because, it seems, much of the third way is about scaling back social democratic expectations and ambitions so they do not challenge economic competitiveness in an era of globalization.

Although it is rarely presented in such terms, this may suggest the third way is underpinned centrally by an understanding of the constraints imposed on Center-Left administrations by globalization. Indeed, the third way is perhaps best seen less as a self-contained ethos and conception of social justice informing policy rather than as a more pragmatic

downscaling of social democratic aspirations to an age of diminished policy-making autonomy. Again, this reveals a certain ambiguity at the heart of the third way. Its pragmatism and realism in the face of insurmountable, external, and (largely) economic constraints is prominent. Yet, simultaneously, it is invariably held by its advocates to provide a guiding ethic and a universal conception of social justice to inform policy choices in a programmatic way. As such, we might expect it to provide an exacting ethical standard against which, for instance, contending economic and social policy choices might be gauged. Yet the third way tends not to hold economic and social policy accountable to an ethical standard so much as to construct a standard of perceived political economic viability against which any ethical considerations must first be assessed. Indeed, it seems, particular perceptions of political economic constraints—associated in particular with globalization—impose a recalibration of a more traditional social democratic ethos. It is in this sense that the third way is an updating of traditional social democracy. It seeks to retain those elements of a social democratic ethos that are still held to be compatible with economic growth in an era of presumed globalization.

As this suggests, despite impressions to the contrary, third way political economy comes prior to its ethics. Indeed, it is assumed to both correspond to, and arise naturally out of, an economic reality that has rendered social democracy redundant. As this makes clear, the third way rests upon a set of economic assumptions—about the extent and nature of globalization and the degree to which it is incompatible with social democracy. Yet those economic assumptions are far from unquestioned and, as a growing body of scholarship now shows, are in fact increasingly difficult to reconcile with the empirical evidence.

Despite the third way's reliance upon a particular, and now contested, conception of economic constraint associated with globalization, in economic policy terms at least, what it sanctions or embraces is far from clear; it is far clearer about what it rejects than what it sanctions or embraces. The third way rejects Keynesianism, the economic theory of John Maynard Keynes. Moreover, if taken to imply an unconditional right of access of all citizens to a comprehensive welfare state, a belief in democratic economic governance (as distinct from the governance by the economy of the realm of political choice), and a commitment to egalitarian social outcomes (as distinct from opportunities), it is post–social democratic. More substantively, it rejects nationalization, interventionism, active industrial policy (which it characterizes as "backing losers"), what it sees as regulation for its own sake, deficit financing, corporatism, and the appeasement of labor more generally.

This excepted, there is no sustained discussion of the economy in Giddens's 1998 work, *The Third Way.* That discussion came in 2000, in *The Third Way and Its Critics.* Here, having acknowledged the criticism that there is no economic policy content to the third way, Giddens retrospectively linked the ethical vision outlined in *The Third Way* to a new Keynesianism, with which he can hardly be said to be fluent. This is never fleshed out in any detail. Giddens makes a passing reference to the importance of policy for the supply side of the economy. Similarly, the importance in the new knowledge economy of investment in human and, indeed, social capital is included. Together, these underdeveloped remarks exhaust the substantive content of third way political economy. Given that the third way presents the economic aspect as circumscribing the parameters of policy autonomy in a quite fundamental way, this comparative silence is all the more remarkable. The need for an alternative to the first and second ways (neoliberalism and social democracy respectively) is presented in economic terms. Yet the case is never made. Consequently, the third way, unlike other political philosophies or conceptions of social justice, demands an economic analysis that it does not provide.

This has serious implications for the conception of social justice that it is capable of articulating. Any consistent conception of social justice is compromised by the perceived need to scale one's ethical aspirations in accordance with assumed (economic) constraints and imperatives. In other words, rather than defend, in its own terms and from first principles, a particular conception of social justice, the third way must choose its conception of social justice pragmatically, having first eliminated all those deemed incompatible with the harsh economic realities of a global era. Where issues of equity and economic efficiency

are seen to clash, the overriding imperative is economic growth. Social solidarity and, one must presume, social justice are viewed as something of a luxury: desirable, certainly, but only where the imperatives of the former allow. What this in turn suggests is that if a distinctive third way ethic emerges, it is more by chance than by design or conviction.

This makes the status of the third way as a guiding political ethos somewhat unclear. In strictly ethical terms, is it normatively superior to the social democratic ethos it seeks to replace? Or is it merely the best one can aspire to when the (presumed) incompatibility between social democracy and globalization is acknowledged? Is the third way the best in this best of all possible worlds, to paraphrase *Candide*'s Doctor Pangloss? Or is it the best conceivable ethos in a world of diminished expectations and radically circumscribed political autonomy? One thing is clear— it is disingenuous to present it as both.

This brings us to a final observation. The third way does not provide an ethic that can inform future policy choices so much as a language that legitimates choices that have already been made. Presented with a particular policy challenge, it would be difficult to argue that a quick read of Giddens's *Third Way* might allow one to derive the "correct" policy response, as distinct from the language that defends policy choice. There is no single third way answer to the question, Should an economy have a minimum wage? The third way supplies an ethical lexicon with respect to which either choice might be legitimated; it does not provide discriminating ethical standards that might inform the choice itself. Herein lies its much-vaunted pragmatism. New Labour policy is legitimated not by appeal to ethical standards and principles but with respect to the presumed truth of certain social (and economic) facts. This is nowhere more clear than in the economic sphere. The third way rests on a set of presumed truths about the economic context in which Center-Left economic governance is played out. Such "truths" rest on strong claims about globalization, whose validity is now seriously challenged.

—*Colin Hay*

See also Globalization; Political Economy; Public-Private Partnership; Social Democracy; Social Market; Workfare

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THIRD-WORLD DEBT

The rapid growth in the external debt of third-world states has been a key issue since the early 1980s. Debt itself is not something that is unique to the third world. The United States also has a huge public debt, but at present it has the means to manage it. Debt only becomes a potential problem when the borrower is unable to generate sufficient funds to meet the repayments. Many countries in the third world have encountered such difficulties, and often commentators have used the term *debt crisis* to describe the situation. The issue became public knowledge in August 1982 when Mexico declared that it could no longer meet the repayments on its external debt. Since then many of the poorest countries in the world have had to make sacrifices in key areas of public spending in order to service their debt.

During this period the World Bank and International Monetary Fund (IMF) have become key players by offering conditional loans and advice to try to help manage third-world debt. Nevertheless, debt remains a major issue for many countries in the third world. For 2002, the total stock of external debt for all developing countries stood at approximately

US$2.3 trillion. This represents thirty-nine percent of the gross national income (GNI) of these countries. For sub-Saharan Africa, where the majority of the world's most heavily indebted countries are to be found, external debt rises to seventy percent of the GNI.

Historical Origins

The origins of the debt crisis in the third world can be traced back to the oil price shock of 1973–1974. At the time, the member states of the Organization of Petroleum Exporting Countries (OPEC) limited the supply of oil, which resulted in a huge increase in the price. This had a significant impact on all importers of oil, including many newly independent countries in the third world. The excess profits that OPEC members received were then invested in the Western commercial banking sector. The banks then sought to find new borrowers to lend this money to. Countries in the third world, which were in need of development assistance to soften the impact of increased oil prices, were considered a sensible and safe option by the banks. This meant that during the second half of the 1970s, a significant proportion of the flows of capital to the third world came from commercial banks. This flow of funds from OPEC-member states to commercial banks and then on to countries in the third world is often described as petrodollar recycling.

Three key factors led to the emergence of a crisis in third-world debt in the early 1980s. First, there was a second oil price shock in 1979. This led to economic recession in Western economies and also put a further strain on the balance of payments of oil-importing countries in the third world. The banks offered further loans to third-world countries at this point so they could satisfy these pressures. Second, a shift in economic policy making took place in the West (in particular the United States and the United Kingdom), and this resulted in the use of interest rates to control inflation. With inflation set to rise sharply as a result of the increase in oil prices, interest rates were significantly increased in an effort to contain inflation. This rise in global interest rates dramatically increased the costs of debt servicing for third-world countries. Third, the recession in the West multiplied the

problems for the third world. Faced with the need to raise additional foreign exchange to meet their debt repayments, one option would have been to increase their exports. However, the market for what were mostly primary commodities had declined as a result of the economic downturn in the West, and this depressed prices for the majority of third-world commodity exports.

What Kind of Crisis?

Two different interpretations of the nature of the third-world debt crisis have dominated the debate since the early 1980s. The majority view in the West has been that the crisis poses a threat to the stability of the international financial system as a whole. This stance is often associated with the view that most of the responsibility for the crisis rests with the borrowing countries. It is suggested that they must take responsibility for the loans they took out. Many liberal theorists would argue that by ignoring the underlying problems of their economies, and by using private banks to fund serious balance of payments problems, governments in the third world were avoiding the issue of economic adjustment. An alternative reading of events, mostly to be found in the third world itself, argues that while the collapse of the international financial system appears to have been avoided, the issue of third-world debt remains a crisis of development. Here more responsibility is assigned to the commercial banks that, with the support of governments in the West, engaged in a reckless lending strategy.

Management of the Debt

The initial response to the third-world debt crisis was an approach centered on short-term measures to prevent debt defaults. The IMF and World Bank provided loans that were conditional on borrowing countries following a series of structural adjustment measures. These were designed to increase the productivity of their economies in the hope that this would enable them to resolve their problems. By the mid-1990s it had become clear that the debt crisis was a long-term phenomenon. Despite most third-world countries

following the adjustment policies of the IMF and World Bank, the debt problem remained. This resulted in the launch of the heavily indebted poor countries (HIPC) initiative in 1996. For the first time, limited relief of debts owed to the World Bank and IMF became part of the approach. However, critics of the HIPC have argued that this relief was still linked to structural adjustment conditions that were similar to those attached to earlier loans. In contrast to all these measures, over recent years the Jubilee Debt Campaign and other global civil society organizations have called for wholesale debt cancellation.

—Stephen R. Hurt

See also International Monetary Fund; Neocolonialism; Oil Crisis; Organization of the Petroleum Exporting Countries; Washington Consensus; World Bank

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Tobin Tax

The Tobin tax is a proposed tax on short-term currency transactions. The tax is designed to deter only speculative flows of hot money—money that moves regularly between financial markets in search of high short-term interest rates. It is not meant to impact long-term investments. The effective rate of tax will be higher the shorter the investment cycle (i.e., the time between buying and selling a currency), thus providing market-based incentives for lengthening the term structure of investments. Such taxes tend to be named after James Tobin, the Nobel laureate in Economics who first popularized the idea of a levy on

currency transactions in the early 1970s. In one of his final interviews for the German newspaper *Der Spiegel,* Tobin subsequently distanced himself from the campaign that now typically bears his name, arguing that campaigners were right to support a currency transactions tax, but they were doing so for the wrong reasons. Three reasons are usually cited for introducing such a tax and, while Tobin concentrated on the economic justifications for taxing speculative flows of hot money, others have recently focused instead on the positive global causes that could be financed from the revenue from the tax.

This is perhaps understandable because the daily turnover on foreign exchange markets is now so out of proportion compared with all other forms of economic activity that even the tiniest currency transactions tax would raise huge sums of money. It would provide a means of global redistribution, enabling poverty to be tackled at the source. Despite concerns about the viability of enforcing the tax, its revenue would allow any number of development goals to be met. In addition, a Tobin tax would also act as a defense mechanism against destabilizing speculation within the foreign exchange market. As the Asian financial crisis proved so conclusively, whole economic systems can fall prey to the effects of momentum trading, whereby the loss of confidence in a currency can lead to wholesale economic collapse.

However, neither of these were Tobin's reason for supporting the imposition of a currency transactions tax. Tobin's concern was that policymakers should be able to determine policy in a context that was undisturbed by flows of hot money destabilizing the domestic currency. The tax therefore represents a means of reactivating a sphere of autonomous policy making. Tobin tailored his argument primarily to the position encountered by developing countries. He wished to see developing countries integrated more fully into the dynamics of international trade, and using public policy to reduce speculation against their currencies assisted this goal. At the time that Tobin was writing, speculative pressures against the currencies of developing countries proved particularly difficult to resist, which added a considerable degree of exchange rate

risk into, and hence undermined, their trading relation-ships with other countries.

—Matthew Watson

See also Derivative; Foreign Exchange Market

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TOP-DOWN APPROACH

The top-down approach, described as an "iron fist" or "velvet glove" mode of governance, is characterized by a powerful, hierarchical state where a political elite devises policy that is then implemented through a strict, sequential, and stable chain of command via bureaucrats and service providers. It emphasizes national planning, rationality, command, control, obe-dience, and constraints, and evokes notions of red tape and bureaucracy.

A top-down approach to governance presents a clear divide between top-level policy formulation and the subsequent implementation of these preset goals by administrators and service providers. The process of enacting policy is viewed as an implementation chain where links must be forged between various agencies. However, the more links there are in a chain, the less the likelihood of successful implementation.

Several "ideal types" of this approach have been formulated, where, against a backdrop of perfect communication and no time constraints, the state uses regimented, clear lines of authority to control a series of causal stages to enforce its norms and objectives and to minimize any conflict or deviation from its aims. The quality of intragovernmental relations is vital;

these relations must encompass clear and recognized goals, close cooperation, and adequate resources. Implementation failure occurs due to incorrect strat-egy, weak operationalization, the wrong use of policy instruments, or poor programming of the bureaucracy. In other words, if the correct sequence of events is pur-sued, the policy will succeed. Hence, the practical role of political science is to provide rational analysis (and mathematical modeling) to provide steps for the policy elite to control or improve the implementation process.

With the advent of alternative bottom-up approaches, these "ideal types" drew heavy criticism. Empirical work found such prescriptive rational models to be flawed in theory and practice, and the top-down approach to governance was viewed as a myth that collapsed when compared with everyday political life. With bottom-up approaches, the traditional focus of political scientists on how those at the top exercise their political will neglected the impact of bureaucrats and "street-level" service providers on whether a policy is successfully implemented and overlooked the dynamism these groups bring to the policy process.

The top-down approach came to be seen as a the-ory devoid of human interaction that grossly over-simplified the complexity of implementation and assumed what counts as successful public policy out-comes was uncontentious. It depoliticized the rela-tionship between policy and action, and underplayed notions of power and dependence between agencies. It overlooked complex patterns of human motivations, behavior, and interests. Conflict, bargaining, and com-promise were seen as dysfunctional, whereas these are essential features of bottom-up approaches.

More recent criticisms are that top-down notions are more about government than governance and disem-power public servants and citizens; and the emphasis on centralized command and control is anachronistic and does not square with the decline or "hollowing out" of state power.

—Claire Donovan

See also Bottom-Up Approach; Bureaucracy; Hierarchy; Hollow State; Policy Implementation; Security Community; State

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TRADE AGREEMENTS

The underlying framework for trade agreements resides in one of the multilateral institutions created under U.S. leadership after World War II. Those institutions include the International Monetary Fund (IMF), to help countries with temporary balance of payments problems; the World Bank, to provide support for reconstruction and economic development; and the General Agreement on Tariffs and Trade (GATT), to provide a framework for international trade-policy negotiations and a mechanism for settling trade disputes. A more comprehensive international trade organization was planned to facilitate liberalized trade among nations but was not ratified by the U.S. Congress for fear of yielding control over trade policy to an international entity. Much of the rationale for GATT was to harness mercantilist motives in the interest of trade liberalization.

Thus, GATT's articles of agreement codified behavioral principles for participating nations' trade in goods from 1947 to 1995, when the World Trade Organization (WTO) was founded. These behavioral principles included first and foremost a commitment to negotiating reduced tariffs, which, as tariff levels have been reduced over successive rounds of negotiations, has expanded to include a host of nontariff barriers to trade. A second principle is nondiscrimination in imports and exports, expressed in the form of most-favored nation (MFN) treatment, now replaced by the term *normal trade relations* (NTR). This principle ensures that a tariff reduction made to one nation is extended to all nations to whom a country has extended MFN status, typically all GATT (now WTO) member nations. An exception to the MFN rule is established in GATT Article XXIV, which allows for the creation of preferential trade agreements (PTA) outside of the GATT framework, if they increase the domain of liberalized trade. Examples of this type of agreement would include a free trade area (FTA) and a customs union (CU). (In an FTA, there is free movement of goods originating from within the member countries, whereas in a customs union, internal free trade is accompanied by a common external tariff—on goods from outside the member nations.) Among the successful regional agreements that have been negotiated are the European Union (EU), North American Free Trade Agreement (NAFTA), Mercosur, the Andean Community (the latter two now merged to form the South American Community of Nations), the East African Community, and the Association of Southeast Asian Nations (ASEAN) Free Trade Area.

A second exception to MFN was envisioned for the developing countries and expressed in GATT Article XVIII, which gave them additional leeway in using tariffs and quantitative restrictions to achieve development objectives. These provisions came to be seen as inadequate, and in 1964 the first United Nations Conference on Trade and Development (UNCTAD), held in Geneva, put developing countries' demands for aid and preferential access to rich nations' markets on the multilateral negotiating menu. After initial reluctance, rich nations eventually implemented a preferential arrangement, the generalized system of preferences (GSP) for developing countries' manufactures, though the program was circumscribed by safeguard measures to limit market disruption.

A third principle is the prohibition of quantitative restrictions on trade, but GATT Article XI articulates that the principle had a long list of exceptions, such that one could say it began as a principle in principle. In GATT framework, no agreement governing trade in agriculture was put in place, and rules have only slowly been agreed to over the years. In the meantime, quantitative restrictions (quotas) were widely used to protect domestic agriculture. However, in the Uruguay Round of multilateral GATT negotiations that concluded in 1994, GATT member countries agreed to transform quantitative restrictions into tariff

form, at least in part to provide a basis for comparison across countries and to facilitate negotiations to lower levels of protection. Despite that progress, the goal of reducing protection for domestic agriculture remains exceptionally challenging.

Similarly, provisions under GATT Article XIX for temporary import restrictions to alleviate serious injury from imports were frequently sidestepped as countries employed safeguards and escape clauses once intended for temporary relief to engineer enduring restrictions on trade. Orderly marketing agreements (OMA) and voluntary export restraints (VER) came into wider and wider use, notably in textiles, and arrangements between the United States and Japan to limit Japan's cotton textile exports in the late 1950s grew into the Multifiber Agreement (MFA) of 1974. Under the MFA, the industrialized countries negotiated quotas on textiles and clothing imports from developing countries. The Uruguay Round secured agreement to terminate the MFA beginning in 2005.

The Uruguay Round, which also put in place the machinery of the World Trade Organization (WTO), launched in 1995, followed a number of earlier successful multilateral negotiating rounds to reduce tariffs under the auspices of the GATT, most notably the Kennedy and Tokyo Rounds. These rounds successfully lowered the average level of tariffs in developed countries and fostered a massive expansion of global trade that continues into the present. Currently, multilateral negotiations are under way in what is known as the Doha Round, with agriculture, abuse of antidumping measures, services, and Trade-Related Aspects of Intellectual Property Rights (TRIPS) among the agenda items.

While multilateral negotiating rounds under the GATT/WTO generate tariff and trade barrier reductions for all member countries, PTAs discriminate between member countries and the rest of the world. For a customs union, such as the EU, this raises the question of whether the formation of the PTA expands trade among member nations (trade creation) more than it reduces prior trade with low-cost producers in the rest of the world (trade diversion because of the common external tariff). Such considerations must be balanced against the potential efficiency gains from economies of scale in a larger market as well as the potential for increased competition. Finally, although multilateral nondiscriminatory liberalization has characterized much of the trajectory of trade agreements since World War II, bilateral and regional trade agreements have proliferated in recent years, and progress on difficult issues may be made first within trading blocs and only eventually multilaterally. These agreements may also introduce new challenges to trading relations. NAFTA's inclusion of labor and environmental issues in the agreement brought those two contentious issues to the forefront of multilateral negotiations as well. And some of Singapore's newly concluded bilateral agreements go beyond trade to include factor flows such as foreign direct investment, which over time can alter the country's underlying endowments and change the basis for trade.

—*Thomas Willet and James A. Lehman*

See also Asia-Pacific Economic Cooperation; World Trade Organization

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TRADE UNION

Trade unions are groups of workers who combine together in order to defend and enhance their political, legal, and civil rights, and to maintain and improve their terms and conditions of employment through collective bargaining with the representatives of employers and government. The principal bargaining tool of the trade union has been the capacity for its members to threaten the withdrawal of their labor, through either official or unofficial strikes.

Trade unions were formed initially in Great Britain, the world's first industrial nation. Following the mass migration of agricultural laborers into squalid living

and working conditions in England's polluted and overcrowded industrial cities, groups of workers began to combine in an attempt to improve their quality of life in general and pay and conditions of employment in particular. Until 1824 it remained illegal for workers to organize themselves into trade combinations, and it was not until February 1867 that the formation of a Royal Commission of Inquiry into Trade Unions finally established their legal status in Britain. The following year, the Trade Union Congress (TUC) was founded to provide the world's first national body for the representation of workers' interests.

The peak of trade union activity was during the first half of the twentieth century. For example, in Britain during 1926, a record 160 million working days were lost to strike activity. Eventually, the prevalence of labor disputes became a source of national shame and ridicule. The disruption of production by strike action became known as the "British disease." In 1969, the government under Harold Wilson attempted to reduce strike activity through its "In Place of Strife" legislation, but the legislation was defeated by divisions within the Cabinet over the issue. A decade of industrial unrest followed, which culminated in the Winter of Discontent, the loss of 29 million days lost to strike action during 1979, and the election of Prime Minister Margaret Thatcher.

Labeling the trade unions as "the enemy within," the Thatcher government's reforms of labor markets, including the removal of the trade unions' legal immunity from prosecution for the costs arising from strikes, ushered in the era of deregulated labor markets and declining union membership and strike activity. By 1994, the number of working days lost to labor disputes in the United Kingdom had fallen to only 0.3 million.

Although in autumn 2003, 7.4 million British workers remained trade union members, this amounted to only twenty-seven percent of those in employment, compared with twenty-nine percent in 1995.

The wider role played by trade unions in national governance has been most evident in the overthrow of authoritarian regimes in Apartheid South Africa and communist Eastern Europe. In South Africa, the formation of the Congress of South African Trade Unions (COSATU) in December 1985 provided a major landmark on the road to the abolition of Apartheid. Members of COSATU were also in the vanguard of the African National Congress as it evolved from a campaigning group against Apartheid to a party of government following the release of Nelson Mandela from prison. However, it was in Eastern Europe during the 1980s that the role of trade union power in transforming the pattern of governance was most prominent.

In Poland, Solidarity, a federation of thirty-six regional trade unions, was founded on September 22, 1980, following a series of strikes at the Gdansk shipyards. Under the leadership of Lech Walesa, Solidarity soon attracted a membership of more than ten million Polish workers and began to press for wholesale political and economic reforms to the communist system, including the introduction of free elections. Following a series of major strikes during 1981, martial law was imposed on December 13, 1981, and the union officially was disbanded by the Polish Parliament on October 8, 1982. Although the trade union movement was driven underground, it reappeared in 1988 when workers pressed for the official recognition of Solidarity. Two months after its official legalization in April 1989, Solidarity won 99 of 100 seats in the newly established upper house of the Polish Parliament. It also won all 161 seats that could be contested by opposition political parties in the lower house. The transformation of Solidarity from an underground political movement to an official party of government was completed, first, in August 1989 when it formed a coalition government and, second, in December 1990 when Lech Walesa was elected as the President of Poland.

The decline in the political significance of trade unions in many major industrialized economies may be attributed to a number of factors, including the deregulation of labor markets, the privatization of state industries, the liberalization of the markets for goods and services, and the increasing salience of female, part-time employment in service industries. Nevertheless, trade unions continue to play a significant role in global governance. Trade unions are represented internationally by the International Confederation of Free Trade Unions (ICFTU), which was established in 1949 and now possesses 233 affiliated organizations

in 154 countries. The total membership of ICFTU's affiliates is 145 million, forty percent of whom are women. In the governance of labor markets, the ICFTU has played a prominent role in campaigning for international labor standards, trade union rights, gender and racial equality, and the eradication of forced and child labor.

Since the creation of the World Trade Organization (WTO), the ICFTU has provided a series of important reports for the WTO's General Council Review, including analyses of the extent to which the United States and the member states of the European Union have ratified the eight core International Labour Organization (ILO) conventions on core labor standards. While most of the EU's twenty-five member states have ratified all eight conventions, the United States has ratified only two so far. Thus, the degree of trade union rights for workers continues to vary considerably between major markets.

—Simon Lee

See also Collective Wage Bargaining; Corporatism; Social Democracy

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TRADITION

Traditions are webs of related practices comprised of inherited patterns of thought and actions. They are constituted by beliefs and practices that are handed down from the past. A tradition is a temporal chain that exhibits the historical continuity of the individual beliefs and practices that make it up, each of which expresses some formative influence on subsequent incarnations. In addition to the temporal connections that result from providing the starting point for its later exemplars, the instances properly thought to make a tradition embody conceptual connections with one another. The beliefs and practices of a tradition that are transmitted over time exhibit at least a minimal level of conceptual coherence and consistency, forming an intelligible whole that evinces why they go together. Thus, we call tradition the chain of variant interpretations that people make, as in the Kantian tradition or the liberal tradition. As a sequence or chain of interpretive variations that people receive and transmit over time, traditions are connected by the development of common themes, not limited to the contiguity of presentation and departure or descent from a common origin.

Many things affect human behavior and that which can be socially transmitted through time is a broad category, including ritual practices, habits, images of people and events, and beliefs of all kinds—be they secular or sacred, transmitted orally or through writing, formed through experience or arrived at by ratiocination and logical deduction. Material objects may well be thought to comprise traditions—a particular monument, building, machine, painting, or novel is sometimes invoked as a particular tradition. But it is the cluster of qualities and ideas they embody in representation that are properly thought to make a tradition. No concrete practice, institution, or object itself endures through time, since an action ceases to exist once it is performed and objects are undergoing continuous morphosis due to their inherent molecular activity and by dint of their changing environment. The transmissible parts of human life that can endure as traditions, however, are the mental images, memories, patterns of actions, and clusters of related ideas about them.

Traditions are normative as they constitute conditions for subsequent actions and in most cases also precedents for what future actions should be like. The patterns that guide action have to do with not only the ends sought but the conceptions of appropriate and effective means to attain those ends, along with the relationships that result from and are maintained by those actions. Traditions are thus normative in the sense that they incorporate beliefs for requiring, permitting, recommending, or otherwise regulating its reenactment. For this reason, traditions perform the role of socialization and the inculcation of particular beliefs, value systems, and specific conventions of behavior. Because traditions rely on group

membership—in the form of communities that are either real or artificial—they not only symbolize but also legitimize social cohesion. Traditions are further normative in the sense that they establish or endorse particular social institutions and relations of power and authority.

Despite the many normative aspects of traditions, being handed down does not itself logically entail any explicit expectation that it should be accepted, appreciated, or otherwise assimilated. Traditions do not independently establish or reproduce themselves; no tradition can elaborate or promulgate itself. Only living, knowing, and desiring human beings can enact and reenact a tradition. No tradition exists apart from those who propound, subscribe to, and otherwise recognize various conceptions as such. Above all, the characteristic feature of a tradition is that the pattern of thought and action in question is created and recreated by people through their interactions with each other, relayed through several generations of remaking by interpersonal means. When we speak of any tradition, thus, we speak of that which has exemplars and custodians.

Because a tradition's constellations of symbols and meanings are only received and modified through interpretations by people, traditions remain contingent, open to change both while in the possession of their recipients as well as in the process of transmission. No tradition can be fully closed, if for no other reason than that its practitioners must face constantly changing circumstances. In the course of events over time, a tradition will evolve, shift, and change as the constitutive people respond to challenges from the outside or otherwise discover that aspects of their beliefs conflict with other, higher order, beliefs. In facing changed circumstances and responding to dilemmas that arise as a result, adherents of a tradition may adopt new beliefs or reject certain portions of their shared ideas. Particular traditions can develop because a desire to create something truer, better, or more convenient motivates those who acquire and possess them. Traditions can also deteriorate, in the sense of losing their adherents, because possessors cease to present them, or those who once received and reenacted them come to prefer other lines of thinking and conduct, or

because new generations to which they were presented find other traditions of belief more acceptable according to the standards they accept.

The continuity through discontinuity present in any tradition is best understood as the emergent, (i.e., generative) interplay between inherited ideas and rational reflection against the wider social circumstances in which people are situated. Thus, it is reasonable to expect that what exactly is handed down, how long it has been so, and the degree of rational deliberation that entered into a tradition's creation, presentation, and reception are all likely to be contested to the extent that they are interpreted differently. Even if we had sufficient records for named institutions and could presume their dates of foundation precisely, it is much more difficult to assert the point of origin of ideas, the webs of beliefs and patterns of meaning that comprise traditions. Moreover, although traditions shift and change as people are compelled to reinterpret and rearticulate their beliefs, they require sustained assault from many sources before giving way to significant change because traditions also encompass tacit beliefs and habitual relations between practitioners and their objects. Despite their essential flexibility, traditions are generally enduring webs of beliefs and modes of conduct.

The concept of tradition is useful for explaining governance where governance is broadly understood as ways in which the state exercises power as well as the various ways in which power operates in and through nonstate actors and practices. More specifically, governance refers to a pattern of rule and public administration through networks of various kinds. Insofar as studies of governance attempt to give accounts of why certain forms of life, power, and utterances have the content that they do, the concept of tradition allows us to explain governance processes, modes, and trends by helping us to elucidate the relationship between conduct and contexts for action. As agents that are always embedded within some social context, people exercise the capacity to adopt new beliefs and actions for reasons of their own against a background or social context that already exists as a common heritage, which provides them with the situation for doing so. We can understand the concept of tradition as

that which provides this social background for agents to come to hold the meanings they do, which in turn informs their beliefs, actions, and practices. Thus, we can understand people as always situated against the background of some social tradition, or overlapping traditions, which at least initially provides them with a set of theories and ideas and thus a context for adopting new beliefs and acting in novel ways to modify, develop, or even reject their inheritance.

Even as a tradition forms the background to people's utterances and actions, the content of their utterances and actions does not come directly from these contexts but rather from the ways in which they replicate or develop these traditions in accord with their intentions. Thus, traditions constitute a necessary background to the beliefs people adopt and the actions they perform, but they do not determine their beliefs and desires, nor do they fix or limit the actions they can perform successfully. Tradition is an initial influence on people. Its content will appear in their later actions only as far as their situated agency has not led them to change it. Because tradition is unavoidable only as a starting point, traditions do not possess a fixed context to which we can ascribe variations. There may be occasions when we can point to the persistence of some core idea within a tradition over time. In other cases, however, we might identify a tradition with a group of ideas that were widely shared by a number of people, although no one idea was held by all of them. Alternatively, we might equate a tradition with a group of ideas that passed from generation to generation, changing incrementally each time, so that no single idea persisted throughout. A particularly long-lasting tradition, such as Roman Catholicism, incorporates so many developments and changes of emphasis that many of its historical aspects may be unrecognizable to some of its contemporary adherents.

As an explanatory concept, the concept of tradition provides a means of analyzing social change because it allows for situated agency. Change arises as a result of people's ability to adopt beliefs and perform actions for reasons of their own when they creatively respond to dilemmas from within their existing beliefs. A dilemma arises for individuals whenever they adopt a new belief that stands in opposition to their existing

beliefs and so forces a reconsideration of the latter. In accepting a new belief, people pose to their existing beliefs the question of how they will accommodate it. They respond to the dilemma, whether explicitly or not, by changing their beliefs to accommodate the newcomer. Traditions change over time and we cannot explain these changes unless we accept that individuals are capable of altering the traditions they inherit.

We should not understand traditions as having a given or necessarily rational path of development because the way in which people respond to a dilemma is open ended in that there are always many plausible ways in which they might modify their existing beliefs. It is entirely possible for a tradition to include, or be largely composed of, beliefs that are accepted without intense reflection or explicit articulation as such. In fact, to the extent that they provide a background context for action, traditions will often remain abstract and largely unarticulated. Neither of these conditions, however, cancels out the fact of beliefs being held and transmitted by people through time. Whether there is acceptable evidence for the truth of the tradition or whether the tradition is accepted without its validity having been established in no way discounts a tradition's ontological status as providing contexts for action or the explanatory usefulness of the concept of tradition for understanding social and political phenomena.

The concept of tradition, together with that of dilemma, provides us with a means of giving accounts of governance that embody recognition of the particularity and contingency of social life. The concept of tradition suggests that a social inheritance comes to each individual who, through his or her agency, can then modify and transform this inheritance, even as he or she passes it on to others. Because the concept represents an abstraction, it can do explanatory work only insofar as we can unpack it, at least in principle, in terms of contingent, intersubjective beliefs, desires, and actions—these typically incorporate specific ideas about human nature, right conduct, social inquiry, and the good that may be taken for granted to some degree by the participants in the relevant mode of governance. Because traditions provide the framework in which problems are conceived and addressed, we can reveal

the historical contingency and contestability of these shared beliefs by showing how they arose against the background of a particular tradition. Thus we can unpack the composition of governance in terms of the beliefs of individuals, where these beliefs are necessarily influenced by a social inheritance. We can explain the rise of new patterns of governance by reference to the intersubjective traditions and dilemmas that inform the changing activities of various clusters of situated actors—be they officials, politicians, or citizens—who all participate in governance processes.

A special 2003 issue of *Public Administration* on recent public-sector reforms across seven advanced, industrial democracies serves to demonstrate the usefulness of the concept of tradition both for explaining the particular trajectories of public-sector reform in the several countries and for lending a comparative perspective on the changes cross-nationally. In it, scholars identify the multiple and competing governmental traditions in Australia, Great Britain, France, Germany, the Netherlands, Norway, and the United States and explore how particular state traditions have informed the beliefs and practices of national political and administrative elites. The authors identify the variously constructed dilemmas, problems, and issues that promoted the search for new practices and thus explain how national governmental traditions helped to shape reform. To explain why elites and officials held the beliefs they did and sustained the particular practices of governance they did, the authors use the actors' own words or texts drawn from primary sources, such as parliamentary debates, committee hearings, government papers and statistics, media reports, memoirs, diaries, and biographies, and interviews with officials past and present.

Each of the studies documents elite constructions of dilemmas using historical narratives that provide distinctive interpretations of state transformations from American antistatism, Norwegian pragmatism, British gradualism, Dutch consensual corporatism, French statism, and the German classical tradition to Australian antipodean exceptionalism. The comparative perspective that emerges shows the contrast between European parliamentary systems and Westminster systems. The editors show how the latter share a tradition

of strong executive government such that reform in response to economic pressures could be pushed through. In the Netherlands, despite ostensibly similar economic pressures, reforms hinged on coalition governments operating in a tradition of consensual corporatism, while in France, the combination of departmental fragmentation at the center, coupled with the *grand corps* tradition and its beliefs about a strong state, meant that public-sector reform rested on the consent of those about to be reformed. Antipodean exceptionalism is also accounted for by the way elite actors in New Zealand and Australia saw their country as acutely vulnerable to the pressures of globalization. The editors also show how the concept of tradition and dilemma are useful for explaining variations in the speed of reform across states, so for instance, Westminster systems with executives subjected to few constraints have been able to legislate with relatively few obstructions.

The concept of tradition thus enables scholars to explore the changes in the governance of the state and notably serves to compare stories that inform the actions of national elites across states. The elucidation of particular traditions and dilemmas shows how reform is a continuous, contingent political process in which the meaning of change itself is also contested. More broadly, the concept of tradition helps to show how governance is constructed differently and continuously reconstructed according to the intersubjective understandings of political actors.

—Naomi Choi

See also Decentered Theory; Dilemma; Interpretive Policy Analysis; Interpretive Theory; Neotraditionalism; Situated Agency; Social Constructivism; Social Learning; Social Practice

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Tragedy of the Commons

The tragedy of the commons highlights the conflict between individual and collective rationality. The idea was made popular by Garret Hardin, who used the analogy of ranchers grazing their animals on a common field. When the field is not over capacity, ranchers may graze their animals with few limitations. However, the rational rancher will seek to add additional livestock, thereby increasing profits. Thinking logically but not collectively, the benefits of adding additional animals adhere to the rancher alone, while the costs are shared. The tragedy is that ultimately no rancher will be able to graze the field due to overconsumption. This scenario is played out on a daily basis in numerous instances, having grave consequences for the world's resources.

It is commonly recognized that one of the primary roles of government at the local, state, national, and international levels is to define and manage shared resources. However, there are a number of practical problems associated with this. Management inside clear political boundaries is a relatively straightforward task, even more problematic are resources shared across jurisdictions. For example, neighboring cities may seek to maximize their benefits by competing for industry, but minimize their costs by pushing residents outside their jurisdictions. Another dimension is added at the international level when nation-states are not bound by a common authority and may view restrictions on resource extraction as a threat to sovereignty. Additional difficulties arise when resources cannot be divided or are interrelated, such as in whale hunting treaties when the farming of their food source (plankton) is separately regulated.

The mechanisms to resolve these tragedies are part of a larger set of theories dealing with social dilemmas in fields such as mathematics, economics, sociology, planning, public affairs, and environmental sciences. In these arenas, scholars have identified and structured a number of tentative solutions, such as enclosing the commons by establishing property rights, regulating through government intervention, or developing strategies to trigger collective behavior. Eleanor Ostrom argued that these strategies generally deal with problems of commitment and problems of mutual monitoring.

As the world's population rises and demands more access to resources, the issues associated with the commons become more severe. Ultimately, this may test the role and practicality of nation-states, leading to a redefinition of international governance. Among other important questions to consider is the proper role of supranational governments, such as the United Nations or the World Trade Organization. As resources become more limited, some argue that managing the commons may have neither a technical nor a political solution. This, indeed, may be the ultimate tragedy.

—*Margaret E. Banyan*

See also Climate Change; Common-Pool Resource; Endangered Species Protection; Free Riding; Natural Resource Management; Political Economy; United Nations; World Trade Organization

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Transaction Cost

Transaction costs represent the economic losses that can result from arranging market relationships on a contractual basis. While most economists studied frictionless models of perfect competition, John Commons and Ronald Coase were early students of contractual relationships and highlighted the various costs that could arise. In recent decades, transaction costs have come to the fore in scholarship on for-profit organizations and

public bureaucracies, and this progress has had great significance for the field of governance.

The study of transaction costs originates from economics' aggregative social modeling arising from individuals operating under competitive self-interest. At the highest level of abstraction, there are only markets and everyone is free to enter into contractual relations with everyone else. Under this view, the firm is seen famously as a nexus of contracts. But proponents of the approach expect that contracts will be violated not occasionally, but whenever the parties to them find it possible. One theoretical line that emerges from this approach is agency theory, which sees firms in terms of contractual relations. But a different tactic has been transaction cost economics (TCE), which focuses on the limitations of contractual relationships.

The TCE approach seeks to explain why there are some markets with many organizations in them and why there are some industries dominated by just a few large organizations—called hierarchies. Oliver Williamson, the approach's leading innovator and architect, sketches a historical argument that explains the transformation of an economy based on many small transactions to one based on large hierarchies that transact among themselves and into which individuals are absorbed. The organizational developments that characterize our current economy, dominated as it is by such hierarchies, are seen as a more efficient way to organize economic relationships.

TCE consists of four main elements:

1. The world is uncertain and therefore unpredictable.

2. Small numbers bargaining and asset specificity make it costly for parties who enter into economic relationships to leave them.

3. Bounded rationality limits individuals' opportunities to scan the environment for all possible options.

4. The inherent opportunism of individuals in economic relationships makes contractual enforcement over a long-term period difficult.

Together, these four factors make it difficult to contract at low costs and create frictions (i.e., transaction costs) in the marketplace. The capitalist solution is to integrate up and down the production chain by buying out suppliers and the people one sells to. Variations

in the way the four factors affect different economic relationships determine the degree to which an industry is concentrated or not.

TCE argues that the modern large firm represents a substitution of contractual relationships with an authority relationship. Entrepreneurs who create large hierarchies no longer have to write complicated contracts, but can instead use organizational tools such as incentives, coercion, and monitoring to maintain behavioral control. Hence, transaction costs represent a central idea for governance scholarship because governance structures form the rules by which parties interact in different organizational and political contexts. Governance structures in the firm award monitors power to oversee and discipline.

In the realm of political science, transaction cost ideas have been pushed most by the work of Terry Moe. He argues that we can understand the organization of public bureaucracies and the behavior of bureaucrats by thinking about the incentives and constraints that the political process and political structure (i.e., governance) impose on interest groups, politicians, and bureaucrats. Uncertainty and shifting fortunes distinguish the political realm, so these actors must design bureaucracies to attain long-run objectives within the constraints of the political process. They must make concessions to opposing groups while at the same time they lock in their gains by setting bureaucratic rules so the organization becomes inflexible and difficult to change. Moe stresses that Americans should not be surprised by the behavior of their bureaucrats because their behavior has often intentionally been designed to fit the context of American governance.

—Gabriel E. Kaplan

See also Contract Enforcement; Coordination; New Institutionalism; Political Economy; Sociology of Governance

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TRANSGOVERNMENTALISM

The notion of transgovernmentalism refers to the process of internationalization of policy making through the interaction of government agencies or government officials. The concept challenges state-centric approaches to international relations and, in particular, the assumption of states as unitary actors. Transgovernmentalism also places emphasis on the interaction between international and domestic policy making and the blurring of boundaries between the two levels.

While the concept is linked to debates on transnational relations and actors, its starting point is the direct interaction among single units and agencies or governmental officials (e.g., members of the higher civil service and political leaders, rather than the interaction with or among nongovernmental actors). Transgovernmentalism has been informed by analysis of intergovernmental policy coordination in the context of international regimes as well as in the context of the European Union (EU). The notion is also discussed in the context of world politics more widely and the question of a new world order.

The debate on transgovernmentalism has been shaped by the writings of Robert Keohane and Joseph Nye from the 1970s. They define transgovernmental relations as direct interactions among different governments' subunits and point out that these subunits are not directly controlled by the center of government. The differentiation between two modes of transgovernmentalism, transnational policy coordination and transnational coalition building, is still reflected in more recent writing in that context. While functional interdependence makes transnational policy coordination necessary, this policy coordination establishes channels of communication and facilitates frequent interaction among governmental units from different countries. These interactions, in turn, cause changes in the attitudes and beliefs of governmental officials and thereby lead eventually to the emergence of transnational networks. Common worldviews and interests, as well as professional orientations, sustain the relationship between individuals across national boundaries. In that context, international organizations and their bureaucratic backbones (like secretariats) play an important role in providing access points toward transnational channels of communication.

Transnational networks could also be the outcome of strategic behavior of individuals rather than emerging from continuous interaction. This is captured in the notion of "transnational coalition building," which refers to the strategy of governmental units that use actors from other governments as allies against opposition within the domestic arena. More recently, that argument has been expanded to the strategic choice of an institutional arena that is possibly more open than others for a specific policy initiative (venue shopping).

While the interests of Keohane and Nye were mainly directed toward the influence of transgovernmentalism on the development of interstate cooperation, Anne-Marie Slaughter placed the notion of transgovernmental networks at the center of her concept of a new world order in the late 1990s. She argues that most reasoning about the international order was unrealistic in that it required centralized rule making and hierarchic institutions spanning the whole world. She also denies that nonstate actors could develop a transnational world order and substitute state power. However, the web between functionally distinct parts of the state (including not only administrative agencies, but also courts and even parliaments) could constitute a new transgovernmental order.

Transgovernmental interaction feeds back into national regulatory decisions in as diverse domains as international trade, banking, and environmental regulation, creating a web of increasingly transnational regulations. Because these transnational regulations are based on mutual recognition and adaptation, they are not imposed on national regulators. Slaughter also develops a more normative scenario that includes the incremental adaptation of domestic democratic mechanisms (within the nation-state) toward transnational networks of regulation.

While the existence of transgovernmental and transnational networks is accepted as a fact of global governance today, how far these networks transform world politics remains in debate. It is also widely accepted that these transgovernmental interactions and networks shape international law and policy making and that they feed back into domestic regulation.

However, it remains contested whether a diversity of domain-based transgovernmental networks could transform the basic international order.

In the context of the EU, the concept of transgovernmentalism has been reflected in two major ways. First, the idea of routine interaction leading to shared beliefs across national boundaries (within policy domains) is a recurring theme in research exploring the transformation of EU policy making from intergovernmentalism toward supranationalism. While some have argued that the "membership" of top civil servants and politicians in different constituencies facilitates the development of a supranational worldview, the transgovernmental perspective suggests that role orientations of officials in specialized departments are neither intrinsically national nor supranational, but are rather shaped by the key role of knowledge and professional norms in domain-based policy making. Second, Helen Wallace has introduced the notion of intensive transgovernmentalism as one mode of governing in the EU. Intensive transgovernmentalism refers to direct policy coordination at the European level in areas of "high politics" that used to be at the core of the national realm (foreign policy, finance policy).

The concept of transgovernmentalism played an important role in the context of governance. In particular, the shift from the image of unitary and rational states toward the view of a functionally differentiated state, which is engaged in an increasingly dense web of regional and transnational networks of regulations, accords with the core of the wider governance debate. How deep transgovernmental mechanisms have changed international and domestic policy making remains a contested issue. In some areas of high international policies (arms proliferation) as well as domestic policies (welfare state), peer-to-peer transgovernmental networks may be less relevant. Other transnationalization is not only driven by transgovernmental interaction but also by developing supranational institutions (e.g., EU) or the activities of transnational nongovernmental actors (international nongovernmental organizations, multinational corporations). Understanding interaction between these various driving forces remains a key challenge in research on transnational and transgovernmental governance.

—*Kai Wegrich*

See also Capital Market Integration; Global Civil Society; Global Governance; Multilateralism; Transnational Governance; Transnationalism

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TRANSLATION

Translation is a process whereby a body of meaning expressed in one semiotic medium (namely a book, a speech, a ritual, and so on) is conveyed through another semiotic medium. Translation is a ubiquitous mode of communication that is to be found within as well as between languages or cultures. It is accordingly an important element in understanding the communicative and interpretive aspects of governance.

Translation is a complex interpretive endeavor. First, it involves an understanding of the source text; in turn, this understanding requires sensitivity to the specific circumstances and to the general linguistic and cultural conventions involved in the formulation of the text. Then, once understood, the original meaning is reconstructed and given a new semiotic form. This reconstructive process requires the same sensitivity to circumstances and conventions, only this time with respect to the target audience and language (or culture). In other words, a fine translation is that which not only transfers a body of meaning but also displays understanding and recognition of the mutual distinctness of the source and target languages or cultures.

Translation is an important aspect of governance that is understood as social and political communication, given the developments in the practice and study

of governance that have exploded the classical, Weberian (from Max Weber) model of government. According to this model, political authority is exercised by a monolithic bureaucracy, characterized by a uniform administrative culture and standardized procedures of political communication. Furthermore, the state is conceived in the classical model as exercising authority over a clearly demarcated, relatively homogeneous national entity. Such a model implies a conception of political communication that, in its ideal form, is fully transparent and purged of any need for translation.

Conversely, the contemporary concept of governance involves an inherently pluralistic understanding of political activity. Governance is viewed and practiced as taking place across networks comprising state institutions, nonprofit organizations, private firms, and transnational actors. Such political diversity necessarily entails, in turn, a plurality of cultural identities and organizational languages and practices. Under such circumstances, the challenge of exercising political authority across these semiotic boundaries becomes, in some of its most fundamental aspects, a problem of translation. Moreover, translation is not only involved at the macrolevel of political life, it also constitutes part of the stuff which everyday, microlevel organizational practices are made of.

Finally, issues of translation have started to attract the attention of theorists of deliberative democracy as well as of governance. Future theoretical reflections situated at the intersection of those two fields might consequently find the conceptual framework provided by translation theory to be of value.

—Asaf Kedar

See also Communication; Interpretive Theory; Political Communication

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TRANSNATIONAL GOVERNANCE

Transnational governance is the coordination of policy decision making or enforcement in a given issue area across national borders. Transnational governance typically involves nonstate actors as principals, as nongovernmental organizations (NGOs), multinational firms, or international organizations respond to problems that cross national jurisdictions—often in the absence of meaningful involvement by national governments.

Transnational governance can be distinguished from three forms of interstate cooperation—supranationalism, multilateralism, and transgovernmentalism. Supranational governance involves the operation of formal, superordinate institutions that subsume existing national institutions, such as the International Criminal Court. Multilateral governance establishes norms and rules that constrain countries' policy-making prerogatives in given issue areas, such as the Kyoto Protocol on global warming, but which tend not to apply to nonstate actors (at least directly). Transgovernmentalism, for its part, involves coordination among specialized national officials and agencies tasked with enforcing policy in their respective jurisdictions to combat global problems, such as drug trafficking or terrorist financing. Although transnational governance shares the cooperative and cross-border attributes of each of these models, it is distinct in its less formal, networked form and greater role for nonstate actors.

Transnational governance typically emerges when formal international coordination mechanisms designed by and for sovereign states prove incapable of responding to specific transnational problems. International NGOs are often initiators of transnational governance, as they promote their vision of "good" behavior from governments or firms in contexts of insufficient formal regulation, whether at the international, national, or local level. These networks typically promote stakeholder participation in defining and monitoring relevant issue-area standards, presenting a form of global civil society self-government that simultaneously rivals and complements traditional national and international forms of regulative authority.

Transnational governance does not impose formal international institutional authority on states, but rather uses "softer" mechanisms of nongovernmental monitoring and certification of specific principals' performance in meeting a relevant set of broadly consensual standards. For example, a system of forest management certification of logging firms conducted by the Forest Stewardship Council (FSC) and its partners monitors and reports on these firms' practices, typically with voluntary participation of the firms themselves. Governance networks such as the forest management certification system bring together global and local stakeholders to deliberate shared goals and solutions and to enforce these solutions through the use of informal (especially reputational) inducements and costs rather than more formal command-and-control regulation.

Although transnational governance networks may be more flexible and possibly more efficient than traditional forms of top-down governance, they also face their own difficulties. They rely on the voluntary participation of principals, they lack internally generated material resources, they have indeterminate legal status, and they lack clear mechanisms of democratic accountability. However, unlike traditional multilateral governance in particular, their focus on nonstate actor participation may be particularly appropriate to issue areas and contexts in which these principals are the primary drivers of global processes.

—*Edward A. Fogarty*

See also Coalition; Global Governance; Kyoto Protocol; Transgovernmentalism; Transnationalism; Transnational Social Movement

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TRANSNATIONALISM

Transnationalism refers to those economic, political, and cultural processes extending beyond the boundaries of nation-states. It suggests a weakening of the control a nation-state has over its borders, inhabitants, and territory. Increased immigration in developed countries in response to global economic development has resulted in multicultural societies where immigrants are more likely to maintain contact with their culture of origin and less likely to assimilate. Therefore, loyalty to the state may compete equally with allegiance to a culture or religion. With increased global mobility and access to instantaneous worldwide communication technology, boundaries dissolve and the territorial controls imposed by the traditional nation-state become less relevant. However, state definitions of citizenship and nationality and the rules for political participation may become more relevant for transnational groups.

Globalization is a related concept that represents the intensification of economic, cultural, and political practices accelerating across the globe. Although many large corporations have been operating globally for decades, the Internet now enables small organizations and individuals access to an instantaneous worldwide communication network. Global processes are closely related to transnationalism, yet tend to be separate from specific national boundaries. Transnational processes, on the other hand, are anchored in and transcend one or more nation-states. The impacts of the transnational migration of groups, although different, need to be understood within the context of globalization. The changes created by each are mutually reinforcing.

Processes of Transnationalism

Processes contributing to transnationalism include the economic influences of corporations operating globally, often referred to as transnational corporations, and cooperative agreements between governments. These arrangements offer new trade and industrial

opportunities for private business and government alike. New prospects for employment in developed nations tend to draw migrant groups from less-developed nations. New advances in transportation and communication technologies, such as the Internet, provide potential avenues of virtual connectivity among these individuals and groups moving across national borders. The political-economic processes in the European Union have resulted in reexamining long-term relationships with transnational groups (such as the Turkish and Kurdish populations).

Another major process influencing transnationalism is the growing economic dependence among developed nations on migrant group labor. The relationship between these groups and their nation of residence has become one of interdependence. Beyond economic considerations, this implies that host countries reciprocate by providing avenues for civic participation and in some cases the rights of citizenship for transnational groups.

Transnationalism and Nationalism

Transnationalism is commonly contrasted with nationalism. Here, nationalism is characterized as a strong belief among people that share a common language, history, and culture that the interests of the nation-state are paramount. This requires a strong sense of belonging, identity, and loyalty where the benefits of membership are acquired through citizenship. Historically, migrant groups moving from one nation to another were expected to prove their belonging and loyalty by adopting the prescribed moral and political values of their nation of immigration. Permanent residence carried an expectation of acquired citizenship and nationality in those countries based on notions of "national assimilation" (United States and France) as opposed to ancestry (Germany). After a generation, many of these groups were fully assimilated into the dominant culture of the nation of immigration. For many, the connection with their country of emigration took the form of Diaspora—a reification of homelands, traditions, collective memories, and longings—and the formation of tightly

bounded communities on the basis of common cultural and ethnic references between places of origin and arrival. This dynamic gave rise to large numbers of ethnic communities within nation-states, retaining elements of culture in terms of identity, yet remaining subservient to national loyalty. Today, the loyalties of migrant groups may transcend this critical feature of the nation-state with primary allegiance and identity given to religion or their culture of origin. Dual loyalties are now causing some nations to liberalize their laws regarding dual citizenship or provide rights and privileges to noncitizen groups who permanently reside within their borders (Turkish guest workers in Germany). In some cases, as with the Mexican immigrant population in the United States, the trend is in the opposite direction.

Transnational Communities and Pressure for Change

Transnational community refers to those groups who migrate and reside in a receiving nation for a considerable time, yet maintain strong transnational ties. These ties may be reinforced formally by the rules and regulations of the state (immigration laws, definitions of citizenship), by links with political parties or religious groups, or informally through connections among families and households in the sending and receiving nations. As developed nations have become more economically dependent on immigrant workers, there is more political pressure for the state to enter reciprocal relationships with these groups, particularly those of long-term residence. For example, until 2000 the rules and regulations for defining and obtaining German citizenship excluded the substantial, long-residing Turkish population in the country. Many Turkish citizens have lived in Germany for over 30 years and desire dual citizenship. They define citizenship in terms of political representation and nationality as an ethnic identity conflicting with the German definition of citizenship, which combines citizenship with nationality. The Turkish minority is rooted in a Turkish national identity and a Muslim religious identity, both foreign to the German collective identity, yet

Germany is in many ways economically dependent on this minority. Pressure for change resulted in the reform of Germany's citizenship and nationality law in 2000. While still not allowing for dual citizenship, the regulations governing naturalization of foreign nationals have been liberalized, and it is now possible to acquire German citizenship as a result of being born in Germany.

The economic interdependence between nation-states and their transnational communities, engendered by forces of globalization, are forcing state action to redefine concepts such as citizenship and nationality, which are deeply embedded in a nation's culture, history, and traditions.

Transnationalism raises a number of concerns for contemporary governance. While the nation-state, in its traditional sense, appears to run counter to the emergence of transnational communities, it may be that its political structure needs to be redefined. Such a redefinition may need to adapt to the changes presented by the global structures placing demands on it and an inclusive approach to the multiple identities represented by transnational communities.

—Richard F. Huff

See also European Union; Global Civil Society; Globalization; Immigration; Transnational Social Movement; Transnational Urbanism

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Transnational Social Movement

The term *transnational social movement* refers to a collectivity of groups with adherents in more than one country that is committed to sustained contentious action against governments, international institutions, or private firms. Prominent examples include the anti-globalization movement and the movement against genetically modified organisms (GMOs). A narrow definition of the concept emphasizes its differences with international nongovernmental organizations and transnational advocacy networks, which are generally more institutionalized, professionalized, and frequently funded or promoted by particular states or international organizations. A broader conception includes or focuses on other types of transnational actors and posits a causal relationship between globalization and the development of transnational activism. Accordingly, this broader view affords them a greater role and influence in national and international systems of governance, where their primary achievements are the creation, strengthening, implementation, and monitoring of international norms.

Although conceptual approaches to the study of transnational social movements are in many ways similar to the analysis of national social movements, the automatic extension of national social movement definitions and perspectives to the international arena is contested. Some claim that the transfer of state powers, rights, and functions to international bodies implies that challengers redirect their efforts accordingly. Others argue that this transfer does not automatically lead to the emergence of transnational social movement activity and that true mass-based transnational social movements are difficult to mobilize and hard to maintain. In this view, the international women's, labor, and antiglobalization movements may be the only true transnational social movements. Hence, transnational contention is usually undertaken by members of transnational networks that are linked to national movements.

The efforts of transnational social movements, international nongovernmental organizations, and transnational advocacy networks raise a number of issues for contemporary governance. First, because international

organizations have little coercive power at their disposal, they must rely on soft enforcement mechanisms involving information, persuasion, and moral pressure. In turn, these empower and favor transnational social movement actors who have traditionally demonstrated great skill in the strategic use of information. Second, because political opportunities—political dimensions that advance or constrain collective action—differ at the national and an international level, the dynamic interactions between these levels becomes a critical factor in the analysis of transnational social movement activity. Third, as national social movement organizations extend their patterns of cooperation and influence across borders in response to the transfer of decision-making power from states to international bodies, interstate cooperation evolves or intensifies in reaction to movement transnationalization, for instance in the area of protest policing. States may therefore reassert certain powers as a consequence of transnational activism.

—*Jörg Balsiger*

See also Advocacy Network; Antiglobalization; Globalization; Social Movement Theory; Transnationalism; Transnational Urbanism

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TRANSNATIONAL URBANISM

The concept of transnational urbanism refers to the sociocultural and political processes by which social actors forge connections between localities across national borders that increasingly sustain new modes of politics, economics, and culture.

Transnational urbanism is an optic for envisioning the emergent transnational practices through which social actors are materially linked to socio-economic opportunities, political structures, and cultural practices found in urban settings. Cities are thus one key locus of communication circuits and organizational networks that span national borders. Conceptually, transnational urbanism captures a sense of social relations under globalizing conditions that are locally situated yet operate across geographic distance and are also embedded in processes of state power and governance.

The concept was first developed in the 2001 book, *Transnational Urbanism: Locating Globalization.* This book offered an agency-oriented approach to globalization. It used the metaphor transnational urbanism to underline four contested dimensions of the international regulatory framework now known as global governance. These include attention to (1) the transnational networks responsible for the ideological production of the neoliberal variant of globalization; (2) the local and cross-border cultural networks that mediate global economic restructuring and reprocess global consumerism; (3) the emergence of transnational countermovements against neoliberalism; and (4) the continuing significance of the nation-state as a repository of language, national cultures, and state-centered projects in the face of the emergence of transnational networks.

The agency of transnational migrant networks has been another key area studied through the lens of transnational urbanism. Transnational cities are key loci of cross-border migrant networks in part because cities are concentrated sources of employment for transnational migrants; they offer the means for migrants to deploy remittances to families that remain behind in their communities of origin. The migrants also maintain close ties to the localities from which they came. Sometimes this takes the form of efforts by migrants to promote and finance community development projects in their localities of origin. In so doing, the migrants forge enduring ties between a receiving city in one country and their sending locality in

another country. This newly constituted cross-border social space has come to be termed a translocality.

Transnational cities are also sites for concentrating the social, physical, and human capital used to forge other types of socio-economic and political projects across borders. The complex interconnectivity of transnational urbanism thus encompasses a wide variety of social and political fields. These range from the social practices of transnational migrant networks to the politics of transnational social movements, the cross-border proselytizing activities of organized religions, the economic connections of commodity chains and criminal syndicates, and the machinations of transnational terrorist networks. The complex interconnectivity of transnational urbanism is thus multidimensional by virtue of encompassing social, economic, and political relations as well as cultural and interpersonal networks and technological linkages. Transnational urbanism foregrounds the continuing significance of cities as the human foundation of contemporary transnationalism.

—Michael Peter Smith

See also Global Governance; Globalization; Glocalization; Migration; Neoliberalism; Network; Situated Agency; Transnationalism; Transnational Social Movement

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TRANSPARENCY

Transparency allows outsiders to obtain valid and timely information about the activities of government or private organizations. While related to governance ideas such as accountability, openness, and responsiveness, the concept of transparency originated in the financial world, referring to a corporation's duty to provide accounts of its activities to shareholders, oversight bodies, and the public.

The United States' 1966 Freedom of Information Act, providing limited guarantees of citizen access to government information, was a transparency milestone. It has been emulated, and in many cases exceeded in scope, by legislation in other countries. Democratic and market reform, and a growing anti-corruption movement, did the most to make transparency a key governance concept. Transparent political processes are seen as more accountable and democratic, while transparency in the economy facilitates free-market processes. In both spheres, rights of access to information and the parallel obligations of institutions to uphold those rights are proposed as safeguards against abuses and as good governance activities in their own right.

Thus, transparency is portrayed as integral to a variety of political goals, including corruption control, fair financing of election campaigns, enhancing democracy in existing institutions such as the European Union, consolidating democracy in transitional societies, and limiting international conflict. An international anticorruption coalition founded in 1993 calls itself Transparency International. Transparency in business is advocated as a safeguard against corporate fraud, infiltration by organized crime or political interests, and crises such as the Asian economic meltdown of the late 1990s, which was made worse by shady banking and lending practices.

In practice, however, transparency raises questions. Someone must be looking in: Where civil society is weak, or citizens and the press are intimidated, opportunities to obtain information will go unused and may be risky. Information on technical issues may be difficult to understand; officials may release disinformation, create expensive and complex transparency procedures, or disseminate material in obfuscatory forms. Institutions and procedures for implementing transparency and genuine commitment to the principle itself need continuing attention.

Equally problematic are the limits of transparency: Few would require a government to reveal strategic decisions in wartime or a business to give legitimate trade secrets to all comers. But how should exceptions

be defined and invoked? Officials need a sphere of autonomy within which they can freely debate options and from which they can implement policies authoritatively. Excessive transparency may undermine autonomy, drive decision making into undocumented back channels, and create more corruption. Transparency in private dealings may expose citizens to official or personal reprisals. Strong governments can enforce business transparency, but other states are weak, and international businesses can be so decentralized that no country's transparency policy will be effective. Sovereign governments may break their own laws with impunity, and international organizations may be so remote that civil society has little influence upon them.

Finally, transparency can have unintended consequences. Disclosing political contributions may expose donors to pressure from incumbent officials, thus discouraging donations to challengers. Sunshine laws mandating open meetings and requests for documentary evidence are useful to public officials who seek to intervene in other agencies' doings. Transparency could check international conflict by clarifying actions and intentions or produce disinformation and "noise" that increase risks. At best, transparency is subject to limitations applying to all public policies; at worst, it places the burden of checking authority upon those most vulnerable to abuses.

—*Michael Johnston*

See also Accountability; Audit; Corporate Governance; Corruption; Corruption Perceptions Index; Democratic Deficit; Due Process; Good Governance; Government Performance and Results Act; Performance Measurement; Public Information

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TRIADIZATION

The concept of the Triad has its roots in the trilateral relationship between the United States, the European Union, and Japan, the three leading powers of the world economy. The concept underwent an expansion to embrace the Triad regions (North America, Western Europe, and East Asia) as a consequence of several factors: the end of the Cold War, the appearance of "new regionalism," and the emergence of East Asia as the third center of the world economy. It was further strengthened by the establishment of interregional relations among the Triad regions in the 1990s. By the mid-1990s, the new Triad concept had become a major feature in the discourse about the emerging international order.

The three core regions or the Triad are not only economically advanced but also politically stable. Together, they make a large part of the world economy. The Triad accounts for two-thirds to three-quarters of the world economic activity, with shifting patterns of resources across each region. Thus, they also exercise global power. Each of the three regions has been competing to make inroads to the world outside its own region through exercising ideological hegemony.

Reflecting their different traditions, the core countries of the Triad have generally practiced three forms of capitalism: the unregulated capitalism of North America, the administered capitalism of East Asia, and the social capitalism of Europe. Some have speculated that the latter two are better prepared to deal with the growing social and political demands, which may require state intervention and redistributive policies.

Skeptics of globalization have argued that the concepts of triadization, internationalization, or

regionalization provide a more valid description of the process mistakenly identified as globalization. Supporters have countered that the causal factors of interregionalism, and of regionalism alike, are the ongoing processes of globalization and regionalization. Thus, interregionalism appears to have become a lasting feature of the international system. A wide array of forms and types of interregionalism are likely to continue to coexist, thereby further enriching (and complicating) the emerging multilayered system of global governance.

Far from an integrated global economy, skeptics say they see an increasing concentration of world economic activity within the triadized blocs, each with its own center and periphery. This triadization of the world economy is associated with a growing tendency toward economic and financial interdependence within each of these zones at the expense of integration between them. The current triadization is different from the *belle époque* of globalization (1890–1914). Triadization is a posthegemonic order because no single center can dictate the rules of global trade and commerce.

It reflects the macrofacet of the development of regional trade and investment blocs, and that trade, investment, and financial flows are concentrated within these blocs.

To get some order in this emerging web of transregional relations, one can distinguish between relations within the Triad, on the one hand, and relations between the core regions of the Triad and their various regional partners outside, on the other hand. Unsurprisingly, the relations within the Triad are rather tense, due to power balance concerns as well as the somewhat different economic ideologies that were previously referred to. Transregional links within the Triad are constituted by various transatlantic (U.S.-EU) agreements; the Asia Pacific Economic Cooperation (APEC) forum, where the United States is the driver; and the Asia-Europe Meeting (ASEM) process, involving the EU and selected Asian countries. The institutionalized transatlantic links are weak, not to speak of interregional arrangements between the EU and the North American Free Trade Agreement (NAFTA), which, as a matter of fact, are nonexistent. The reason for this is that the United

States prefers bilateralism, which prevents the building of institutions of interregionalism.

Research clearly indicates that the modern world economy comprises three competing center clusters, each of which has a dependent hinterland of periphery clusters. The relative power of the three center clusters is unequal. Among them, there is a hegemon cluster led by a global state that has more power in the world system than any other. The relative power of the global states within the center clusters, as well as those within the periphery clusters, is also unequal. If one were to presume that the global information and communication flow follows the pattern of this triadized center-hinterland structure, this reformulated world system perspective offers a rich theoretical framework for conducting global communication research.

A 2002 study by Sheldon Gunaratne found strong support for the following propositions:

1. The pattern of world exports supports the existence of three world center clusters, each of which has at least one dependent periphery cluster.

2. The distribution of computing power and exports of high-technology manufactures (constituting the Information Society Power Index) confirms the triadization structure and helps identify the hegemon cluster of the triad (i.e., the United States).

—*Shelton A. Gunaratne*

See also Global Governance; Global Market; Globalization; Regional Governance; Varieties of Capitalism

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TRIBAL GOVERNANCE

Indigenous peoples are the original inhabitants of a geographic space that was subsequently taken from them by outside peoples either by conquest, occupation, settlement, or some combination of all three. The social and political organizational structure of some indigenous peoples has historically been referred to as "tribal," a problematic term not only for its inconsistent usage but also for the negative connotation often associated with it. The term *tribe* is linked to outdated anthropological assumptions (particularly of the nineteenth century) about the inferiority and political simplicity of non-European peoples. It has historically had a pejorative connotation and has been used to refer to political communities of indigenous peoples throughout the world, which are presumably smaller, less-technologically developed, more "natural," and more static, with less-formal governing structures and with more emphasis on common ancestral heritage than European-style states. In more recent times, however, tribal organization has also been recognized as more dynamic, more heterogeneous, and less parochial than previously characterized by colonizing Europeans. Tribal governance is the myriad of ways in which these communities of indigenous peoples have been, and continue to be, governed, autonomously and via external management.

The extent and basic nature of tribal governance varies from place to place. Despite the vast diversity of tribes in the world, tribal governance typically includes the defining and implementing of the following elements: (a) jurisdictional divisions between tribes and other political entities, such as colonial states; (b) citizenship internal to the tribe, as well as within the colonial state, which can and often are practiced simultaneously; (c) policy decisions over particular fields of tribal jurisdiction, such as policing and land zoning; (d) services delivered to tribal members; (e) financing of the tribe, including taxation; (f) intergovernmental relations between tribes and other governments, such as provincial, state, federal, and municipal governments; (g) legal and constitutional relations within the tribe and in relation to other recognized legal entities, such as state governments, courts, and electoral commissions; (h) the historical and cultural context that informs governance practices.

In almost all cases, tribal governance is still subject to the limits and management placed upon it by the political and legal apparatus of a colonial state. In some cases, however, tribal governance is also a legally recognized part of the colonial state governance system, as is the case in India, the United States, and many African countries.

Representatives of tribal governing bodies participate in many international forums, such as the World Council of Indigenous Peoples and the United Nations (UN) Permanent Forum on Indigenous Populations. However, the recognition of tribal governance in international law remains uncertain. Although the inherent rights of self-determination and self-government, as well as historical rights found within particular treaties and agreements, have been affirmed by the UN Draft Declaration on the Rights of Indigenous Peoples, the power to interpret and implement remains largely within the framework of the traditional sovereign-state system. The draft declaration has not been ratified and, as such, little international law remains that recognizes tribal governance.

—*Robert Lee-Nichols*

See also Indigenous Governance; Postcolonialism; Self-Government

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TRUST

Trust entails reliance upon the actions and intentions of others and the recognition that people are interdependent in a variety of ways. Trust is the anticipation of the actions of others as favorable and as the basis of one's own actions on this positive prediction. Trust is one mode by which the actions of others affect our own actions. Distrust is the anticipation of the actions of others as negative and adjusting one's own actions accordingly. Acting on the basis of trust requires acting without full knowledge and entails risk. In situations of trust, disappointment is always a possibility. Trust is such a broad concept that it can have many definitions. Trust can be seen as an irrational passion or as a rational choice. The notion of trust is treated by the fields of ethics, political theory, psychology, sociology, and economics. Many theorists consider trust in some form to be necessary for cooperative action and to be a precondition for the possibility for acting in concert with others.

Trust and Governance

In contrast to trust in interpersonal relationships, trust in political contexts is often impersonal and characterized by conflicting interests. Trust can be divided into two levels: the microlevel, as seen in personal and immediate relationships, or the macrolevel, where trust exists between distant strangers or between people and institutions. Trust in governance exists on the macrolevel in relationships between citizens and governmental representatives, institutions, and systems. Many theorists suggest that citizens must have a certain level of trust in government in order for that government to be legitimate and reliably continue to function. Trust, rather than first-hand contact and monitoring, tends to connect citizens to many public,

private, and civil institutions. Trust requires faith in the operating of just institutional processes and in the ethical personal action on the part of representatives and administrators. Trust can also be invested in citizens by their government, by allowing citizens the maximum amount of freedom possible.

Trust and Power Relationships

Many theorists hold that asymmetrical power relationships tend to breed mistrust. Histories of past abuse in relationships, whether interpersonal or institutional, can reduce the level of future trust. Cultural differences also influence how much trust citizens have in political institutions. Distrust in political systems is not always unfounded or a negative phenomenon. Differences in power make trust more risky for less-powerful parties in a society. The source of political trust on the part of elites may be based on the privilege that they gain from the political system, and the distrust on the part of the others can be the result of being disadvantaged by the same system. Distrust in this case can form the basis for political resistance by excluded people and groups.

One example of how trust and distrust can be exemplified is in the prisoner's dilemma. This dilemma illustrates the difficulty of trust, and therefore cooperation, between two self-interested actors. Each actor will gain advantage if the two cooperate, but the worst-case scenario is to act on trust but be disappointed by the action of the other party. Unless each actor is assured of mutual benefit, or is assured of sanction for the other party's lack of cooperation, trust is impossible. There are some possible problems with the prisoner's dilemma as a model of trust. First, it assumes that the ideal relationship of trust is a relationship where parties are equal in power; however, this ideal excludes relationships of necessary dependence, such as between a parent and child or between a patient and a doctor. Second, some theorists would hold that trust is not a rational choice based on self-interest, but is a moral principle that we should act on regardless of what we get in return.

The Importance of Trust in Modern Societies

In modern societies, social complexity and technological sophistication require members to trust each other and to trust institutions; otherwise acting in concert for the purpose of reaching common goals becomes virtually impossible. This is due to the broad levels of expertise and specialized knowledge that are distributed among different members of society. Not all members of society are in positions to evaluate the information from varied fields, such as medicine, public policy, and nuclear energy. Because an analysis of the information that experts act on is not possible for the vast majority of their trustees to evaluate, there is a question of how trust in experts can be established. In trustworthy governmental institutions, experts are generally trusted not to act according to their own agendas, but according to the public good. Some social scientists emphasize the prevalence of network forms of organization in modern society. These networks are nonhierarchical in structure and share knowledge across organizations and institutions. Such networks can generate trust because the power of the actors is equal and information is shared for mutual benefit.

Diversity of both perspectives and social positions among society members makes trust between citizens as political coactors difficult, but likely necessary. In modern democracies, for example, citizens of vastly different backgrounds and interests often work to trust each other in order to cogovern their society. The potential for the loss of trust between members of society has many perceived causes, including the loss of hierarchical control, the increased stratification of wealth and power, and the ability of others to opt out of social interaction and cogovernance.

Many theorists claim that an increased level of trust in a society enhances the amount of social capital in a society. They argue that greater cooperation yields greater productivity in all areas of human endeavor. Trust can allow for smoother social, political, and economic processes due to the fact that oversight and management of those processes is not as necessary. For example, in a society with a high level of interpersonal trust, there is less need for surveillance, security, and the policing of people's behavior. This allows for the expenditure of social capital in other areas.

—Jennifer L. Eagan

See also Capitalism; Game Theory; Network; Prisoner's Dilemma; Risk; Social Capital

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Unemployment

Unemployment signifies that part of the population (mostly people between 15 and 64 years of age) that is eligible for and registered as wanting work. The "problem" of unemployment has attracted attention from economists, politicians, and the population at large. In particular, the volatile levels of unemployment are a salient topic in liberal democracies with responsible government and universal suffrage. The first question to be answered is: What exactly is unemployment and how should it be measured? Measurement, here, is not only an academic question regarding methodological rigor (i.e., validity and reliability), but also an indicator for how societal resources are distributed across the population (e.g., for men and women) and by economic sector. Both the level and the distribution effects of unemployment have social and political consequences. Economists, policy analysts, and political scientists have developed explanations of unemployment that will be discussed. The lesson that can be learned from this overview is that economic explanations tend to focus on the levels of unemployment, whereas sociopolitical explanations tend to focus on the effects of unemployment.

Concept, Definition, and Measurement

Statistically, unemployment is the numerical difference between supply and demand for work within a given territory. From this definition, one can observe that advanced democracies use a rather narrow concept of unemployment. It does not consider those who are laid off, disabled, or work as homemakers. Nor does it involve those who study, who do not register, or have disappeared from the labor market. In short, in addition to the official definition of unemployment, there exists another type that could be called "broad" and hidden unemployment (and which is, by definition, hard to measure). It is argued that this exact gap between the official level and the level of broad unemployment is a more adequate indicator of whether the level is politically and socially disturbing or not.

Explaining Developments in Unemployment

There are three types of factors that are considered to be explanatory in political economy literature. The first category considers economic developments as the primary mechanism in regards to variations in unemployment. The second category focuses on the influences of economic and electoral cycles as a result of changing levels of unemployment. The third category concerns the role of public policy in relation to the effects of unemployment.

Economic Factors

In political economy literature, one can find a bedazzling number of variables that are relevant.

Among these variables is, for example, the Phillips curve. This theory claims that high levels of unemployment are the opposite of low levels of inflation and vice versa. Hence, a rise in unemployment is the result of inflationary pressures. Another important economic factor is productivity growth per unit of labor time: the absence of such productivity has a negative impact on comparative competitiveness on the world market. Likewise, it is argued that the exposure to international trade and the global economy will be negative for the national levels of unemployment. In fact, one observes a change in the working of labor markets: The locus of production is shifting across the world and has led to the deindustrialization of many national economies among the advanced economies.

Political Factors

John Keynes and Michal Kalecki, two economists from the 1930s and 1940s, pointed to the role of politics to cope with (high) levels of unemployment. The former became famous for his ideas of counter-cyclical monetary policy making; the latter focused mainly on what he called the Political-Business Cycle. The idea behind this phenomenon is that the business cycle allows the organized interests of labor to press for higher wages during a *hausse* (market analysis) and, conversely, force business organizations together with the state to allow for higher levels of unemployment. This idea has led to many studies in which Kalecki's thesis was translated into electoral politics: Low growth rates together with higher levels of inflation and unemployment would be conducive to electoral losses for government. In fact, the economic cycle is often considered a predictor of electoral outcomes.

Public Policy Factors

There are two schools of thought regarding the impact of governmental policymaking in advanced democracies: the mixed economy and the role of big government. Whereas the adherents to the idea of the mixed economy see the state as a guardian that facilitates and directs the market economy for the sake of public welfare, critics of big government argue that the state is a last resort to organize social and economic relations in society, and therefore its role ought to be minimal.

Many argue that the mixed economy has a bearing on unemployment. On the one hand, it ameliorates the individual effects of being unemployed through welfare systems, on the other hand and more importantly, social security benefits may well impair reemployment. According to the Organisation for Economic Co-operation and Development, high replacement ratios and long duration of unemployment benefits increase the level of unemployment. Hence the mechanisms of a labor market are structurally in disequilibrium. However, there appears little or no comparative evidence over time to sustain the hypothesis that extended welfare states are more vulnerable to higher levels of unemployment than others.

Supporters of big government argue that high taxation and public spending (e.g., on Social Security) impede the market economy and a nation's competitiveness in the world economy. As it turns out, one can determine that from a macroeconomic perspective, critics of big government have a point: The postwar growth of taxation and spending has certainly changed the social construction of contemporary society and thus also the behavior of individuals. Yet, recent policies of welfare retrenchment or of reducing labor market policies have not brought about a remarkable difference in terms of levels of unemployment.

—Hans Keman

See also Capitalism; Economic Governance; Keynesianism; Market Failure; New Poverty Research; Political Business Cycle; Social Inclusion; Welfare State

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UNITED NATIONS

The United Nations (UN) was founded in 1945 as an international, universal membership organization to replace the earlier League of Nations of 1919. Its membership now stands at 191. Only Taiwan and the Vatican City are not members. The UN is headquartered in New York City, with major programs based at Geneva, Vienna, and Nairobi, and a global spread of offices in many capital cities. The UN was created by the allied powers during World War II. The charter was negotiated in 1944 at Dumbarton Oaks, Washington, DC, by four of the five permanent powers: China, Great Britain, the USSR, and the United States (the excluded allied power being France). The charter was adopted by fifty-one member countries at San Francisco in July 1945. The charter came into force on October 24, 1945. The charter that still governs the UN is therefore a prenuclear, pre–Cold War vision of the post–1945 world order that was created on the assumption of continued allied cooperation. In Article 27, the five great powers gave themselves permanent seats on the Security Council and power of veto over its resolutions. They also created a veto over the reform of these arrangements as set out in Article 108.

The founding purpose of the UN is defined in its charter as a fourfold mission. The first is the maintenance of international peace and security. Member states pledge not to threaten or use force against each other in Article 2 and agree to seek peaceful settlement of their disputes by negotiation in Article 33. If war does occur, the members further agree to take collective measures to suppress threats to the peace and acts of aggression. The second purpose of the UN is to develop friendly relations among states based on respect for equal rights and self-determination of peoples. Thirdly, the members agree to address international problems of economic, social, and humanitarian needs, including the promotion of human rights. Finally, the UN exists to provide a center for harmonizing the actions of its members. In pursuit of these objectives, the UN is not only a global center for the conduct of multilateral diplomacy, but also through its recognition of several thousand international

nongovernmental organizations (INGOs), it is a major focus of global civil-society efforts to lobby and influence the multilateral system.

Principal Organs

The General Assembly is the locus of all political, economic, and social debate and decision in the UN. The General Assembly is one place in the international political system where the legal principle of sovereign equality of all member states is respected. All members may table agenda items, debate them, and have one vote on resolutions adopted by simple majority in the General Assembly. Since its foundation, international norms and standards on issues such as decolonization, economic development, and human rights have evolved in the annual debates of the General Assembly. The General Assembly also elects ten of its total number to serve on the fifteen-member Security Council. The Security Council was created to exercise primary responsibility for the maintenance of international peace and security. Its membership comprises five permanent members, China, France, Russia, the United Kingdom, and the United States, and ten members elected by a regional formula for a two-year term, five from Asia and Africa, two from Latin America and the Caribbean, two from Western Europe, and one from Eastern Europe. Resolutions brought to the Security Council require nine affirmative votes to be adopted. Each of the five permanent members can exercise a veto to prevent the adoption of a resolution. The Security Council can apply economic sanctions and ultimately endorse military action against any state that, in its view, represents a threat to international peace and security. The other members accept that the Security Council acts on their behalf.

The Economic and Social Council (ECOSOC) is a fifty-four-member subsidiary of the General Assembly. ECOSOC was created to provide supervision of economic and social programs accountable to the General Assembly. For example, the United Nations Children's Fund (UNICEF), the United Nations Development Program (UNDP), and the United Nations Environment Programme (UNEP) are accountable to the council through annual reports to ECOSOC. More tenuously,

the charter also provides for ECOSOC to coordinate the work of the otherwise independent specialized agencies, such as the World Health Organization (WHO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

The Trusteeship Council was created to administer the non-self-governing territories inherited from the League of Nations in 1946, themselves former colonial possessions of the defeated powers in 1918, such as Namibia and Palestine. The council suspended its activities in 1994, following the independence of its last responsibility in Palau. Rather than being disbanded, some reform proposals have suggested that the council could either inherit an enlarged role for sustainable development, or, more controversially, it might provide a standing mechanism for the administration of long-term, postconflict administration and reconstruction in territories that require a semipermanent UN presence.

The UN Secretariat of 8,900 staff administers the programs adopted by the members and performs the headquarter's central services. This includes internal services, such as translation between the UN's six official languages, and fieldwork in development programs across the world. A Secretary-General who is elected by the Security Council heads the Secretariat. He or she serves a five-year term. This may be renewed once. Following convention both during the Cold War period and since, the Secretary-General has been elected from a traditionally neutral country. Previous incumbents were elected from Norway, Sweden, Burma, Austria, Peru, and Egypt. The current holder, Kofi Annan of Ghana, will hold office from 1997 to 2006. All members of the UN are also party to the Statute of the International Court of Justice. The court exists to apply judicial settlements to conflicts between member states. The UN operates on a two-year budget cycle; currently it is $3.160 billion for the period of 2004–2005. This budget comprises the fixed costs distributed between the members in assessed contributions. Assessed contributions are levied on the members by a complex formula that approximates their share of world product with very substantial reductions for the majority of less-developed countries. The scale of contributions ranges from 22 percent

for the United States to 0.001 percent for the poorest and least populous members. Japan contributes 19.4 percent and Germany 8.6 percent. The G8 (Group of Eight) countries are responsible for more than sixty-seven percent of the assessed contributions. Separate assessments are levied for peacekeeping missions undertaken to maintain international peace and security. This scale of contributions is weighted toward a larger share for the permanent members as an additional responsibility to balance their additional powers of veto over the creation of peacekeeping missions. Further resources are donated by the member states and individuals for particular programs. In practice, the developmental and humanitarian programs, such as UNDP and UNEP, rely heavily on these extrabudgetary or voluntary donations.

Effectiveness

The UN is judged primarily on its security role. Bringing the resort to force under the control of an international authority has formed an explicit goal of liberal-internationalism from Woodrow Wilson's Fourteen Points that was used to justify U.S. intervention in World War I in 1917. It was enshrined in both the League Covenant of 1919 and in the United Nations Charter of 1945. The end of the Cold War revived the possibility that the international control of the use of force might be established in a veto-free Security Council. However, the model case of economic sanctions and then military force being authorized to restore the sovereignty of Kuwait after Iraq's invasion in 1990 and 1991 has not been repeated. The conditions necessary for the full-scale application of collective security doctrine as described in the charter in Articles 39 through 42 have not become established. The scheme has not deterred the occasional use of force by determined aggressors, nor does the UN Charter adequately address cases of civil war, which have created most conflicts and casualties since 1945. Although permitted under Article 39 to define any situation as a breach of the peace or act of aggression, the Security Council has historically been reluctant to extend armed intervention into its member's internal conflicts. The presumption in favor of national

sovereignty almost always overrides occasional attempts to extend the application of international human rights standards. Peacekeeping was developed to fill the legal and operational gap created by the nonapplication of collective security after 1953. The original rationale of peacekeeping was to deploy UN forces, volunteered by willing members to supervise and police cease-fires with the consent of host parties. Lightly armed forces would maintain a physical separation between hostile parties and so reduce the risks of malicious or accidental breaches of the cease-fire. Operations of this sort have become long established in the Golan Heights, Cyprus, and Kashmir. The expansion of UN peacekeeping activities after 1990 involved not only substantial numerical growth in the number and size of missions mandated, but also expanded the tasks associated with peacekeeping to include election supervision, as in El Salvador, Namibia, and Cambodia. More complex missions, such as extending protection to NGOs' (nongovernmental organizations) humanitarian relief efforts in Somalia and Bosnia and the declaration of safe havens for civilian populations, also in Bosnia, were widely judged to have failed in the 1990s and have not been repeated without explicit invitation and consent of host countries, especially after the civil conflict in Liberia, where cease-fires were finally established in 2003. The UN has also attempted preventive deployment of missions in anticipation and deterrence of future hostilities, as in Macedonia and Burundi.

The founding members originally sought to address global economic security, convinced of its connection to military security and international stability. Chapter IX of the charter seeks to create conditions of stability and well-being, which are necessary for peaceful and friendly relations among nations. As the charter's military-security worldview was shaped by the experiences of appeasing dictators in the period from 1931 to 1939, the depth and duration of the Great Depression after 1931 was regarded as a contributory factor to the causes of the World War II, and the charter was drafted to prevent its recurrence. In particular, the UN Charter planned to create a liberal, international economic order favoring free trade and expanded economic interdependence. The charter also makes commitments to seeking

higher standards of living, full employment, and the solutions to economic, health, and social problems. These include respect for and observance of human rights and fundamental freedoms. Under the impact of decolonization and the majority of new membership coming from third-world countries after 1970, the focus of these economic and social activities of the UN shifted toward economic development, restyled as sustainable development in the 1990s and poverty reduction among the world's poorest two billion people.

Future

The UN has passed through numerous phases in its existence since 1945. The period since 1970 has been particularly problematic. The institution was founded as an expression and reflection of post–1945 U.S. dominance of the international system and passed into a phase of third-world, majority-led hostility to Western leadership after 1970. For more than twenty years, the UN General Assembly, in particular, was more often associated with profound division rather than harmonization of the members' interests. The end of the Cold War did not entirely remove these disputes. Many other multilateral organizations, including the G8, the European Union, NATO (North Atlantic Treaty Organization), NAFTA (North American Free Trade Agreement), ASEAN (Association of the Southeast Asian Nations), and APEC (Asia-Pacific Economic Cooperation), have experienced more substantial growth in membership, functions, and funding in the period since 1990 than has the UN. However, the coincidental experience of globalization and democratization has transformed the views of the majority of members on human rights, transparent governance, and the adoption of neoliberal economic policies. The aftermath of the September 11, 2001, attacks on New York and the Pentagon also had the effect of unifying the membership in response to terrorism.

Proposals for the reform of the UN have been an almost continuous feature of its history, with limited results to date. Track 1, or administrative reform, initiated by the Secretary-General and which does not require charter amendment, contrasts with Track 2 reform, which must be initiated by the member states.

No reform of the charter has actually been achieved since 1965. Recent administrative reforms initiated by Kofi Annan have concentrated upon staff reductions, greater budgetary and accounting transparency, and the reorganization of Secretariat departments to achieve greater focus on peacekeeping, sustainable development, and humanitarian relief. The most widely debated example of Track 2 is the reform of the composition and powers of the Security Council. Since 1998, consensus has been established on the need for expansion. Disputes remain as to the exact composition of an enlarged Security Council and on whether the new members would acquire veto powers. Japan, Germany, Brazil, and India are the most widely canvassed candidates for permanent member status. The most recent report of the Secretary-General's High Level Panel on Threats, Challenges and Change, published in December 2004, emphasized the need for the UN to enlarge its conceptualization of threats to international security and to add large-scale human rights abuses within states, the proliferation of weapons of mass destruction, terrorism, and organized crime to the conventional preoccupation with wars between states and sustainable economic development. Security Council reform is not just a question of enlargement. More controversial and problematic than size are disputes concerning the voting powers, especially the Article 27 veto powers of certain members. For some, enlargement should not include the extension of the veto to new permanent members. Meanwhile, critics of the existing veto powers of the five members argue for voluntary restraint in veto use, for instance, by only using the veto in relation to Chapter VII and the use of force. Radical critics of the current UN structure have argued variously for an enlarged role for NGOs and independent financial resources for the UN derived from taxing the global commons, such as international aviation, arms sales, seabed mining charges, or currency trading. Under the present charter, reform proposals require a two-thirds majority vote in the General Assembly, and a resolution of the Security Council, and also ratification by the domestic legislatures of the permanent five members. In practice, the consensus required to effect any charter reform would appear to be receding rather than advancing.

—*Mark F. Imber*

See also Commission on Global Governance; Functionalism; Global Governance; Global Warming; Group of 77; Human Security; International Courts; International Labor Organization; Internet Governance; Millennium Development Goals; Peace Process; United Nations Conference on Trade and Development; Security; Tragedy of the Commons; United Nations Educational, Scientific and Cultural Organization; United Nations Security Council; World Bank; World Health Organization; World Trade Organization

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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

The United Nations Conference on Trade and Development (UNCTAD) was formed in 1964 as a forum for intergovernmental deliberations relating to the integrated treatment of trade and development. UNCTAD is often thought of as a pressure group that exerts influence on the international trade and development policy process. There are a number of interrelated features of the post–World War II political and economic climate that contributed to its creation.

There was an explosion of developing country membership in the UN system following the process of decolonization. The subsequent emergence of a third-world coalition is one of the most striking features of the period. These countries were unified by the shared belief that the liberal international trading regime was not furthering their development.

The coalition was heavily influenced by the work of Raul Prebisch, an economist associated with dependency theory, who became the first Secretary-General of UNCTAD. He posited that the fundamental structure of the liberal trading regime tended to reproduce disparities between the developed core and the developing periphery, increase developing countries' dependence on the developed countries, and thus hamper development. Prebisch's analysis opposed Smithian (Adam Smith) or Ricardian (David Ricardo) free-trade ideologies; while he acknowledged that free trade could improve total global welfare, he maintained that it could not ensure that the gains from trade are distributed equally.

Developing countries thus called for a restructured and development-centered trade governance regime, where developing countries would be able to pursue national regulation and trade protectionism to facilitate industrialization, further development, and reduce dependency. They also believed that the extant mechanisms of global governance, namely international institutions such as the International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade (GATT), merely reflected developed countries' interests and thus were ill-equipped to serve their needs.

These factors all fuelled demands for the establishment of a new organization to coordinate trade and development policy on developing countries' terms. This eventually led the UN General Assembly to establish UNCTAD. It is under the auspices of UNCTAD that the developing world coalition was formalized and became known as the Group of 77 (G77).

UNCTAD's Organizational Structure and Role

UNCTAD is an institutionalized set of intergovernmental conferences. It also consists of a trade and development board and a permanent Secretariat, which carries out its administrative functions. It is intergovernmental insofar as its membership is made up of different national governments; it currently has 132 members. Conferences take place on a four-year basis, and each conference tackles a different set of policy issues. To date, there have been eleven conferences, and the next will be UNCTAD XII in 2008.

UNCTAD does not only provide a forum for state actors. Its conferences are attended by organizations of the UN system, other intergovernmental institutions, nongovernmental organizations, the private sector (including trade and industry associations), and members of research institutes and universities. Reflecting contemporary ideas of governance, it consists of and works with sub- and supranational groups and associations. It operates as part of a complex network of trade- and development-related governance.

States have devolved certain functions to UNCTAD. First, UNCTAD provides a formal and informal forum for negotiations aimed at building consensus around issues of domestic and international trade and development policy. Second, it undertakes research and policy analysis to provide ideas on the policy process. Third, it provides technical assistance tailored to the requirements of developing countries.

Although UNCTAD performs these tasks, some question the extent to which it can constrain state behavior. Its influence is severely curtailed by the fact that it cannot set and enforce rules on trade and development, and it has no negotiating authority. Some might counter that UNCTAD remains a participative arena for debate and knowledge generation. While it has no formal power to implement and enforce state policy, it propels beliefs, concerns, and ideas onto the global stage that shape and influence policy, albeit in less measurable or tangible ways. This foregrounds certain questions. How influential a role does UNCTAD play in concrete policy making? Can UNCTAD steer trade and development norms?

Contemporary Challenges Facing UNCTAD

UNCTAD's focus on developing states reflects a global awareness of the interrelated problems of development, economic interdependence, and representation. First, some states and regions are considerably more economically developed than others. In terms of trade, for example, Africa, with fifteen percent of the world's population, accounts for around two percent of world trade, whereas the United States, with five percent of the world's population, accounts for around thirteen percent of world trade. UNCTAD

endeavors to generate ideas about how we might work to resolve such global imbalances in economic capabilities. For instance, UNCTAD has led the campaign for special or differential treatment of developing countries in regimes of trade governance. But, given that states' development and thus interests can differ markedly, how can global governance consistently and justly accommodate diverging interests?

Second, ever-increasing economic interdependence means that a state's domestic policies can have a direct impact on overseas development. In the European Union, for example, agricultural subsidies can lower the price of produce and lead to overproduction; this cheap produce then floods developing countries' markets, crowds out local producers, and negatively affects development. These international economic linkages require state managers, particularly in developed countries, to elaborate techniques of governance that balance domestic obligations with international development objectives. UNCTAD carries out policy analyses with the aim of furthering knowledge of such linkages and thus enhancing this balance; development can no longer be perceived as a distant and self-contained problem.

Third, it has been argued that UNCTAD's role is vital because it represents the poorer, weaker countries. Global governance is understood, by some, to overly represent those developed states that have the resources, capabilities, and knowledge to create and regulate its complex and expensive networks. In this way, UNCTAD's existence partially rectifies representational asymmetries.

These three problems require states to develop global governance systems that respond representatively to the differentiated needs of states and that give primacy to techniques of governing that help those that need it most.

UNCTAD's Critics

Historically, UNCTAD has made limited headway in qualitatively reshaping the norms of the liberal trading regime; for instance, its attempts to establish a New

International Economic Order in the 1970s and 1980s did not succeed. The reason for this failure is hotly debated; it could be attributed to developed countries' opposition as easily as it could be to the nature of UNCTAD as an institution.

UNCTAD has also drawn the criticism that it has progressively become less representative of poor countries' interests. In particular, its ideological shift to the support of "freer trade" or more "market friendly" policies is thought to conform more to the developed world's agenda than to the developing world's agenda. Other observers might rejoin that UNCTAD has merely adapted to the changing nature of the global order; globalization and the ideological ascendancy of neoliberalism in the 1980s has oriented the policy agenda toward trade liberalization and away from global economic regulation. This opens the floor for some important questions about UNCTAD and contemporary governance. How can government mechanisms respond to changes in the global order without obstructing development goals? Has UNCTAD retained its mandate to represent and protect developing countries' interests? Or is it now beholden to the very countries it was designed to lobby?

—*Simon Carl O'Meally*

See also Development Assistance Committee; Development Theory; Group of 77; United Nations

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United Nations Educational, Scientific and Cultural Organization

The United Nations Educational, Scientific and Cultural Organization (UNESCO) is a specialized agency of the United Nations system founded in 1945 and is headquartered in Paris. UNESCO's mandate is the widest of all of the specialized agencies, a mission that extends far beyond the functionally specific responsibilities usually associated with the technical, humanitarian, and economic agencies of the United Nations. UNESCO was founded with the constitutional objective to contribute peace and security by promoting collaboration among the nations through education, science, and culture. The explicit commitment to liberal and democratic values is further embedded in the constitutional goal to further universal respect for justice, the rule of law, human rights, and fundamental freedoms.

UNESCO Traces Its Origins to the Conference of Allied Ministers of Education

The Conference of Allied Ministers of Education (CAME) was organized among the exiled governments of occupied Europe during World War II. Current membership stands at 190 governments, which sit in a General Conference. The General Conference, in turn, elects an executive board of fifty-eight members. In addition to government representation, UNESCO maintains a National Commission in each member state for direct liaison with civil society and nongovernmental organization (NGO) groups.

Major programs are organized in five divisions: education, natural sciences, social sciences, culture, and communications and information. Among the landmark achievements of the organization are literacy programs in areas of conflict and reconstruction and the preservation of cultural heritage, which includes both tangible artifacts (such as architectural monuments designated as World Heritage sites) and intangible cultural heritage (a concept embracing oral history, performance art, and ritual, especially those endangered by the decline of traditional societies). UNESCO's most widely cited science program is the Man and the Biosphere Program, which pioneered an awareness of sustainable development concepts within the UN system after 1968.

The breadth and academic nature of UNESCO's activities has also created problems for the organization. The great majority of its programs are not unique—they are also performed by numerous other national, transnational, and intergovernmental organizations. These characteristics left UNESCO vulnerable to charges of duplication and overlap. During the 1980s, UNESCO was also exposed to intense ideological disputes.

At various times in its history, UNESCO has been challenged by withdrawals of some leading member states. The Soviet Union, wary of the organization's explicitly liberal commitments, did not join until 1954. South Africa withdrew during the apartheid era of 1956 to 1994. The United States withdrew between 1984 and 2003, followed by the United Kingdom from 1985 to 1997. The U.S. dissatisfaction centered upon proposals for a new world communications order. Proposals for the licensing of journalists were interpreted by the United States as an attempted censorship of Western news media freedoms. Additional U.S. criticisms centered on alleged budgetary and Secretariat quality deficiencies. Singapore also withdrew in 1985 and has not since rejoined.

—*Mark F. Imber*

See also Functionalism; Human Rights; International Organization; Sustainable Development; United Nations; World Health Organization

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UNITED NATIONS SECURITY COUNCIL

The Security Council is a principal organ of the United Nations (UN). Under the UN Charter, the Security Council is charged with the primary responsibility of the maintenance of international peace and security. The charter also gives the Security Council wide powers under Chapter VI to use diplomatic means to assist the parties of a dispute to resolve their conflict by peaceful means. In the event that no peaceful reconciliation is possible, Chapter VII of the charter also confers on the Security Council the right to define a breach of the peace, that is to name an aggressor, and thereafter mobilize economic sanctions and, ultimately, military force against any member state that the Security Council judges to be a threat to international peace and security. The wider UN membership of 192 countries agrees to accept and carry out the resolutions adopted by the Security Council. In this way, the Security Council is credited with a unique moral and legal authority in the post-1945 construction of international order.

The Security Council comprises fifteen member states. Five are permanent members, which have occupied their positions since the founding of the UN in 1945. The permanent members are: China, France, Russia, the United Kingdom, and the United States. Ten additional nonpermanent members are elected by a regional formula and serve a two-year term. The ten regional members are elected from five groups: five from the African and Asian regions combined, two from Latin America and the Caribbean, two from Western Europe, and one from Eastern Europe.

The Security Council operates under a rotating presidency. This advances monthly by the English-language name of each member. The presidency is responsible for calling and chairing all meetings of the Security Council during that month. The UN Secretary-General can also bring matters to the attention of the Security Council. Resolutions adopted by the Security Council are binding in international law. Although the charter forbids the UN to interfere in matters of domestic jurisdiction, this protection does not extend to conduct that the Security Council, acting under Article 39, judges to be a threat to international peace and security.

The adoption of a resolution by the Security Council requires a majority of at least nine of the fifteen members. However, each of the five permanent members has veto power over the adoption of any substantive resolution by the Security Council. The original logic of this provision was to limit the adoption of resolutions and the potential military commitments entailed to those that had the consensual support of the five victorious powers of the 1945 settlement. It was also intended to prevent any one of them from using the mechanism of the UN to legitimate a war on each other. The five permanent members also have veto power over the reform of these entrenched powers. Any reform of the UN Charter requires a resolution to be adopted by the Security Council and ratification by the five powers' constitutional processes. In the case of the United States, this would require a vote of the Senate.

The aggregate use of the veto from 1945 to 2004 is: USSR/Russia 120, United States 76, United Kingdom 32, France 18, and China 5. Since 1990, veto use has declined drastically.

Conventional wisdom acknowledges that the veto culture of the Cold War period prevented the Security Council from employing the collective security doctrine as defined in the charter. The Security Council was instrumental in organizing the defense of South Korea (1950–1953) due to the temporary absence of the USSR from the council. Unable to agree on large-scale military interventions, the Security Council did, however, pioneer the technique of UN peacekeeping that evolved as a modest, consensual technique of containing regional conflicts that great powers agreed to limit. Peacekeeping forces were typically dispatched to supervise cease-fires in the aftermath of successive wars in the Middle East and Central and South Asia. In some cases, the presence of UN peacekeeping forces became institutionalized over decades, such as their presence in Jerusalem, Kashmir, and Cyprus. Since 1990, and with wider support from the Security Council members, many more ambitious peacekeeping missions have undertaken expanded

tasks in civil policing, election supervision, transitional government, and long-term reconstruction.

The possibility of UN-endorsed military actions was revived in 1990. A sequence of resolutions was adopted between August and November 1990, which gave clear warning to Iraq of the forthcoming military campaign to restore the sovereignty of Kuwait in the Gulf War of 1991. After 1994, this brief period of consensus faded.

The genocide in Rwanda, in 1994, was an example of the member's selective concerns and unwillingness to confront domestically driven human rights abuse. Differences between the permanent members over Bosnia also limited the effectiveness of the Security Council's role. Both China and Russia were opposed to the extension of UN competence into civil wars. Thereafter, the threat of a Russian veto led the United States and the United Kingdom to use NATO authority to conduct its campaign in Kosovo in 1999. In 2003, the United States, the United Kingdom, and their allies were unable to secure explicit renewed endorsement from the Security Council for their actions in Iraq.

The Security Council has only been reformed once, by enlargement from twelve members to its current fifteen members in 1965. Enlargement has been widely discussed since 1990, usually in terms of reestablishing the representational balance to reflect the enlarged third-world membership of the UN. However, Japan and Germany have been widely promoted as additional candidates for permanent membership in view of their financial contributions to the UN. Leading third-world claimants include India and Brazil. Other members have advanced claims on grounds of population and regional status. Enlargement is therefore controversial and problematic. The issue has also been linked to the reform of the veto power. None of the established permanent members is willing to relinquish or dilute this particular status. Enlargement might create three categories of membership, with the new permanent members not having veto powers.

—Mark F. Imber

See also Humanitarian Intervention; Peace Process; Sanctions; Sovereignty; United Nations

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Urban and Regional Planning

Urban and regional planning is a notion that encompasses the whole set of social activities aimed at anticipating, representing, and regulating the development of an urban or a regional area. It thus articulates intellectual activities of the study of social and economic forecasting with more concrete activities, such as infrastructure programming, land reservation, and land-use regulation. Planning operates at different scales: neighborhood, city, or region. Generally speaking, the smaller the area addressed, the more precise and coercive planning regulations are.

Under the postwar Keynesian-Fordist compromise, a relatively static capital required the intervention of the state and its public policies to stabilize the workforce and to constitute homogeneous national economic spaces where standardized products could be sold. During this postwar period and until the late 1970s, urban and regional planning policies were an element of these demand-side policies. They were aimed at stabilizing the workforce by providing cheaper access to housing and enlarging the access to urban collective consumption goods to a larger part of the urban population. The principal tools of this Keynesian-Fordist version of planning were the mass production of social housing, the provision of collective infrastructures, the public acquisition of land, and the regulation of estate speculation. From this perspective, elected officials and public planners were the dominant figures of planning, and the comprehensive land-use regulation plan was the most common tool used to enforce these redistributive objectives.

The concept of governance has subsequently been used to describe the devices through which urban and regional plans were elaborated and implemented following the end of the Keynesian-Fordist consensus and the new objectives set for these devices. According to neo-Marxist and regulationist scholars, the 1970s economic crisis is the sign of the entrance of Western economies into a new era, where competition between firms is no longer based on their proximity to raw material sources or their ability to build masses of standardized products but instead on their ability to diversify their production and to incessantly innovate. Thus, firms are less dependent on public demand-side policies. On the contrary, the fiscal burden of these policies hinders the profitability of their business within international competition. The same rupture occurred at the urban and regional level. In a new context where growth has been slowing, where state transfers have rarified, and where firms have become increasingly mobile, the objectives of urban and regional planning have been changing. Shifts from demand-side policies to supply-side policies and from a redistributive stance to a competitive and marketing stance have taken place. The central aim of plans is not to regulate economic growth and its effects on urban and regional territories but rather to activate it.

As a consequence, planning practices and the very forms of plans have been changing. Rather than comprehensive land-use regulation plans, plans are taking the shape of marketing weapons. The vogue of strategic plans launched in the mid-1980s is the most obvious example of this. These plans do not intend to regulate growth and redistribute it throughout the territory through land-use regulations. Instead, they identify the strengths and the weaknesses of the city or the region, the opportunities that it can take advantage of, and the threats it could face, and, on this basis, try to define strategies in terms of economic development or urban renewal. In a context of governance, on the one hand, plans are less precise in that they do not intend to set up regulations for each space of the city. On the other hand, they are more precise in that they focus on strategic areas that can be valorized and on which specific policies should be implemented. The inspiration of these plans is more neoliberal than reformist in that redistributive objectives are relegated to the background, whereas issues like competitiveness and economic attractiveness are prioritized because the plan is not principally aimed at setting up obstacles to market dynamics. In terms of planning practices, these new plans give a much more important place to economic actors and social elites. The plan is not conceived as the mere outcome of the public planner's expertise, but as the result of bargains between public and private actors and between different levels of public authorities. The political effectiveness of the plan is no longer expected to stem from its regulatory status, but rather from the consensus that the elaboration process of the plan has enabled the build up between a plurality of stakeholders.

This interpretation of the recent story of urban regional planning as a clear-cut example of the invasion of neoliberal recipes and the giving up of any public ambition to control territorial dynamics has been challenged by several scholars. Some of them doubt whether new forms of planning, such as strategic plans, can be interpreted as simply giving up of public ambitions on the evolution of cities and regions. The new forms of planning practices using networks and interactive, iterative, and incremental decision-making processes are also aimed at producing institutional capital, that is, a set of cognitive, relational, and identity resources that will enable the creation of a common rationale for the interventions of different actors on the territory. The rise of strategic plans is the sign of a communicative turn in planning. Planning is not only about elaborating the graphic representation of a substantive vision of the territorial common interest whose definition is set only by officials and public planners. Instead, it is about managing processes of political mediation and enabling mutual comprehension between different social interests, the outcome of which will be the sharing of a common vision of the future of a territory. Strategic planning may be a sign of a new form of territorial governance, where public expertise and actors are not omnipotent but do not inevitably promote a neoliberal agenda.

If neo-Marxists and regulationists defend a substantive definition of governance as a policy content,

other scholars propose a definition of governance as a research agenda that can help understand the recent evolution of urban and regional planning. If recent evolutions like globalization, construction of regional ensembles like the European Union, or devolution trends have modified the way urban and regional development is steered, this does not necessarily mean that planning systems are promoting neoliberal agendas. Rather these evolutions have modified the way social and territorial change is organized and, in particular, the division of labor between political/bureaucratic and market and civil society regulations in the governance of territorial development. However, in this approach, the term *governance* does not presume the neoliberal policy content deriving from these new arrangements. Rather, governance is presented as a new research agenda for the understanding of collective actions aimed at controlling and promoting urban and regional development.

—*Gilles Pinson*

See also Center-Local Relations; City-Region; Local Governance; Planning; Regime; Substate Regionalism

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URBAN GOVERNANCE

See LOCAL GOVERNANCE

V

Varieties of Capitalism

Capitalism is a profit-oriented, market-mediated system of economic organization that has developed at different times and places. Moreover, although increasingly organized on a global scale, it remains quite variegated in form, dynamics, and overall performance. There is no single best way to organize and govern capitalism, and, notwithstanding claims about long-term convergence, several varieties of capitalism persist due to the heterogeneity of the commodities produced for sale and the inevitable embedding of capitalist production and markets in broader sets of social relations. Such variation is evident in the wide range of capitalist firms, industries and sectors, complexes and clusters, localities, regions, national economies, plurinational systems, transnational networks, and trading blocs. Unsurprisingly, then, prompted by interest in competitiveness, best practice, and the social costs of capitalism, the rich variety of capitalism has long fascinated capitalists, workers, social movements, policymakers, social critics, and social scientists. In the social sciences, interest in varieties of capitalism has been strongest in institutional and evolutionary economics, comparative political economy, and economic sociology. It is weakest in orthodox economics, with its penchant for abstract modeling and its expectations that market forces should eventually lead to a single, maximally efficient model of economic organization.

Thus, observers have distinguished national paths to capitalist development (e.g., Dutch, English, French, Prussian, American, Japanese, East Asian), typical stages in capitalist development (e.g., mercantilism, liberalism, imperialism, state monopoly capitalism, transnational networked capitalism), varieties of consolidated capitalism (e.g., liberal market economies, bank-coordinated economies, state-guided market economies), regional patterns (e.g., Rhenish, Scandinavian, Mediterranean, East Asian), and forms of transnational economic domination (e.g., military conquest, free trade, integrated economic blocs). Most of the literature on varieties of capitalism focuses on national systems or "families" of capitalism differentiated in terms of technological, organizational, institutional, or sociocultural factors. Thus, we find typologies based on criteria such as social innovation systems, relations between industry and finance, industrial relations, education and training, the nature and role of the state, modes of growth, modes of competition, modes of governance, high or low trust, and alternative "spirits of capitalism."

The centuries-old interest in varieties of capitalism is linked to questions of economic development, defense of national economic and political interests, social welfare, and global competitiveness. The key role of national states in facilitating or hindering capitalist development has biased work on varieties of capitalism, which are usually identified with different national capitalisms, as if these were not just analytically distinct but also really operated in isolation from

each other, rather than in complex cross-border, plurinational, or global systems. The Cold War prompted interest, often heavily ideological, in communism and capitalism as competing systems, rather than in their specific varieties. The collapse of the Soviet Bloc, the rise of Japan and other East Asian economies as serious competitors to Western economies, and, most recently, intensified globalization have all renewed interest in varieties of capitalism, their persistence, and the scope for their eventual convergence, whether through market competition or explicit global policy initiatives.

Many of the typologies capitalism developed during the postwar boom in North America and Western Europe and its subsequent crisis in the 1980s and 1990s have focused on four key variables: the dominant forms of production, forms of economic specialization, and forms of labor process; the relative primacy of industry, banks, and the state in allocating capital to different uses and in governing the economy; industrial relations patterns; and forms of education, vocational training, and security of employment. Almost all typologies identify a distinctive liberal market (or Anglo-Saxon) model, with a strong market-friendly complementarity among its different components, and a model based on a key coordinating role for the state in promoting a coherent, modernized core in its national economy as a basis for economic development. This variety often includes one or more East Asian models, characterized by a strong developmental state oriented to catch up with the advanced capitalist economies. Disagreement emerges beyond this all-too-predictable market versus state dichotomy. Two varieties often mentioned are: first, a distinctive social democratic or Scandinavian model, with strong roles for highly organized labor and a well-developed universal welfare state in a small, open economy; and, second, a Rhenish model, typical of the Western European heartland along the Rhine, from Austria and Switzerland through Germany to Belgium and the Netherlands, where more balanced or decentralized forms of corporatism and Christian democracy have proved important factors. Less-often noted is a southern European or Mediterranean model, with a weak, fragmented labor force, a weak state incapable of a

strong guiding role, and underdeveloped welfare regimes. Interesting work has also examined the distinctive features of rentier economies (income is derived mainly from assets rather than labor; especially those blessed—or cursed—with oil reserves), import substitution in Latin American economies, the distinctive problems and trajectories of postsocialist economies, and the importance of informal economies in failed states.

Four main criticisms are leveled against the varieties of capitalism literature. First, it fetishizes national models or distinctions, treating them as rivals or competitors, ignoring potential complementarities within a wider international or global division of labor. A focus on the latter is associated with interest in a single variegated capitalism rather than distinct varieties of national capitalism. Second, there is often wide variation within any individual national economy across its different sectors or regions, calling into question the idea of the national economy as a unit of analysis. In response, reference is frequently made to the role of national states in shaping institutional and regulatory frameworks for all economic players in a national economy. Third, a focus on national economies fails to do justice to emerging supranational blocs, global city networks, global commodity chains, and so on. And, fourth, concern with varieties of capitalism may lead to neglect of the competitive pressures and political initiatives that encourage convergence, whether in the form of European integration and harmonization or U.S.-sponsored expansion of international economic regimes to promote a more neoliberal, market-friendly pattern of world economic organization. Despite these criticisms, research continues to demonstrate significant differences in economic performance, economic specialization, welfare regimes, crisis tendencies, crisis-management capacities, and so on. This indicates the continued importance of studying varieties of capitalism and their place within globally variegated capitalism.

—Bob Jessop

See also Capitalism; Convergence and Divergence; Corporatism; Economic Sociology; Governance Failure; Liberal Market Economy; Market; Marxism; New Institutionalism; Regulation Theory

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VIRTUAL AGENCY

A virtual agency is called as such because it has no physical or simple jurisdictional existence. It is essentially a Web portal that integrates a thematically organized range of information and online public services drawn from various "real" departments and agencies. It presents these to citizens in an easily navigable format. Virtual agencies are a key component of most e-government programs. Some analyses suggest that they can go beyond their virtual status and spur lasting organizational change.

Beyond the simple presentation of information on the Web by a single agency, virtual agencies are characterized by the sharing of information held in databases and work patterns based on networks of problem-solving "teams," often involving public- and private-sector actors. The implementation of such projects across government, especially in the United States, expanded under the George W. Bush administrations of the 2000s, with the creation of www .grants.gov, www.kids.gov, www.students.gov, and www .export.gov, to name a few.

Virtual agencies mark a significant departure from previous approaches to service delivery. They promise greater coordination across government. They also signal recognition that the identities of users of public services are rarely monolithic and that a detailed knowledge of the structures of public bureaucracies should not be a prerequisite for access to services. By conceiving of the user base as highly segmented, in much the same way as private-sector firms,

proponents argue that improved customer service can be delivered to those who are perceived to be most in need. In time, so the argument runs, decisive organizational change will occur, as the virtual agency cannibalizes the "real" agencies from which it first grew.

Yet despite the promise of increased coordination, some scholars have argued that virtual agencies have sometimes proved difficult to implement, not least because they may involve job losses, or, for those who are fortunate enough to retain their job, because a new agency might take the power of decision away from previously important managers. There are also long-standing problems with counteracting the "silo" culture of departmentalism in government. As a result of the new public management, public bureaucracies in many countries are not the relatively monolithic entities that they were twenty years ago. The situation is compounded by the differing technological demands of individual departments and agencies, as well as the fact that some, in effect, "go it alone" with their own technologically inspired projects. The latter has largely been the case with the implementation of e-government in British local government—developments led by the Office of the Deputy Prime Minister, rather than the body responsible for the rest of the program, the Cabinet Office E-Government Unit. E-government may thus increase competition within and between organizations, increasing fragmentation rather than reducing it. Thus, there are significant obstacles to the vision of increasing coordination through virtual agencies.

—*Andrew Chadwick*

See also Citizen-Centric Government; Coordination; Disintermediation; E-Democracy; E-Government; New Public Management

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VIRTUAL COMMUNITY

A virtual community is a group of individuals who are connected through the use of information technologies, such as computers, mobile telephones, and the Internet. Attributed to Howard Rheingold and his book, *The Virtual Community: Homesteading on the Electronic Frontier,* the term is now associated with a broad range of online interactions among groups of people. Although virtual communities are now most often associated with the World Wide Web, electronic interactions began with earlier technologies, such as electronic bulletin boards, Usenet groups, chat rooms, and e-mail. Thus, virtual communities are seen to exist in cyberspace, the realm of activity created by computer networks. Members of these communities may also meet and know each other in the offline world. It is not necessary that members of a virtual community have strong links to each other, and a given person may participate in a community regularly, irregularly, or only for a period of time. There will also be variation in levels of participation and the range of topics discussed, from pure entertainment communities to those engaged in serious political discussions. The term *community* is then used in relation to virtual communities to refer more to communities of interest than to a group of individuals living and acting in close contact with each other.

Virtual communities are also seen as holding the potential for broad social movements unbounded by national borders. Rheingold argues that the technology enabling these communities can provide substantial intellectual, social, commercial, and political leverage for ordinary citizens, but this depends on their ability to learn about how to utilize these technologies. One of the most well-known political movements supported by use of the Internet is that of the Zapatistas in Chiapas, Mexico. Information on the uprising of the Zapatista National Liberation Army against the Mexican government was circulated on the Internet and Usenet lists, and various interested organizations collected news and made it available online. This led to international awareness and an increase in support for the movement both inside and outside of Mexico. Margaret Keck and Kathryn Sikkink have highlighted the ways in which actors in one country can gain the attention of actors outside their country to support a domestic cause. This kind of activity is facilitated by access to the Internet and the creation of virtual communities to share information about, and build support for, a cause. The Zapatista movement is also linked to a broader anti-neoliberalism movement that gained force in many parts of the world in the late 1990s. One major event that marked the potential of this movement was the protests against the meeting of the World Trade Organization in Seattle in 1999. This protest involved significant organization through online discussions.

Analysts of the use of virtual networks more generally have argued that the virtual interaction of individuals can enable new modes of operation that are more effective than organizational structures of the past. The work of John Arquilla and David Ronfeldt emphasizes the ability of people networked together through technology to act in a nonhierarchical manner to achieve significant goals. In particular, they emphasize the use of networks by armies to perform maneuvers more efficiently and by terrorists to mobilize and conduct attacks. Business analysts have similarly argued that networked teams working together across long distances can be as productive as teams working together in an office environment. Web-enabled software programs such as Groove have been developed for the express purpose of facilitating virtual team project work. In this manner, technology-enabled communities can be used to facilitate group processes, whether they are for the public or private sector.

Virtual communities were also seen as playing an important role in the emergence of new grassroots mobilization techniques in the 2004 U.S. presidential election. The Howard Dean campaign was recognized early in the Democratic primaries for utilizing online community building techniques to mobilize volunteers and voters. Similar techniques were subsequently utilized by both the Democratic and Republican nominees to organize campaign events across the country and facilitate the fund-raising process. Although

online organizing has not supplanted traditional campaign techniques, the virtual communities developed during the 2004 campaign and similar communities are expected to play a continuing and evolving role in campaigns of the future.

In the early years of virtual communities, some commentators and observers worried that participation in online activities would draw some individuals away from participation in the real world. Recent debates have focused more on the risks associated with the content of discussions conducted online. Thus, children's participation in online games, as well as the availability of communities for sharing and discussing pornography, have been highlighted as potentially problematic outcomes of the proliferation of tools for building and accessing virtual communities. In this way, virtual communities can be utilized for a broad range of activities, and the social and political contribution of technologies facilitating virtual interactions is dependent on the way in which they are utilized by society at large.

—Jennifer Bussell

See also Civil Society; Disintermediation; E-Democracy; E-Government; Social Movement Theory

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W

WAR ON TERRORISM

The war on terrorism is the term used to describe the American-led global counterterrorism campaign launched in response to the terrorist attacks of September 11, 2001. In its scope, expenditure, and impact on international relations, the war on terrorism is comparable to the Cold War; it represents the beginning of a new phase in global political relations and has important consequences for security, human rights, international law, cooperation, and governance.

The war on terrorism is a multidimensional campaign of almost limitless scope. Its military dimension has thus far involved major wars against Afghanistan and Iraq; covert operations in Yemen, the Philippines, and elsewhere; large-scale military assistance programs to cooperative regimes; and major increases in military spending. Its intelligence dimension has comprised institutional reorganization and considerable increases in the funding of America's intelligence-gathering capabilities, a global program of capturing terrorist suspects and interning them at Guantanamo Bay, expanded cooperation with foreign intelligence agencies, and the tracking and interception of terrorist financing. Its diplomatic dimension includes continuing efforts to construct and maintain a global coalition of partner states and organizations and an extensive public diplomacy campaign to counter anti-Americanism in the Middle East. The domestic dimension of America's war on terrorism has entailed new anti-terrorism legislation, such as the USA Patriot Act; new security institutions like the Department of Homeland Security; the preventive detainment of thousands of suspects; surveillance and intelligence-gathering programs by the FBI and local authorities; the strengthening of emergency response procedures; and increased security measures for airports, borders, and public events.

The successes of the first three years of the war on terrorism include the arrest of hundreds of terrorist suspects around the world, the prevention of further large-scale terrorist attacks on the American mainland, the toppling of the Taliban regime and subsequent closure of terrorist training camps in Afghanistan, the capture or elimination of many of Al-Qaeda's senior members, and increased levels of international cooperation in global counterterrorism efforts.

However, critics argue that the failures of America's counterterrorism campaign outweigh its successes. They contend that the war in Afghanistan not only failed in its primary goal of capturing Osama bin Laden, but effectively scattered the Al-Qaeda network, thereby making it even harder to counteract. The attacks on Afghanistan and Iraq increased anti-Americanism among the world's Muslims, amplifying the message of militant Islam and uniting disparate groups in a common cause. The pattern of terrorist attacks since the fall of the Taliban suggests that Islamic militants are now acting autonomously of Al-Qaeda's leadership; at the same time, the ongoing

violence in occupied Iraq is providing a focus for militant struggle. These developments have arguably increased the risk of terrorism. Other critics allege that the war on terrorism is a contrived smokescreen for the pursuit of an American neoconservative geopolitics that includes controlling global oil reserves, increasing defense spending, expanding international military presence, and countering the strategic challenge posed by various regional powers.

The long-term effects of the war on terrorism are not yet clear but may include: widespread rearmament and a new global arms race; the erosion of civil liberties and human rights across the globe; the corrosion of the international legal order through the rewriting of the laws of war; increased regional instability in the Middle East, the Caucasus, and parts of Asia; political damage to the institutions of global governance; and the distraction of the international community from dealing with issues such as poverty, disease, and environmental change.

—Richard Jackson

See also Arms Control; Post-9/11; Security; Terrorism

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WASHINGTON CONSENSUS

The term *Washington Consensus* is commonly used to describe the neoliberal policy recommendations to developing countries, and Latin America in particular, that became popular during the 1980s. The Washington Consensus usually refers to the level of agreement between the International Monetary Fund (IMF), World Bank, and U.S. Treasury. All shared the view that the operation of the free market and the reduction of state involvement were crucial to development in the Global South.

With the onset of the third-world debt crisis in the early 1980s, the major Western powers, the United States in particular, decided that both the World Bank and the IMF should play a significant role in the management of this debt and in global development policy more broadly. When John Williamson, who later worked for the World Bank, first used the term Washington Consensus in 1989, he claimed he was actually referring to a list of reforms that he felt key players in Washington could all agree were needed in Latin America. However, much to his dismay, the term has become widely used in a pejorative way to describe the increasing harmonization of the policies recommended by these institutions. It often refers to a dogmatic belief that developing countries should adopt market-led development strategies that will result in economic growth that will "trickle-down" to the benefit of all.

The World Bank and IMF were able to promote this view throughout the developing world by attaching policy conditions, known as stabilization and structural adjustment programs, to the loans they made. In very broad terms, the Washington Consensus reflects the set of policies that became their standard package of advice attached to loans. The first element was a set of policies designed to create economic stability by controlling inflation and reducing government budget deficits. Many developing countries, especially in Latin America, had suffered hyperinflation during the 1980s. Therefore, a monetarist approach was recommended, whereby government spending is reduced and interest rates are raised to reduce the money supply. The second stage was the reform of trade and exchange rate policies so the country could be integrated into the global economy. This involved the lifting of state restrictions on imports and exports and often included the devaluation of the currency. The final stage was to allow market forces to operate freely

by removing subsidies and state controls and engaging in a program of privatization.

By the late 1990s, it was becoming clear that the results of the Washington Consensus were far from optimal. Increasing criticism led to a change in approach that shifted the focus away from a view of development as simply economic growth and toward poverty reduction and the need for participation of both developing country governments and civil society. This change of direction led to the term *post–Washington Consensus.*

—*Stephen R. Hurt*

See also Development Theory; Globalization; International Monetary Fund; International Organization; Neoliberalism; Political Business Cycle; Post–Washington Consensus; Privatization; Regional Development Bank; Third-World Debt; World Bank

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WEAK INSTITUTION

A weak institution is an institution in decline. An institution is commonly defined as a stable, durable, and valued arrangement that prescribes and prohibits specific behavior for specific situations. An institution can take various forms (think of a respected custom, a long-standing law, or a widely admired organization). When its influence wanes, and it is no longer taken for granted but formally still persists, we speak of a weak institution.

A good example is the declining importance of marriage in many Western countries. The church, which in many countries has lost its once-dominant position in state and society, provides another instructive example. Some types of organizations—think of unions and newspapers—have seen their influence in society gradually diminish. In the public sector, defining organizations can lose their mythical status without being terminated; the National Aeronautics and Space Administration and the Federal Bureau of Investigation are clear examples.

Institutions have a built-in tendency to weaken in time: The same mechanisms that drive institutionalization account for the reverse process of deinstitutionalization. Institutions typically evolve as adaptive responses to critical problems; effective responses are repeated and embedded in rules, routines, customs, and organizational cultures and structures. As the responses prove their worth over time, people begin to value and reproduce them.

However, the embedding of certain behavioral repertoires for specific situations undermines their flexibility. As the context changes, once-effective courses of action lose their relevance or may even become counterproductive. Institutions persist until it becomes clear to all that the prescribed behavior no longer works. This constitutes an institutional crisis.

An institutional crisis marks the moment when once-valued responses become widely recognized as dysfunctional. The institution becomes delegitimized as it loses societal and political support. Its deep roots in society and its valued history of effectiveness—a hallmark of institutionalization—usually save an institution from immediate termination. But if nothing is done to revive an institution, it will eventually flounder and disappear.

The effects of weakening institutions tend to be significant. Public institutions, by definition, exert an ordering effect on (substantial parts of) the public sector; processes of deinstitutionalization tend to cause confusion, fragmentation, and stress. The weakening of an institution invites restorative efforts or may give rise, in time, to a new institution.

Deinstitutionalization is not an irreversible process. After an institutional crisis occurs, a realignment of the institution with societal and political expectations can lead to institutional restoration. A key factor in the rise and fall of institutions is the capacity to adapt without sacrificing the valued core of the institution. This capacity does not automatically evolve; it has to be built into an institution.

—*Arjen Boin*

See also Failed State; Institution; Institutionalism; Institutional Performance

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WELFARE REFORM

Welfare reform broadly refers to the changes made to the funding and delivery of welfare services. Today, it usually refers to the reform of the welfare state. After World War II, the state became the dominant funder and provider of welfare services in places such as Britain. The experience of national collectivism during the war helped lay the foundation for an expansion of state intervention within welfare. State funding and provision was thought to be the best way of guaranteeing universal access to health and education, and this was embodied in institutions such as the National Health Service. Welfare reform is important because changes in the way that welfare is governed impact on individual well-being.

Today, many observers believe that the welfare state is in need of reform. This arises for a variety of reasons. There are those who believe the welfare state is no longer feasible. For example, some argue that globalization has hollowed out the capacity of the state to intervene within welfare affairs. Consequently, any viable system of welfare has to go beyond the state. Others point to the problems posed by the rise of a consumer-driven society. According to this argument, users are increasingly unhappy with the standard level of service delivered by the state. This dissatisfaction over provision creates difficulties because it undermines the public's commitment to the collective funding of welfare services through taxation. There are also those who think that even if the welfare state is feasible, it is not desirable. For example, public choice theorists argue that the architects of the welfare state assumed that public servants were motivated by an ethic of service. Public choice theorists argue that rather than being "knights," public servants are in fact "knaves" motivated by self-interest. Public servants use the welfare state to advance their private ends (job security, career ladders, and so on), rather than the public interest. From this standpoint, the welfare state ought to be reformed so that welfare services are based on the assumption that public servants are knaves.

Third Way

During the 1980s, public choice thinkers and the rest of the New Right dominated ideas and policies toward reform. The new public management contracting out the internal market and purchaser-provider splits are shaped largely by New Right concerns. Today, debates about reform are framed largely with reference to the third way. Advocates of the third way say that there is a need to rethink a commitment to the welfare state for a combination of the reasons previously mentioned. However, these individuals also reject the prescriptions advanced by the New Right. Advocates of the third way say that while the architects of the welfare state made a faulty assumption that public servants were always knights, public choice thinkers make the equally flawed assumption that public servants are always knaves. A public service ethic is an essential feature of welfare services, and there is a need to refashion services on the assumption that public servants are knaves and knights.

Supporters of the third way seek to steer a course beyond the governance arrangements of traditional social democrats and the New Right. If this denotes what the third way is against, it does not map out what it is in favor of. The third way is a large space that is compatible with a range of distinct, and sometimes contradictory, projects. Some individuals try to fashion a third way in funding by looking at ways that the public and private sectors may combine to build new hospitals, schools, and prisons. Public-private

partnerships and the private finance initiative are examples of attempts to develop models of funding that do not rely only on the public purse (as in traditional social democracy) or private finance (as with free market liberals). Innovations also occur in provision. The "new localism" is a recent attempt to recast the relationship between central and local institutions so that local autonomy plays a much more important role in the delivery of services. The new localism allows central institutions to play a role in the regulation of basic standards but permits local bodies to have considerable freedom over the setting and implementation of policy at a local level. Proponents of the new localism argue that in place of the one-size-fits-all model of state provision, there will be local variations to reflect local circumstances. "Public interest companies" are one way these services may be delivered. Public interest companies are organizations independent of the state charged with delivering welfare services in the public interest. Foundation hospitals are an example of the public interest company model. These hospitals are funded mainly from national taxes, although they can raise limited funds from capital markets for the purposes of investment. They have a stakeholder system of governance that provides patients, the broader public, staff, and partner organizations with representation within the governance of these hospitals. Foundation hospitals can be shaped in a variety of ways. Choice can be introduced by providing hospitals with overlapping jurisdictions and allowing patients to choose among different hospitals. Voice can be enhanced by providing stakeholders with greater opportunities to shape and make decisions.

Third-way welfare reform has not gone unchallenged. Some believe that foundation hospitals are a fig leaf for privatization. They argue that while foundation hospitals are not allowed to make dividend payments, the fact that they can raise money from capital markets means that private companies can make a claim on health service resources and thus constitutes privatization. Others are concerned about the adverse impact that the new localism may have on equality. According to this viewpoint, the state is the only agent capable of carrying out the redistribution that is essential for equality. The devolution of policy implied by the new localism weakens central intervention and so undermines equality. Empirical evidence is important for resolving these matters. Although the third way is intended to overcome the defects of both the welfare state and the free market, the presence of these criticisms underlines that within public policy, the introduction of potential solutions to existing problems can themselves raise new questions and controversies.

—*Rajiv Prabhakar*

See also Clinical Governance; Communitarianism; Corporate Governance; Gender Equality; Market Failure; New Poverty Research; New Public Management; Third Way; Welfare State

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Welfare State

The concept of a welfare state is difficult to define. In the simplest terms, it refers to a state that has assumed some responsibility for individual welfare through the provision of both income transfers and social services. Government provision of social programs includes pensions, unemployment insurance, invalidity and sick pay, social assistance, family assistance, parental leave, health care, care for the elderly and people with disabilities, employment services, specialized services (e.g., alcohol and drug treatment and foster care), and housing. The earliest welfare state developed in Germany in the late nineteenth century, when the Chancellor Otto von Bismarck extended health and

social insurance benefits to workers. Today, most advanced industrial countries would be classified as welfare states, with social expenditure in 2001 accounting for an average of over twenty percent of Gross Domestic Product in Organisation for Economic Co-operation and Development (OECD) countries, according to OECD figures.

However, many scholars have argued that this definition is radically incomplete. First, government involvement in individual welfare is affected by far more than social policy, with regulation of private provision of services and transfers, support for family provision, and a broader set of state policies in the labor market, education, and overall macroeconomy all playing an important role. Second, social policy generally aims at doing more than narrowly producing individual welfare, and indeed, is often linked to a broader set of economic (and occasionally religious or military) policies. Gøsta Esping-Andersen argued in 1990 that we should look at welfare state regimes or forms of welfare capitalism rather than at the welfare state narrowly, examining the links between social welfare policies and differential state and capitalist structures. This argument presents the governance of the welfare state as part of the broader governance of the modern capitalist economy.

Esping-Andersen argues that the fundamental goals of different welfare states diverge and therefore produce different distributional and social outcomes. Building on Richard Titmuss's early typology of welfare states, Esping-Andersen identifies three types of welfare regimes: Social Democratic, Conservative, and Liberal. For Esping-Andersen, the concept of decommodification is central to this divergence, and he argues that strong unions and social democratic parties were able to use the welfare state to change the character of advanced capitalism. This outcome is best achieved in the Social Democratic regime, which provides high-quality universal services that crowd out private (and family) provision, emphasizes full employment, and thereby produces high levels of decommodification. The Conservative regime also entails high levels of social spending, but this spending occurs primarily through status-maintaining income transfers and policies that support traditional notions of the family and church. These policies reproduce market disparities through welfare transfers, meaning decommodification is less extensive. Finally, the Liberal regime is characterized by meager, means-tested benefits that cater to a mainly poor clientele and entail social stigma, low quality, basic services, all of which force individuals to rely on the market and thereby entail minimal decommodification. For Esping-Andersen, the Scandinavian countries are examples of the Social Democratic model, the Continental European countries represent the Conservative model, and the English-speaking countries generally fall into the Liberal model.

A number of scholars have challenged not only Esping-Andersen's historical account of the rise of the welfare state, but also his understanding of the welfare state as a form of governance that alters capitalist organization in particular ways. For instance, scholars examining the formative role of business interests and the middle class in the development of the welfare state contest the view of the welfare state as decommodifying. This perspective stresses the constructive relationship between markets and the welfare state, arguing that far from decommodifying workers, advanced welfare states have played a key role in sustaining the interests of capitalists or the middle classes. Marxist scholars of the welfare state also stress its role in buttressing advanced capitalism, arguing the welfare state does not roll back the frontiers of advanced capitalism but is something akin to "riot insurance" that buys off working class discontent, as noted by Frances Piven and Richard Cloward in 1971. In a different vein, feminist scholars argue that by narrowly focusing on the welfare state as a nexus between politics and markets, this view obscures the role of the family as a producer of welfare and social stratification, as noted by Ann Orloff in 1993. Finally, scholars of political institutions argue that the preferences of key actors alone do not explain the character or extent of modern welfare states, and that preexisting institutional structures and bureaucratic capacity mediated early reformers' efforts in particular ways. The question of what the welfare state is, where it comes from, and what it means for modern political and economic governance is highly contested.

Modern welfare states have matured far beyond these origins. In many countries, the question of contemporary governance of the welfare state is not how to build and expand it, but instead how to manage it in an era of permanent fiscal austerity. This challenge involves balancing growing social demands with the rising costs and more limited fiscal leeway associated with an aging population, greater labor market volatility, and globalization. Pierson argued in 1996 that these challenges have created a scenario where the patterns of cutbacks to social welfare programs follow a different logic from that of expansion. Pierson remarks that relatively little retrenchment has occurred, and the governance of the welfare state is increasingly characterized by the politics of avoiding blame. For Pierson, policymakers attempt to square the circle of fiscal pressures that push for cutbacks and electoral incentives to avoid cutback by governing through low-visibility, incremental reform. While most welfare states are experiencing these common challenges, they have manifested themselves differently across advanced countries, with some experiencing more severe problems of unemployment, inequality, and budgetary stress than others. As a result, the question of how to balance competing goals of securing individual welfare, economic growth, and fiscal discipline in modern welfare states may be resolved in highly differentiated ways.

—*Jane Gingrich*

See also Health Care; Social Democracy; Social Justice; Unemployment; Varieties of Capitalism; Welfare Reform

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WORKFARE

Workfare is a policy of making the receipt of unemployment benefits conditional upon the requirement to look for work or actively engage in other prescribed activities. For example, in 1998, the Labour government in Britain introduced a New Deal program for young people. Funded by a windfall tax on the profits of the privatized utilities, this policy meant that all 18- to 24-year-olds receiving unemployment benefits had an obligation to accept a job with a private-sector employer that is paid a wage subsidy, work with a nonprofit voluntary organization, work for the government's own environmental service task force, or study on a full-time approved course. A green paper noted that there would be no fifth option of simply remaining on unemployment. Over time, the Labour government has extended the New Deal program to cover other groups, such as the over-50s and single parents. Workfare is important because it suggests that individual duty or responsibility is integral to any legitimate or well-functioning set of governance arrangements.

Workfare is an example of conditional benefits, that is, the receipt of benefits is tied to the exercise of various conditions. Workfare is not the only way that conditional benefits may be manifested. For example, the entitlement to make full use of public health services might be linked to a duty not to smoke. However, workfare is the most prominent recent example of this approach.

Workfare has arisen because of dissatisfaction with benefit payments in the post-1945 social democratic

welfare state. Although conditions were not entirely absent in the welfare state, much greater emphasis was placed on the unconditional nature of social benefits, such as health and education. On the Right, neoconservatives voiced concerns during the 1980s that the welfare state perpetuated rather than resolved problems as people came to depend on the state rather than to take measures to help themselves escape their problems. Unconditional unemployment benefits meant that either people did not have an incentive to look for work or they were irrational and needed formal instruction to get a job. On the Left, reformists argued during the 1990s that unconditional benefits violated a principle of reciprocity. The view is that the provision of benefits to an individual imposes a reciprocal obligation on the recipient to use these benefits in a proper manner. This stance is found within writings on the third way and is captured in the doctrine that there should be no rights without responsibilities. Although parts of the Left and Right both endorse workfare, the nature of their justifications is different. For the Right, this is linked to concerns about a dependency culture. For the Left, reciprocity is emphasized as a way of preventing people from free riding on the contributions of others.

Workfare is not accepted uncritically. Some reject all conditional benefits, arguing that they are illiberal and license authoritarian state interventions. Others in Britain have criticized the New Deal by saying that this is not the most cost effective way of reducing unemployment. These disagreements highlight that debates within public policy are rarely settled. Conflicts exist within the framework of the same values (a debate between reciprocity versus illiberalism points to different ethical judgments of workfare), as well as between different values (the ethical case for the New Deal versus the costs of running this program).

—*Rajiv Prabhakar*

See also Communitarianism; Neoliberalism; Third Way; Welfare Reform

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WORLD BANK

The World Bank is actually a group of five intergovernmental organizations that together seek to promote development in the Global South. It is a specialized agency of the United Nations (UN) and its headquarters are in Washington, DC. In recent years, its focus has been on the reduction of poverty. It pursues this agenda through a combination of loans, grants, policy advice, and technical assistance. It is a highly significant actor in the field of development and is involved in projects in almost every developing country in the world. Moreover, its influence is enhanced by the fact that loans made by the World Bank act as a "seal of approval" for other potential lenders and investors in the developing world. The governments of the nation-states that constitute the membership own all five institutions that together are known as the World Bank Group. However, the majority of its finances are raised on international financial markets through the selling of bonds. Voting power of member countries is weighted according to the financial contributions made.

The World Bank is the popular shorthand for the International Bank for Reconstruction and Development (IBRD), which was created at the UN Monetary and Financial Conference held in 1944 at Bretton Woods, New Hampshire. Originally, its mandate was to assist in the rebuilding of those countries that had been devastated by World War II. Actually, this role was mainly performed by the United States through the Marshall Plan because it was decided that in the context of the Cold War, such matters should not be left to a multilateral organization. Then, during the period of decolonization, the attention of the World Bank was diverted toward the developing world. The International Development Association (IDA) was created in 1960 to provide assistance to the world's poorest countries, and, unlike the IBRD, a substantial portion of its resources comes from

donations made by member countries. There are three other arms of the World Bank Group. First, the International Finance Corporation (IFC) provides support for projects in the developing world undertaken by the private sector. Second, the Multilateral Investment Guarantee Agency (MIGA) encourages foreign investment in the developing world by providing risk insurance. Third, the International Centre for Settlement of Investment Disputes (ICSID) also supports the promotion of privately funded foreign investment in the developing world by offering host governments and investors mediation and dispute settlement assistance.

Changes in Development Policy

During its existence, the approach adopted by the World Bank to the promotion of development has been regularly reassessed and altered. In the early years, it tended to focus on the financial and technical support of large-scale capital investments in infrastructure. During the 1970s, under the presidency of Robert McNamara, the World Bank adopted an approach known as basic needs. This approach aimed at targeting the poorest sections of society, which critics had argued were not enjoying the benefits of its project lending. Attention was switched to the development of human capital, through programs supporting health, education, rural farming, and family planning.

A significant change of direction occurred again in 1980 when the World Bank introduced structural adjustment programs (SAPs). The emergence of the debt crisis in the third world has led to the World Bank, along with the International Monetary Fund (IMF), becoming involved in providing loans to help developing countries with serious balance of payment difficulties. These loans were conditional on the borrowing country following a series of policy measures, which the World Bank believed would enable them to avoid such problems in the future. A typical SAP involved policies designed to reduce the role of the state and increase the role of the market in the economy in an attempt to help the developing world adopt a development strategy centered on export-led growth. During this period, the widespread implementation of SAPs put tight constraints on the ability of developing countries to adopt any alternative development strategies.

Although attention has always been paid to the operations of the World Bank, the development of SAPs generated a significant increase in the amount of scrutiny and numerous criticisms. The SAPs' primary focus on economic growth was questioned. Critics, in particular social movements, argued that their impact was detrimental to the poorest sections of society, including women, and for some they also posed a threat to the environment. The World Bank was also subject to the charge that it was an undemocratic organization that did not listen to either the wishes of the citizens of the countries that had been subject to its policies or the range of opinions within global civil society.

Recent Reforms

The World Bank responded to these criticisms by undergoing a period of reform that resulted in the prioritization of poverty reduction over economic growth. This period of reform was given momentum by the appointment of James Wolfensohn as president in 1995 and Joseph Stiglitz as chief economist in 1997. The World Bank has also sought to incorporate issues of gender and sustainable development into its recent strategy. In terms of democratic input, it has developed an approach based on partnership and consultation. These reforms are reflected in the Comprehensive Development Framework (CDF), launched in 1999, which seeks to develop a more holistic approach to development. The CDF also suggests that developing countries should own their development strategy, rather than have it imposed through conditionality. These reforms have failed to satisfy some commentators, who argue that there is still a large measure of continuity in the approach to development adopted by the World Bank.

—*Stephen R. Hurt*

See also Bretton Woods; Globalization; International Monetary Fund; Liberal Market Economy; Neocolonialism; Poverty Reduction; Third-World Debt; Washington Consensus, World Development Indicators

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WORLD DEVELOPMENT INDICATORS

The World Bank publishes the World Development Indicators (WDI) annually. They represent a comprehensive set of data and statistics that allow the evaluation of the development of most countries in the world. In 2004, the World Bank published about 800 different WDI. To be able to assess development strategies, it is useful to have quantitative measures available. The availability of the WDI allows for more informed public and private policy making. In 2000, the Millennium Development Goals (MDG) were agreed upon, and eight major goals in particular were set for the year 2015. The WDI provide data that allow for measurement of progress toward all of these goals. Since these were adopted, the World Bank's publication of the WDI has highlighted the levels of progress made toward these specific targets. Critics might question both the reliability of some of the data and also whether it is possible to quantify all the related concepts, many of which are subjective.

In fact, the term *development* itself is a contested concept. What we mean by the term is open to debate and interpretation. A rather limited view of development that has dominated the view of many key actors in the past is simply gross national income (GNI) per capita. This can be converted using purchasing power parity to allow simple comparison between countries. However, the growing consensus today appears to be that development should also be about poverty reduction. This consensus was reflected in both the adoption of the MDG and the subsequent United Nations Conference on Financing for Development held in Mexico in March 2002.

The WDI include a broad group of statistics that measure economic development. These include wealth, equality, the levels of external debt, and the degree of integration a country has within the world economy (both in relation to trade and financial flow). They also provide data related to good governance, where good governance is interpreted as creating the right conditions for a market economy to flourish. Here one can compare the availability of basic infrastructure, the suitability of tax policies for attracting investment, and political transparency. The WDI also focus on measures of human development. These include demographic indicators, poverty, education, the status of women, and health. Over recent decades, governments, intergovernmental organizations, and the business sector have also become aware of the direct relationship between development and the limited availability of natural resources. The World Summits on Sustainable Development are evidence of an awareness of this issue. Therefore, the WDI also include measures related to the environment, such as pollution, urbanization levels, and the sustainable use of energy resources.

—*Stephen R. Hurt*

See also Development Theory; Millennium Development Goals; Poverty Reduction; Sustainable Development; World Bank

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WORLD ECONOMIC FORUM

The World Economic Forum (WEF) is an annual gathering of leading figures from the corporate, political, academic, and media worlds. The forum meets in the exclusive Swiss Alpine resort of Davos (with the exception of 2002, when it met in New York City) at

the height of the ski season (usually in January). Its self-stated aim is to provide an environment conducive to the sharing and dissemination of information and policy, as well as the development of ideas among the delegates with a view to improving "the state of the world." Delegates attend the WEF only by the invitation of the managing board. The handpicking of delegates is said to add to the forum's clublike atmosphere. The importance of those gathered and the WEF machinery that brings them together gives the forum a formidable say in shaping global political and economic policy.

Business professor, entrepreneur, and current Executive Chairperson Klaus Schwab has been the driving force behind the WEF since its creation. The WEF counts 1,000 large corporations and 200 small businesses among its members. Though membership is said to be drawn from in excess of 100 countries, there is a heavy bias toward European and U.S. corporations. A small group of forty "strategic partners" play a leading role in steering the WEF's agenda and activities. Accenture, Coca-Cola, Microsoft, Deutsche Bank, IBM, Nestlé, Time Warner, PriceWaterhouseCoopers, and Nike figure among this group.

The WEF first met in 1970 as the European Management Forum (EMF); though it did not become a regular feature of the Alpine ski season until January 1971. In 1987, the EMF was renamed the World Economic Forum. The new name reflected the changed purpose of the gatherings. While the WEF retained a core focus on international business strategy, it added an explicitly political dimension. The WEF publicity credits the EMF with helping to kick-start the Uruguay Round of General Agreement on Tariffs and Trade (GATT) negotiations, nudging along German reunification, facilitating the Middle East peace process, and accelerating South African reconciliation.

Since becoming the WEF, the forum has held a series of continental and special summits focusing on regional or specific issues. For instance, the WEF held a "peace and reconciliation" meeting in Jordan in the wake of the formal end to the Gulf War. The influence of the WEF and its elitist nature has attracted much interest and opposition from civil society organizations. The most visible response was in 2001 with the

establishment of a World Social Summit (held first in Porto Alegre, Brazil, then in Mumbai, India); but it has also been subject to mass public demonstrations. The WEF's attempts to placate its critics have so far failed, and the growing size of the gatherings is increasingly seen as undermining the WEF's uniqueness.

—Rorden Wilkinson

See also Antiglobalization; Corporate Governance; Global Governance; Globalization; Washington Consensus

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WORLD HEALTH ORGANIZATION

The World Health Organization (WHO) is an agency of the United Nations (UN) that funds and organizes programs to promote human health worldwide. WHO's primary roles concern eradicating disease (especially infectious diseases and epidemics), using nutrition and medicine to increase health, and aiding developing nations to improve the physical welfare of their citizens. The main goal of WHO is to ensure that all human beings have access to quality health care of every variety, whether it is provided by WHO itself or by other health organizations and practitioners, and where health includes social and mental as well as physical well-being. WHO was established in 1948 largely on the model of the Health Organization, an agency of the League of Nations.

Organizational Structure

The chief decision-making body of WHO is the World Health Assembly which meets once a year. The assembly is made up of delegates from most participating

nations: The exceptions are those nations that do not belong to the UN and so are allowed to register only as associate members of WHO. Although the assembly decides the goals and general policies of WHO, an executive board defines its agenda, reviews its decisions, and gives effect to its policies. The executive board consists of thirty-two members, each of whom is deemed knowledgeable in the fields of medicine, nutrition, and disease, and each of whom serves a three-year term. The Director-General of WHO is nominated by this executive board and appointed by the assembly for a five-year period. The Director General reviews and approves the program presented by the Assembly. The day-to-day running of WHO is undertaken by a Secretariat consisting of eight thousand technical, administrative, and support staff.

WHO is based in Geneva, Switzerland. Its member states are divided into six regions with considerable autonomy. Each region has a regional office headed by a regional director who is confirmed by the executive board after having been elected by the local regional committee. The local regional committees consist of the heads of the health departments of all member states within that region. They are responsible for putting into effect in their region the programs designed by the assembly.

Although the institutional organization of WHO derives largely from its member states, it has established a Civil Society Initiative to formulate arrangements between WHO and nongovernmental agencies such as charity foundations and the pharmaceutical industry. Such arrangements are meant to lead to collaborative networks in the financing and provision of health programs.

Activities and Programs

One important activity of WHO is to lead campaigns based on information, finances, and health care against specific diseases. Its first campaign, the eradication of smallpox, was declared successful in 1979—the first time in history that a disease had been eradicated entirely by human action. WHO has also devised campaigns to counter plague, yellow fever, polio, measles, malaria, and also malnutrition and the consumption of tobacco. Recently WHO has begun campaigning against whooping cough and Acquired Immunodeficiency Syndrome (AIDS).

WHO also seeks to spread scientific information about health related issues. Of special note is the *International Pharmacopoeia,* which provides procedure recommendations, dosage information, and item quality know-how on legalized medical drugs. WHO first published *International Pharmacopoeia* in 1979. It is used by many member states when they compose drug-related laws and legislations.

Some of WHO's recommendations in the area of health have sparked controversy, often because of their potential effect on private commercial interests. One example was the hypothesis that the electromagnetic field around cellular phones is hazardous. Another was the claim that sugars should provide only ten percent of one's daily diet.

—*Mark Bevir*

See also HIV/AIDS; Regional Authority; Regional Governance; Regionalism; Science; State; United Nations Educational, Scientific and Cultural Organization

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WORLD TRADE ORGANIZATION

The World Trade Organization (WTO) was established on January 1, 1995. Membership had increased from 128 original signatories to 148 countries by February 16, 2005. Its major aim is to ensure that trade between nations is as free as possible. The creation of the WTO was one of the key outcomes of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). This represented the eventual realization of the intentions of the architects of the Bretton Woods System,

which was to have an international trade organization working alongside the International Monetary Fund (IMF) and World Bank. It was argued that the WTO would strengthen the multilateral trading system by remedying some of the weaknesses of the GATT. In particular, the WTO has improved the surveillance of trade policies, intensified the levels of consultation between member states, and resolved disputes in a more effective fashion.

The WTO implements trade liberalization by adhering to two key doctrines that were the foundations of the GATT. The first doctrine is the rule of reciprocity, whereby all of the member states agree to adhere to the most-favored nation principle. The second doctrine is the idea of nondiscrimination, which requires that a member country must treat imports in the same way as domestically produced goods and services in such areas as taxation, regulation, transportation, and distribution. While the GATT was mostly concerned with the liberalization of trade in goods, the rules of the WTO have been extended to cover an increasing number of areas. These include trade in services and intellectual property rights—for example, patents and copyrights. One of the perceived disadvantages of the GATT was the lack of an effective mechanism for ensuring adherence to its rules. In contrast, the WTO has created its Dispute Settlement Understanding that is considerably stronger. Member states are free to raise an objection, and initially they are encouraged to resolve such disputes through negotiation. However, if this fails, a panel is created, and the WTO's dispute settlement mechanism is employed, which can ultimately result in the authorization of retaliatory measures. There have been fears that this multilateral approach to resolving disputes is still open to distortion by the most powerful members via threats of unilateral action.

The WTO is likely to face a number of challenges in the future. First, there is concern over the impact of the organization on developing countries. One of the Ministerial Conferences, held in Doha, Qatar, in November 2001, set out a process of negotiations focused on a number of issues of concern to developing countries, in particular the continued subsidization of agricultural production in the advanced industrialized countries. Second is the question of the democratic accountability of the WTO, with critics arguing that civil society organizations have insufficient input into the policy-making process. Third is the contentious issue of whether further trade liberalization will have a negative impact on the environment through its impact on both overall economic growth and production and, in particular, the extension of distribution networks.

—Stephen R. Hurt

See also Arab Integration; Bretton Woods; Cairns Group; Confidence-Building Measure; Global Compact; Globalization; Group of 77; International Division of Labor; International Organization; Internet Governance; Liberalization; Most-Favored Nation Principle; Neocolonialism; Organisation for Economic Co-operation and Development; Protectionism; Reciprocity; Rules of Origin; Sanctions; Trade Agreements; Tragedy of the Commons

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