

**A DECENTERED THEORY OF GOVERNANCE: RATIONAL
CHOICE, INSTITUTIONALISM, AND INTERPRETATION**

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In 1992 the World Bank introduced the concept of good governance as part of its criteria for lending to developing countries.¹ It invoked governance to refer to changes in the public sector associated with the new public management, marketization, and even privatization. The introduction of these neoliberal reforms, it implied, led to greater efficiency in public services. In contrast, the work done within the Local Government and Whitehall Programmes organized by the British Economic and Social Research Council invoked governance to describe a new pattern of relations between the state and civil society.² Governance consisted of networks as opposed to both hierarchies and markets. The political scientists involved in these Programmes understood governance to refer to what they saw as the unintended consequences of the new public management, marketization, and privatization. The introduction of neoliberal reforms, they implied, had led to a public sector very different from that envisaged by their architects and, for that matter, from that currently envisaged by the World Bank.

Obviously governance means different things to different people. Despite some overlaps, it has one meaning for the economists of the World Bank and another for the political scientists engaged in the Local Government and Whitehall Programmes. The reasons for this are not hard to find. The two groups understand governance differently because they construct the concept from within very different narratives. A narrative stands here as a form of explanation that unpacks human actions in terms of the beliefs and desires of the actors. It embodies particular theories about the rationality of actors,

their institutional embeddedness, and their capacity for agency, as well typically as a historical story. The particular theories at work in different narratives prompt their adherents to take very different views of changes in government, society, and economy. A narrative thus bears at least a partial resemblance to Michel Foucault's concept of an episteme or Thomas Kuhn's of a paradigm.³

If we take concepts such as narrative, episteme, and paradigm seriously, we will allow that the world is not simply given to people as pure perception, but rather that different people perceive the world differently because they hold different theories. This insight, in turn, might then lead us to adopt a decentered analysis of governance at odds with those upheld by the economists of the World Bank and the political scientists of the Local Government and Whitehall Programmes. But we are running away with our story. Before we explore the theory behind a decentered analysis of governance, we want to explore more fully some existing narratives of governance (section 1). In doing so, we will highlight the theoretical contributions of rational choice theory and institutionalism, thereby opening a space within which to push and pull these theories in an interpretative direction (section 2). Only at that point will we be in a position to present a decentered analysis of governance (section 3). Next we will further develop this analysis by indicating the distinctive answers it might give to some of the key questions that currently surround the concept of governance: is governance new? Is governance a vague metaphor? Is governance uniform? How does governance change? Is governance failure inevitable? (section 4). No doubt the more practically minded of our readers will be in despair by this time, but they should not give up hope, for at last we will get around to

discussing the implications of a decentered analysis for policy-making and democracy (section 5).

1. Narratives of Governance

The current fascination with governance derives in large part from the reforms of the public sector promoted by neoliberal governments in Britain and the USA during the 1980s. The neoliberal narrative that inspired those reforms now informs a global policy agenda that incorporates one concept of governance. The Organisation for Economic Co-operation and Development, like the World Bank, appeals to a neoliberal concept of governance to describe desirable changes in the nature of public services.⁴ It understands governance in terms of the increased efficiency in the public sector allegedly ensured by measures such as marketization, contracting out, new management techniques, staff cuts, and stricter budgeting.

Governance, on many accounts, thus has a profound relationship to a neoliberal narrative that emphasizes the inefficiencies of bureaucracy, the burden of excessive taxation, the mobility of capital, and competition between states. A hierarchic model of the provision of public services is condemned here as inherently inefficient. The state reasonably might make policy decisions, but instead of delivering services itself, it should promote an entrepreneurial system based on competition and markets - "less government" and "more governance".⁵ Neoliberals, of course, believe that states should turn to markets because they are inherently efficient. In addition, they often suggest that we now live in a global age in which the increased mobility of technology, trade, and particularly finance capital has created a world market; a world market, moreover, that underpins an

almost Darwinian selection process such that states must liberalise both their economies and their public sectors if they are not to perish.⁶ According to neoliberals, the mobility of finance means that states characterized by large, inefficient bureaucracies, high rates of taxation, and onerous regulations on the corporate sector will inevitably suffer capital flight and so ultimately impoverishment. The global market has produced an inexorable process of imitation and catch-up in which neoliberal measures are sweeping across the globe. To neoliberals, the hidden hand of globalization explains and guarantees the spread of governance defined in terms of the minimal state, marketization, and the new public management.

The neoliberal narrative of governance has a complimentary relationship with rational choice theory. Both of them clearly draw on neo-classical economics, which explores human affairs using an analytic approach located at the micro-level to derive formal models and predictions from assumptions about rationality, utility, and profit maximization. While the neoliberal narrative of governance deploys a similar approach to promote reforms such as the new public management, rational choice theorists seek to extend it from economic matters to political activity. Rational choice theorists seek to construct theoretical models as deductions from a few elementary assumptions. The economic approach to politics, as it is also known, presupposes that actors choose a particular action or course of actions because they believe it to be the most efficient way of realizing a given end, where the ends an actor has are supposedly given by his utility function.⁷ Not only rational choice theory but also related approaches such as public choice and game theory deduce models of political objects from the assumption that actions are the product of strategic, utility-maximizing individuals.

For many political scientists, whether rational choice theorists or not, governance denotes a decline in the formal authority of government in a way that overlaps with the neoliberal narrative. They too associate corporate management and marketization with trends such as globalization in an umbrella process that leads to the hollowing-out of the state. Almost all accounts of governance revolve around ideas such as the minimal state, marketization, and the new public management. The power of the neoliberal narrative is such, then, that other commentators have adopted much of it. Some political scientists, moreover, hold theories that prompt them to unpack the concept of governance in ways that parallel neoliberalism. Regulation theorists, for example, often appear to believe in an inexorable process of development intrinsic to capitalist economies in much the same way, albeit with a very different content, as do neoliberals. They argue that capitalism experiences intermittent crises each of which leads to the consolidation of a new mode of growth, so that post-Fordism now entails the demise of the Keynesian welfare-state that emerged across western Europe earlier this century.⁸ Numerous political scientists likewise argue that globalization and associated pressures have created a competition between states that renders more or less impossible the traditional social-democratic model of the state.⁹ They evoke an inescapable shift from government and welfare to governance and liberalization.

Not all accounts of governance presuppose quite such heavy doses of the neoliberal narrative. Governance has also been used by political scientists to convey the belief that we are living through an era of various public-sector reforms, many of which owe a clear debt to neoliberalism, without thereby privileging any one type of policy or outcome.¹⁰ As we suggested earlier, however, the most prominent alternative to

neoliberalism comes from political scientists who define governance in terms of networks, which are conceived as the unintended consequences of the neoliberal policies that aimed to establish the minimal state, marketization, and the new public management.¹¹ Neoliberal reforms fragmented service delivery thereby weakening central control without establishing proper markets: they created networks as opposed to both markets and hierarchies. Certainly the Local Government and Whitehall Programmes in Britain suggest that the neoliberal reforms of the 1980s often undermined the capacity of the state to act while nonetheless failing to establish anything like the neoliberal vision.¹² The state now acts, they suggest, as just one of a number of organizations that come together in diverse networks to deliver varied services. Often the state can no longer command others: it must rely instead on more limited steering mechanisms and so diplomacy. All the organizations in any given network depend on the others both for some of their resources and to attain their goals. Often the boundaries between different organizations, let alone their respective roles, have thus become blurred. In brief, governance is characterized by power-dependent organizations that form semi-autonomous and sometimes self-governing networks.

Just as the neoliberal narrative has a symbiotic relationship with rational choice theory, so the narrative of governance as networks often evokes an institutionalist approach.¹³ Its proponents typically accept that pressures such as globalization, inflation, the underclass, and state-overload brought about neoliberal reforms, only then to emphasize that embedded institutional patterns and inertia were such that the reforms did not operate as the neoliberals had hoped. Institutions, broadly conceived, create a space between policy intentions and unintended consequences. Institutions explain the

difference between the dream of governance promulgated by neoliberals and the reality of governance as networks. A concern with institutions, moreover, unites the proponents of governance as networks with numerous other critics of the neoliberal narrative.¹⁴ Institutionalism emphasizes the diverse national, organizational, and at times even cultural, contexts within which capitalism operates.¹⁵ It shifts our attention from an allegedly inexorable process fuelled by the pressures of globalization, capital mobility, and competition between states to the ways in which inherited institutions generate diverse responses to these pressures. Although states are experiencing much the same disruptive forces, the speed and intensity with which they do so depends on the stability of their institutions. Some institutionalists even argue that common pressures or inputs need not lead to common consequences or outputs since the pressures and the reforms associated with them impact upon states differently. Institutions are thus said to generate diverse responses to global pressures and so diverse national trajectories.

Currently the dominant narratives of governance are the neoliberal one and that of governance as networks. The neoliberal one has a symbiotic relationship with rational choice theory. It postulates global pressures such as inflation, bureaucratic overload, and the mobility of finance capital, all of which are to be explained in large part through a micro-economic analysis based on utility functions and profit maximizations. A similar micro-economic analysis suggests, to neoliberals, that states must adopt certain strategies, such as the new public management, if they are adequately to cope with these pressures. The narrative of governance as networks has symbiotic ties to institutionalism. While it too postulates global pressures, it insists that states respond to these pressures in diverse ways depending on their historical and institutional trajectories.

(Insert Figure One about here)

2. Theoretical Reflections

No one path runs straight through what we want to say; there is no starting point from which all else follows. One way of beginning, though, is to explore the relationship of institutionalism and rational choice theory to those concepts – narrative, episteme, and paradigm – that imply our perceptions of the world vary in part with the theories we bring to bear on them. Contrary to what positivists once argued, perceptions always incorporate theories. Even everyday accounts of experiences embody numerous realist assumptions, including things such as that objects exist independently of our perceiving them, objects persist through time, other people can perceive the same objects we perceive, and objects sometimes act causally upon one another. The place of our theories within perception does not mean our categories determine what experiences we have: rather, objects force sensations on us. However, it does mean our categories influence the way in which we experience the sensations we have: we make sense of the sensations objects force upon us only in relation to our theoretical categories.

Although positivism was subjected to forceful philosophical criticism as early as the 1950s, and although few political scientists today would describe themselves as positivists, both institutionalism and rational choice theory often fail to take seriously what follows from rejecting the positivist belief in pure experience.¹⁶ More particularly, they cling tenaciously at times to the positivist belief that we can understand or explain human behaviour adequately in terms of allegedly objective social facts about people. In doing so, they seek largely to dismiss the interpretation of beliefs and meanings from

their visions of political science. A lingering positivism leads many political scientists to neglect interpretation in favour of attempts to explain actions solely by reference to things such as institutional location or economic interest.

When political scientists repudiate positivism, they are usually distancing themselves from the idea of pure experience without intending thereby to repudiate the goal of a political science that eschews interpretation. Typically political scientists try to avoid direct appeals to beliefs by reducing them to mere intervening variables between an objective social fact, such as class or institutional location, and actions, such as voting or bureau-shaping. For example, instead of explaining why people voted for the British Labour Party by reference to their beliefs, a political scientist might do so by saying they were working-class. Similarly, the anomaly this explanation creates out of workers who vote for the Conservative Party is one that a political scientist might deal with, not by examining beliefs, but by reference to something such as religious affiliation, gender, or housing occupancy. Few political scientists would want to claim that social class and the like generate actions without passing through human consciousness. Rather, the correlation between social class and a particular action allegedly allows us to bypass beliefs. The implication is that belonging to a particular class or whatever gives one a set of beliefs and desires such that one will act in a given way. To be working-class is, for example, allegedly to recognize that one has an interest in, and so a desire for, the redistributive policies historically associated with the Labour Party.

I want to suggest, in contrast, that once we accept there are no pure experiences, we no longer can adhere to the positivist dismissal of the interpretation of beliefs. A rejection of pure experience implies we cannot reduce beliefs and meanings to mere

intervening variables. When we say that someone X in a position Y has given interests Z, we necessarily bring our particular theories to bear in order to derive their interests from their position and even to identify their position. Thus, someone with a different set of theories might believe either that someone in position Y has different interests or that X is not in position Y. The important point here is that how the people we study actually see their position and their interests inevitably depends on their theories, which might differ significantly from our theories. X might possess theories that lead him or her to see his or her position as A, rather than Y, or to see his or her interests as B, rather than Z. For example, some working-class voters might consider themselves to be middle-class with an interest in preventing further redistributive measures, whilst others might consider themselves working-class but believe redistributive measures are contrary to the true interests of the workers. Similarly, we cannot reduce peoples' beliefs about their social class or their interests to something such as their religious affiliation, gender, or housing occupancy. We cannot do so because the beliefs and desires associated with things such as religious affiliation are not simply given to people but rather are again things they construct using their particular theories.

To explain peoples' actions, we implicitly or explicitly evoke their beliefs and desires. A rejection of positivism implies, moreover, that we cannot properly do so implicitly by appealing to allegedly objective social facts about them. Rather, we must explore the theories and meanings through which they construct their world, including the ways they understand their location, the norms that affect them, their interests, and their desires more generally. Because people cannot have pure experiences, their beliefs and desires are saturated with contingent theories. Thus, political scientists cannot read-

off beliefs and desires from things such as social class. They have instead to interpret them by relating them to the other theories and meanings.

Of course, institutionalists and rational choice theorists have grappled with some of the issues raised here. Although some of them seem to remain wedded to a dismissal of interpretation that rests on positivism, others do not. What we want to suggest, though, is that the more they disentangle themselves from positivism, the further they depart from the principles that typically give their approaches their identity. Political scientists can avoid the problems that derive from an entanglement with positivism only by allowing considerable latitude for interpretation; so much latitude, indeed, it is unclear that what remains can helpfully be described as institutionalism or rational choice.

Let us look first at institutionalism. As we indicated when considering the narrative of governance as networks, institutionalists typically attempt to explain actions and trajectories by reference to entrenched institutions whether within different states or at other geographical levels. The clear implication is that formal institutions, understood in terms of rules or norms, at least explain and perhaps even determine behaviour. James March and Johan Olsen, for example, define institutions as “collections of standard operating procedures and structures that define and defend interest” thereby both explaining the political actions of individuals and constituting “political actors in their own right.”¹⁷ Similarly, Peter Hall defines institutions as “formal rules, compliance procedures, and standard operating practices that structure relationships between individuals in various units of the polity and the economy.”¹⁸ Awkwardly there remains considerable ambiguity here about how we should conceive of institutions.¹⁹ On the one hand, institutions often seem to be being given an unacceptably reified form in a way that

enables political scientists to take them for granted: they are defined as allegedly fixed operating procedures or rules that limit, and arguably even determine, the actions of those subjects within them. On the other hand, institutions are sometimes opened up so as to include within them cultural factors or meanings in a way that suggests they do not fix such meanings nor thus the actions of the subjects within them. But if we open up institutions in this way, we cannot treat them as if they were given. We have to ask instead how meanings and so actions are created, recreated, and changed, thereby producing and reforming institutions.

By and large, institutionalists like to take institutions for granted; they treat them as if the people within them are bound to follow the relevant procedures or rules; they treat these rules, rather than contingent agency, as the source of something akin to a path dependency. Yet to treat institutions as given in this way appears to be to adopt the positivist eschewal of interpretation we have been challenging. Institutionalism, so conceived, assumes that allegedly objective procedures or rules prescribe or cause behaviour so that someone in a position X who is thereby subject to a rule Y will behave in a manner Z. The problem with this assumption is not just that people can willfully choose to disobey a norm or rule, but also, as we have seen, that we cannot read off people's beliefs and desires from their social location. People who are in a position X might not grasp that they fall under rule Y, or they might understand the implications of rule Y differently from us, and in these circumstances they might not act in a manner Z even if they intend to follow the rule.²⁰ Moreover, we cannot resolve this problem by examining the intentions implicit in the rules or norms themselves, as Neville Johnson would have us do, since we have no reason to assume the intentions, beliefs and desires

of those who now fall under an institution in any way resemble, let alone are identical to, those of the founders of that institution.²¹

Faced with such considerations, institutionalists might decide to open up the concept of an institution so as to incorporate meanings; they might conceive of an institution as a product of actions informed by the varied and contingent beliefs and desires of the relevant people. We should warmly welcome such an opening up, or decentering, of institutionalism. Even while we do so, however, we might wonder whether or not we should still think of the approach as, at least in any significant sense, institutionalist. After all, the explanatory work would now be done not by allegedly given rules or procedures, but rather by the multiple, diverse ways in which people understood such rules and reacted to them. An appeal to an institution would thus represent a slightly misleading shorthand for the conclusions of explorations into and interpretations of the beliefs and desires of the people who acted so as to maintain and modify that institution in the way they did.

We might rephrase this commentary on institutionalism to say simply that the rejection of positivism leaves it desperately needing a micro-theory. Institutionalists can avoid engaging with beliefs and preferences only if they assume we can read-off these things from people's social location, but, of course, that is exactly what a rejection of positivism suggests we cannot do. The lack of a micro-theory in a post-positivist world does much, we believe, to explain the vulnerability of institutionalism to the challenge of rational choice theory. Similarly, the fact that rational choice theory constitutes a micro-theory does much to explain the ways in which various political scientists have sought to bring it together with institutionalism.²² When we now turn to rational choice, however,

we will find that it too confronts something like a choice between an unacceptable positivism and a decentered approach.

Because rational choice theory conceptualizes actions as rational strategies for realizing the preferences of the actor, there is a sense in which it seems to reduce the motives of political actors to self-interest. Yet, as most rational choice theorists would recognize, we have no valid grounds for so privileging self-interest as a motive.²³ Even if an action happens to have beneficial consequences for the actor, we cannot from this fact alone conclude that the actor acted in order to bring about those beneficial consequences, let alone that he did so solely for that reason. Besides, a theory predicated solely on self-interest cannot properly make sense of altruistic actions. These obvious problems with an exclusive reliance on self-interest have led rational choice theorists to expand their notion of preference: they have moved towards a “thin” analysis of preferences that does not examine the motives for actions but rather requires them only to be logically consistent.²⁴ The problem with thus reducing all motives to an expanded concept of preference is that it is either false or valid but of limited value.²⁵ If we use an expanded notion of preference merely as a cloak under which to smuggle back in a naïve view of self-interest, it is false. But if we extend our concept of a preference to cover any motive for any action, we leave the concept pretty much devoid of all content.

A valid concept of preference is one pretty much devoid of all content. The problem for rational choice theorists thus becomes how to fill out the concept of a preference on any given occasion. At times, of course, rational choice theorists in effect fill it out by reference to a quasi-analytic notion of self-interest, even if they also pay lip service to the problems of doing so. More often, however, they attempt to fill it out by

reference to what they suggest are more or less self-evidently the “natural”, “obvious”, or “presumed” preferences of people within a certain position. So, for example, bureaucrats want the increased power that standardly comes from increasing the size of their fiefdoms. Typically, as in this example, the relevant preferences are made to appear “natural” or “obvious” by a somewhat loose reference to self-interest in the context of a particular institutional framework. Obviously, however, this way of filling out the concept of preference falls prey to the criticism of positivism that has run through our theoretical reflections. Even if we assume that the dominant motivation of most bureaucrats is to increase their power – a difficult assumption as many of them probably also value things such as time with their family and interesting work – we cannot blithely assume that bureaucrats understand and judge their institutional context as we do.

Faced with such considerations, rational choice theorists might decide to return to a largely empty notion of preference, that is, to conceive of people’s actions as products of their beliefs and desires without saying anything substantive about what these might be.²⁶ Once again, we should warmly welcome such a decentering of rational choice theory. However, we also might wonder whether or not we should still think of the approach as, at least in any significant sense, rational choice. After all, the explanatory work would now be done not by deductions based on assumptions of self-interest, but rather by appeals to the multiple and diverse beliefs and desires that motivated the actors. The type of formal models developed by many rational choice theorists would thus be mere heuristics unless, on some rare occasions, empirical interpretations of the beliefs and preferences of the various actors showed they corresponded to those informing the model.

So, the attempts of some rational choice theorists to exclude interpretations of beliefs and meanings run aground. Concepts such as preference and expected utility cannot be equated with the allegedly given self-interest of the individual actor. In cases of altruism, actors are motivated by beliefs or ideas that need not coincide with their self-interest. Moreover, how actors see their self-interest depends upon their wider set of beliefs. Yet if rational choice theorists expand their notion of a preference to encompass the actual beliefs and desires of the relevant actors, then, given a rejection of positivism, they make it necessary to engage in an interpretation of just these beliefs and desires.

The purpose of the foregoing theoretical reflections is not to undermine all appeals to institutions, rules, and norms, nor is it to preclude appeals to self-interest and the use of deductive models, nor yet is it to deny that quantitative techniques or formal models have a role in political science. To reject any of these things outright would be far too hasty partly because none of the relevant approaches or techniques are monolithic with a fixed content – rather as we have suggested some institutionalists and some rational choice theorists have tried to push their approach in an interpretative direction – and partly because political scientists inspired by an approach often do work that manages to overcome the limitations of the theories to which they explicitly appeal. Our theoretical reflections suggest only that we need to think about, and tailor our use of, institutions, rationality, statistics, and models to a recognition that political science is an interpretative discipline within which most explanations work through the ascription of contingent beliefs and desires to the relevant actors.

The over-lapping nature of approaches to political science opens up at least three ways of locating the decentered analysis of governance to which we will now move. In

the first place, we might take a decentered analysis to be the development of a rational choice theory that remains truly agnostic as to the preferences at work in any given case and so aware of the need to interpret the beliefs and desires of the relevant actors.

Alternatively, we might take it to be the development of an institutional theory that takes seriously the contingent nature of institutions and so treats them as products of human agency informed by diverse sets of beliefs and desires (see figure 2). Finally, we might suggest that a decentered theory offers such a radical challenge to the dominant concepts of “preference” and “institution” that we should think of it as an alternative approach to political science; an interpretative approach based on a hermeneutic philosophy rather than a lingering positivism.²⁷ Really, however, it matters little how we locate a decentered analysis. The important thing is that we should begin to think of governance as the contingent product of political struggles that embody competing sets of beliefs.

(Insert Figure Two about here)

3. Understanding Governance

Our theoretical reflections suggest that an adequate account of governance needs to eschew any lingering positivism and set about the task of interpretation. In doing this, we will question both the neoliberal and network narratives of governance in ways that parallel difficulties we found in respectively rational choice theory and institutionalism.

The neoliberal narrative, with its overlap with rational choice theory by way of neo-classical economics, defines governance in terms of policies proposed on the basis of a particular reading of neo-classical theory together with the consequences this theory suggests these policies will have. Governance consists here of a revitalized and efficient

public sector based on markets, competition, and management techniques imported from the private sector. Behind such definitions, there lurk neo-classical ideas of preference formation, utility, rationality, and profit maximization. Because social democracy, with its Keynesianism and bureaucratic hierarchies, did not allow for such ideas, it ran aground on problems such as inflation and government overload. Neoliberal reforms are thus needed to restructure the state in accord with these ideas.

Within the neoliberal narrative of governance, we often can find difficulties with the concepts of preference, utility, and rationality that mirror those within rational choice theory. Typically neoliberals rely more or less explicitly on a fairly naïve view of self-interest to enable them to treat preferences, utility, and rationality as unproblematic. Only by doing so can they conclude that reforms such as the new public management will lead to greater efficiency almost without regard for the particular circumstances in which they are introduced. It is just possible that neoliberals might try to deploy a richer notion of self-interest so as to allow that people have all sorts of motivations based on their particular and contingent beliefs. Surely, however, if they did so, they would have to allow such particularity and contingency to appear in both the workings of hierarchies and the consequences of neoliberal reforms, and to do this, they would have to tell a far more complex and less monolithic story of governance. They would have to decenter governance by unpacking it in terms of actual and contingent beliefs and preferences.

Let us turn now to the narrative of governance as networks, with its close ties to institutionalism. In this narrative, governance is often defined more or less stipulatively as something like self-organizing, inter-organizational networks. Behind such definitions, there generally lurks a notion that the rise and growth of governance reflect a

process of functional and institutional specialization and differentiation characteristic of advanced industrial societies. For some institutionalists, moreover, such differentiation stands as a more or less inexorable development grounded on economic changes.²⁸

Entrenched institutional patterns or trajectories ensured that the neoliberal reforms actually led not to markets but to the further differentiation of policy networks within an increasingly hollow state.

Within the narrative of governance as networks, we can find an ambiguity that mirrors that within institutionalist theory. On the one hand, differentiation can evoke recognition of differences, or the specialist parts of a whole, based on function. When advocates of governance as networks understand differentiation in this way, they move toward a positivist account of governance; they tend to think of governance as a complex set of institutions and institutional linkages defined by their social role or function in a way that renders otiose appeals to the contingent beliefs and preferences of agents. On the other hand, however, differentiation can evoke recognition of differences, or the discrimination of contingent patterns, based on meaning. If advocates of governance as networks understood differentiation in this way, they would move toward a decentered account of governance; they would unpack the institutions of governance through a study of the various contingent meanings that inform the actions of the relevant individuals.

Most current accounts of governance as networks take a loosely positivist direction apparent in their focus on the objective characteristics of policy networks and the oligopoly of the political market place. They revolve around concepts and issues such as power-dependence, the degrees of independence of networks, the relationship of the size of networks to policy outcomes, and the strategies by which the centre might

steer networks. The positivist view of networks as objectified structures also appears in the innumerable typologies that abound within the relevant literature. These typologies characteristically suggest we might, at least eventually, read-off the nature of networks – the actions and practices of their members – from knowledge of their dimensions and other characteristics. These typologies suggest we need not engage in interpretation since we can treat the beliefs and desires of actors as intervening variables to be taken for granted once we grasp the allegedly objective characteristics of the networks within which they are situated.²⁹

A decentered analysis of governance would not so privilege allegedly objective characteristics. It would focus instead on the social construction of networks through the ability of individuals to create meanings. We need, in other words, to extend aspects of the institutionalist critique of neoliberalism to institutionalism itself: we need to accept that institutions no more have natural or given forms that render inevitable certain developments or trajectories than does capitalism, the global market, or competition between states.

In contrast to the positivism lingering within many existing narratives of governance, a decentered approach would encourage us to examine the ways our social life, institutions, and policies are created, sustained, and modified by subjects acting upon beliefs that are not given by either an objective self-interest or by the institution itself but rather arise from a process within which these subjects modify traditions in response to dilemmas.³⁰ Because we cannot read-off people's beliefs from knowledge of objective social facts about them, we have to explore both how traditions prompt them to adopt certain meanings and how dilemmas prompt them to modify these traditions. A tradition

is a set of theories, narratives, and associated practices that people inherit, and that then forms the background against which they form beliefs and perform actions. A dilemma arises for people when a new belief, often itself an interpretation of an experience, stands in opposition to their existing ones thereby forcing a reconsideration of the latter.

Clearly, moreover, once we thus seek to unpack various traditions and the ways they help to inspire diverse responses to dilemmas, we will problematize the notion that governance arose from given inputs, pressures, and policies just as much as that the relevant policies necessarily had the outcomes expected by neoliberals. Governance does not arise out of given pressures that require movement towards the minimal state, marketization, and the new public management. On the contrary, state-actors construct both their understanding of the pressures or dilemmas, and also the policies they adopt in response to them, in perhaps different ways depending on the traditions against the background of which they do so. Proponents of governance as networks rightly emphasize the unintended consequences of neoliberal reforms: they show how the outcome of the reforms depends on negotiations between different organizations. A decentred approach would add to this recognition of how the reforms and the responses to them reflect a contest of meanings between different actors inspired by different traditions and responding to subtly different dilemmas. Allegedly given pressures are actually just the constructions of the particular narratives that currently happen to dominate political debate.³¹

A decentered approach highlights the importance of dilemmas, traditions, and political contests for the study of governance. Any existing pattern of government will have some failings although different people typically ascribe different content to these

failings since they are not simply given by experience but rather constructed from interpretations of experience infused with traditions. When people's perception of a failing is such that it stands at odds with their existing beliefs, it poses a dilemma that pushes them to reconsider their beliefs and so the tradition that informs these beliefs. Because people confront these dilemmas within diverse traditions, there arises a political contest over what constitutes the nature of the failings and so what should be done about them. Exponents of rival political positions or traditions seek to promote their particular sets of theories and policies in the context of certain laws and norms that prescribe how they legitimately might do so. This political contest leads to a reform of government – a reform that thus stands as the contingent product of a contest over meanings whose content reflects different traditions and dilemmas.

The pattern of government established by this complex process will exhibit new failings, pose new dilemmas, and be the subject of competing proposals for reform. There thus arises a further contest over meanings, a contest in which the dilemmas are often significantly different, a contest in which the traditions usually have been modified as a result of accommodating the previous dilemmas, and a contest in which the relevant laws and norms sometimes have been changed as a result of simultaneous political contests over their content and appropriateness. Moreover, while we can thus distinguish analytically between a pattern of government and a political contest over its reform, we rarely can do so temporally: rather, the activity of governing continues during most political contests, and most contests occur partly within local practices of governing. What we have, therefore, is a complex and continuous process of interpretation, conflict, and activity that generates an ever-changing pattern of government. We can begin to

explain a mode of governance by taking an abstract snapshot of this process and relating it to the varied dilemmas and traditions that inform it.

(Insert Figure Three about here)

A decentered analysis of governance would thus shift the emphasis of our attempts to understand governance at the global, national, and local levels. We might begin, for example, by examining how diverse state traditions have led to different interpretations and practices of governance. Here we might ask whether the Danish emphasis on local government and popular participation had highlighted therein efforts to keep changing, and perhaps multiplying, markets and networks under democratic control. Similarly, we could see whether the Germanic tradition, with its emphasis on the importance of a legal framework to official action, had encouraged particular ways of controlling markets and networks at one level while remaining highly tolerant of their diversity at other levels. When we found continuities of the sort here suggested, moreover, we would not assume we could explain them by some vague appeal to institutional patterns within the relevant state. Instead, we would recognise the importance of unpacking them by reference to political conflicts and compromises between groups inspired by diverse beliefs. In the German case, for example, we might explore the alternative interpretations of the country's post-war development offered by, say, a liberal tradition, a tradition of social-partnership, and a radical democratic and environmentalist tradition.³²

4. Questions and Answers

A decentered analysis of governance departs from both the neoliberal narrative and that of governance as networks especially in their positivist forms. It encourages us to understand governance in terms of a political contest resting on competing webs of belief and to explain these beliefs by reference to traditions and dilemmas. In shifting attention to such things, moreover, a decentered approach points us towards novel perspectives on many of the questions that recur in discussions of governance, especially among political scientists interested in governance as networks. Thus, we can expand on our decentered analysis by bringing it to bear on these questions – is governance new? Is governance a vague metaphor? Is governance uniform? How does governance change? Is governance failure inevitable?

Is governance new?

Positivist political scientists sometimes suggest the emergence of markets or networks in the public sector is a new phenomenon characterizing a new epoch. Their skeptical critics, in contrast, have argued that markets and networks are not new, and even that governance is no different from government. In reply to such skeptics, proponents of governance are inclined to allow that neither markets nor networks are new while still insisting that both of them are now noticeably more common than they used to be.³³ The difficulty with current approaches to this question, of course, is that the issue of continuity gets reduced to the facile, scholastic, and probably impossible task of counting markets and networks in the past and in the present.

A decentered approach to governance casts a new light on this rather facile debate. For a start, it encourages us to treat hierarchies, markets, and networks alike as meaningful practices created and then constantly recreated through contingent actions informed by particular webs of belief. Governance is not new, then, in that it is an integral part of social and political life. We find the main characteristics of networks in hierarchies and markets as well as in governance. For example, the rules and commands of a bureaucracy do not have a fixed form but rather are constantly interpreted and made afresh through the creative activity and interactions of individuals as they come across always slightly novel circumstances. Likewise, the operation of competition in markets depends on the contingent beliefs and interactions of interdependent producers and consumers who rely on trust and diplomacy, as well as on economic rationality, to make all sorts of decisions. Once we stop reifying hierarchies and markets, we thus will find that many of the characteristics allegedly associated with networks are in fact almost ubiquitous aspects of political practices. In addition, however, a decentered approach encourages a shift of focus from reified networks, now recognised as an integral part of political life, to the beliefs held by political actors and the stories told by political scientists. Governance is new, then, in that it marks and inspires a significant change in these beliefs and stories. Governance as decentered networks provides a different story to both the Weberian account of bureaucratic rationality and the neoliberal one of economic rationality.

Is governance a vague metaphor?

Skeptics who say governance is nothing new often go on to denounce the concept

as uninformative and inelegant. Peter Riddell has said, for example, “every time I see the word ‘governance’ I have to think again what it means and how it is not the same as government”. He complains, “terms such as ‘core executive’, ‘differentiated polity’ and ‘hollowed out executive’ have become almost a private patois of political science.”³⁴

Presumably we should defend concepts on the grounds that they provide a more accurate and fruitful way of discussing the world, and we should do so irrespective of whether we restrict their range to the contemporary world or extend them back to older patterns of government. Here the justification of our concepts resides in empirical studies combined with theoretical explication such as that contained in our analysis of a decentered theory. Riddle, however, appears to reject the language of governance not because he thinks it inaccurate but because it lacks clarity. To respond to such concerns, we have to ask what gives clarity to a concept? From the perspective of the semantic holism that inspires many interpretative approaches to political science, a concept derives its meaning in large part from its place in a body of concepts.³⁵ All concepts are thus vague when taken on their own. Just as the concept of governance gains clarity only by being filled out through ideas such as networks, the hollow state, and the core executive, so the elder concepts associated with the Westminster system gained clarity only in relation to others such as the unitary state and cabinet government. No doubt people who are unfamiliar with concepts such as the hollow state will benefit from having them explicitly related to processes such as the erosion of state authority by new regional and international links. Equally, however, people who are unfamiliar with the concept of a unitary state might benefit from having it explicitly related to the fusion of a single transnational authority or to the contrast provided by federal systems. Although the

concepts of governance can sound like metaphors, this too need not worry us. After all, they are metaphorical only in that they apply novel names, such as the hollow state, to processes and practices we can unpack in more literal terms, such as the erosion of the authority of the state. What is more, all concepts begin as metaphors in just this sense: they begin as novel names, such as loyal opposition, that we apply to more literal processes and practices, and only later do they acquire a familiarity such that they no longer have the unsettling effect they once did. One day, the now unfamiliar language of governance might have become as much a part of our everyday political discourse as are many of the concepts that define the Westminster system.

Is governance uniform?

Neoliberals portray governance as composed of policies, such as marketization and the new public management that are allegedly the inevitable outcomes of global economic pressures. Institutionalists argue that these neoliberal policies do not have uniform consequences but rather effects that vary across states according to the content and strength of their established practices. A decentered analysis suggests, in addition, that the pressures are not given as brute facts, but rather constructed as somewhat different dilemmas from within various traditions. Hence, it suggests also that the policies a state adopts are not necessary responses to given pressure, but rather a set of perceived solutions to one particular conception of them. The adoption of a set of solutions stands here, moreover, as a contingent outcome of a political contest.

A decentered approach would have us concern ourselves with the processes through which patterns of governance are created, instead of postulating an inevitable

process that renders such a concern otiose. Our emphasis should no longer fall upon an abstract model of natural selection in the context of capital mobility and competition between states. On the contrary, we should highlight the political contests, complete with the coercion contained therein, that surround the selection and implementation of policy. This shift of emphasis would alter the research agenda in ways often foreshadowed by institutionalists. For example, we should replace the straightforward neoliberal assumption of convergence between states with recognition of the possibility of continuing diversity. Neoliberals typically downplay variations in styles of governance on the grounds that they are far less important than the shared characteristics imposed by global economic forces. In contrast, institutionalists typically emphasize the diverse outputs that accompany similar sets of policies, while a decentered approach prompts us also to ask whether similar diversity does not appear in the inputs and policies.

By raising the possibility of continuing diversity of inputs and policies as well as of outputs, a decentered approach might even prompt us to wonder again about the value of the concept of governance. Governance typically refers to a set of shared inputs, policies, and outputs tied to economic and technological developments since about 1970. Once we challenge the necessity, and so commonality, of not only the outputs, as do the institutionalists, but also the inputs and policies, then we should be wary not only of any straightforward dichotomy between governance and government, but also of any attempt to use the abstract idea of governance to account for more particular developments within various states. The relevance of a concept of governance will depend upon empirical studies that explore the ways in which different states have constructed their public sectors. How similar have been their conceptions of the relevant dilemmas, the policies

they have adopted, and the consequences of these policies? How far have different state traditions fed through into diverse inputs, policies, and outputs?³⁶

How does governance change?

The question of how governance changes is far more difficult for network theorists to answer than it is for neoliberals. Neoliberals can unpack change in terms of the economic self-interest of the key actors. Network theorists, in contrast, often deploy an institutionalism that remains ambiguous about the nature of change. In order to avoid the need to interpret beliefs and desires institutionalists often reduce individual behaviour to a matter of following the rules or norms that govern the institution and the role of the relevant individual therein – but, of course, if individuals merely follow rules, they can not be the causes of change. In order to explain change, therefore, institutionalists often appeal to external factors that might appear to avoid the need to unpack the beliefs and desires of individuals – but, of course, external factors will bring about changes in an institution only if they lead individuals to modify established patterns of behaviour, where we can understand how individuals do this only by interpreting their beliefs and desires.

Anyway, network theorists, like institutionalists more generally, typically try to explain change by reference to external causes. David Marsh and Rod Rhodes, for example, effectively dismiss the way in which individuals constantly create and recreate the networks of which they are a part by emphasising that networks create routines for policy-making.³⁷ They identify four categories of change – economic, ideological, knowledge, and institutional – all of which they define as external to the network. A

decentered analysis, in contrast, draws our attention to the fact that such external factors influence networks and governance only through the ways in which they are understood by the relevant actors. Although change can be of varying magnitude, a decentered analysis portrays it as continuous in the sense of being built into the very nature of political life. Change occurs as individuals interpret their environment in ways that lead them constantly to modify their actions or even to act in dramatically new ways. We can explain change, then, as was suggested earlier, by reference to the contingent responses of individuals to dilemmas, many of which will be produced by new circumstances such as those created by the actions of others.

Because we cannot read-off the beliefs and actions of individuals from objective social facts about them, we can explain how their beliefs, actions, and practices change only by exploring the ways in which they think about, and respond to, dilemmas. Thus, an analysis of changes in governance must take place through a study of the relevant dilemmas and the diverse, contingent ways in which people have conceived of them and responded to them from within various traditions.

Is governance failure inevitable?

The neoliberal narrative of governance relies heavily on the idea that hierarchy has failed: the problems of inefficiency and overload within the state justify calls for the new public management and marketization. Likewise, the narrative of governance as networks relies on the idea that the neoliberal reforms have failed: the reforms ignored the need for trust, diplomacy, and accountability in the public sector. Some advocates of governance as networks present networks as the solution to the failings of bureaucracy

and markets.³⁸ Other political scientists, however, argue that networks typically create problems of their own: they are, for example closed to outsiders, unrepresentative, and relatively unaccountable, and, in addition, they can serve private interests, they are difficult to steer, and they can be inefficient as they often require co-operation which can be too long in the making.³⁹ The implication of such analyses would seem to be that no governing structure works for all services in all conditions. Governance failure – whether of hierarchies, markets, networks, or a mix thereof – might be said to be inevitable.⁴⁰

A decentered analysis both compliments and challenges aspects of this emerging account of governance failure. A focus on contingent meanings provides us with one way of understanding why all ways of providing public services fail. The workings of any policy or institution depend on the ways in which all sorts of actors interpret and respond to the relevant directives. Because these responses are inherently diverse and contingent, depending on the traditions and agency of the relevant individuals, the centre cannot be sure of having adequate prior knowledge of the way in which any policy or institution will operate. Hence, the unexpected pervades political life: all policies are subject to unintended consequences that prevent them from perfectly fulfilling their alleged purpose even on those remarkably rare occasions in which their initiators share a common purpose.

A decentered approach also draws our attention to the diverse beliefs and preferences of actors within a network. By doing so, it should make us aware of the way in which positivist debates on governance failure blithely take government intentions as their yardstick. Positivist studies typically aim to improve the chances of a policy's success in terms defined by the state. Yet civil servants and citizens can deliberately

attempt to prevent policies having the effects the state intends. From their standpoint, policy failure might thus be a success.

5. Implications for Policy and Democracy

Once we take seriously the implications of rejecting positivism, we will move toward the need to decenter governance; we will start to interpret and explain its possibly diverse forms by reference to political contests understood in relation to meanings, beliefs, and desires. While our focus so far has been on the study of governance, this decentered theory also has implications for how we might think about the formulation of policy and the reform of democracy. Thus, if we open-up the study of governance in this way, we might hope to succeed in making a political point as well as an academic one. By resisting the teleological accounts of neoliberals, and to a lesser extent the apolitical ones of institutionalists, we create a space within which to think creativity about different ways of understanding our contemporary situation and so different ways of responding to it – we encourage political imagination, perhaps even new visions of governance.

Most of the policy-orientated work on governance seeks to improve the ability of the state to manage the markets, quasi-markets, and networks that have flourished since the 1980s. Typically this work exhibits a positivist tendency in that it treats networks as more or less objectified structures that governments can manipulate using appropriate tools and techniques. There appear to be three main approaches to the issue of how the state can manage networks and governance in general – the instrumental, the interactive, and the institutional.⁴¹ The instrumental approach adopts a top-down stance toward the management of governance. Its exponents recognize the existence of new restrictions on

the state's ability to steer markets and networks, while still proposing it to do so using fairly traditional strategies. Government departments are seen as the focal organization within many of the new quasi-markets and networks. As such, they are still supposed to be able unilaterally to alter the structure of incentives and thereby promote efficiency, effectiveness, and desirable outcomes. The state can still devise and impose tools to integrate new patterns of governance and thus realize its objectives. The interaction approach to the management of governance focuses on the importance of organizations developing shared and appropriate goals and strategies through processes of mutual learning. The state is thus advised to manage by means of negotiation and diplomacy; it should promote a mutual understanding of the various objectives that groups bring to networks, and it should encourage relationships of trust within networks. Finally, the institutional approach to the management of governance concentrates on the formal and informal context of laws, rules, and norms within which governing structures operate. Its exponents encourage the state to concentrate on changing things such as the relationships between actors, the distribution of resources, and the rules of the game. The techniques most relevant to modifying and controlling governance and its outcomes thus include the creation of new funding arrangements or new agencies.

When looking at rational choice theory and institutionalism, we found that they were not monolithic and inherently positivist in nature; rather, the more reflective they became about the failings of positivism, the more they moved towards an interpretative, decentered analysis. Similarly, the instrumental, interactive, and institutional approaches to the management of governance are not totally awry; rather, they expose various ways in which state actors can attempt to promote their goals but they fail to unpack the

relevant techniques and tools in relation to the meanings or beliefs that are central to a decentered approach to governance. Here our decentered analysis suggests a compatible but rather different way of thinking about the management of governance. Crucially, it does not portray hierarchies, markets, or networks as objectified structures. All patterns of organisation are represented, rather, as the products of the contingent actions of the various participants. This view pushes us, moreover, to reject the notion that there is a set of techniques or strategies for managing governance: if governance is constructed differently, contingently, and continuously, there can be no tool kit for managing it. Instead of looking for fixed techniques or strategies, then, a decentered approach encourages us to learn by telling and listening to stories. While statistics, models, and claims to expertise all have a place within such stories, we should not become too pre-occupied with them. On the contrary, we should recognise that they too are narratives or guesses about how people have acted or will react given their beliefs and desires, where we can try to gauge their beliefs and desires only from their actions and utterances. No matter what rigour or expertise we bring to bear, all we can do is tell a story and judge what the future might bring. One important lesson of taking this view of expertise derives from the diversity and contingency of traditions.⁴² The fate of policies depends on the ways in which civil servants, citizens, and others understand them and respond to them from within all sorts of traditions. If policy-makers kept this firmly in mind, they still would not be able to predict the consequences of their policies but they might at least forestall some of their unintended consequences. More generally, they might allow that the management of networks is in large part about trying to understand, and respond suitably to, the beliefs, traditions, and practices of those they hope to influence.

To recognise how providers and customers of services impact upon policies is also to suggest a shift of focus away from the state. Positivist discussions of the management of governance typically focus on the problems confronted by managers, rather than lower level civil servants or citizens. In contrast, a decentered analysis reminds us that there are various participants in markets and networks, all of whom can seek to manage them for diverse purposes. By reminding us of the significance of political participation in this way, a decentered theory of governance also raises issues about democracy. Whereas positivist accounts of governance often concentrate on the problem of steering as in the instrumental, interactive, and institutional approaches to the management of governance, a decentered theory locates this problem in the context of democratic participation and accountability. As we have seen, to emphasise the extent to which we make our patterns of governance through political contests is to encourage us to think creatively about how we might conceive of and respond to the relevant issues, and whilst one aspect of this creative thinking is the impetus given to policy makers to reflect on their activity, another is the opportunity it provides us to reimagine democracy.

A greater interest in markets and networks, it appears to me, suggests we might reflect on how we can best steer a course between, on the one hand, diverse forms of devolution and participation and, on the other, central control and formal accountability. Although it would be presumptuous to suppose we can resolve the tension between these different demands, we might perhaps indicate how they appear from the view of a decentered theory of governance.⁴³ A number of political scientists and theorists have complained that representative democracy allows only limited forms of participation and so relatively little direct public influence on the decision-making process.⁴⁴ While we

should acknowledge that there existed alternative avenues of political influence prior to the neoliberal reforms of the public sector, it appears that markets and networks allow for forms of participation that had a less prominent place in hierarchies.⁴⁵

Markets and networks might enable citizens to express more nuanced preferences in a more continuous way than they can when restricted to electing representatives. It is in this way that governance opens up new possibilities for devolution and participation within democracy. Because positivist accounts of governance reduce the actions of the people involved to an objective rationality or the objective characteristics of a network, they typically neglect these possibilities. A decentered theory, in contrast, emphasises agency, and so the fact that people are expressing their particular and contingent beliefs and preferences through their activity.⁴⁶ An emphasis on agency suggests that while the central state legitimately might seek to influence the operation of markets and networks, we should typically be wary of its attempting to impose outcomes upon them. The state might attempt to persuade citizens to act in a particular manner, but it must then allow them to reflect on the relevant arguments – with a greater or lesser degree of conscious concentration – and choose to do as they decide. Equally, however, we should remain aware of the ways in which markets, and especially networks, can attempt to impose identities upon people in a way that then might require the state to act as a guarantor of agency and difference. Still, we might look to a time when states will be less concerned to control through laws and regulations and more concerned to persuade through all sorts of interactions with groups and individuals. Such a shift toward persuasion, of course, would fit well alongside an understanding of policy-making that highlights contingency

and diversity – telling stories and listening to them – rather than certainty and expertise – devising rules designed to have a definite outcome.

Governance might provide more active and continuous opportunities for political involvement to citizens. Yet, as many political scientists have pointed out, the forms of devolution and participation offered by markets and networks raise special problems of political control and accountability. As we have seen, an emphasis on agency might lead the state to rely more on influence than imposition. In a similar fashion, the state might seek to steer markets and networks more by looking toward setting a framework for their conduct than by relying on rigid rules. The relative power of the state might even make us wary of the danger that its attempts to influence will be so heavy handed they will in effect undermine participation and agency. Equally, however, we should not forget that markets and networks respond primarily to levels of wealth and organisation in ways that can undermine the equality and fellowship characteristic of a democratic community. A growth in the use of markets and networks to manage and deliver public services surely should be accompanied, therefore, by the development of suitable lines of political accountability. Still, we might look to a time when the state will rely less on moral rules that impose requirements and restrictions and more on an ethic of conduct that constitutes a practice through which citizens negotiate their own relationships to such requirements and restrictions. Once again, of course, an emphasis on conduct would fit well alongside an understanding of policy-making that highlights contingency and diversity – a sensitivity to agency informed by various traditions – rather than certainty and expertise – rules that require or prohibit certain behaviour.

A decentered theory of governance thus highlights not only the difficulties managers face in controlling markets and networks but also the possibilities and dangers markets and networks pose for democracy. It encourages us to treat governance as an opportunity to redefine democracy; it prompts us to search for patterns of devolution, participation, control, and accountability that better reflect our capacity for agency, the contingency of our identities, the importance of moral conduct as well as moral rules, and an aspiration toward an open community.

Figure 1: Theories of Governance

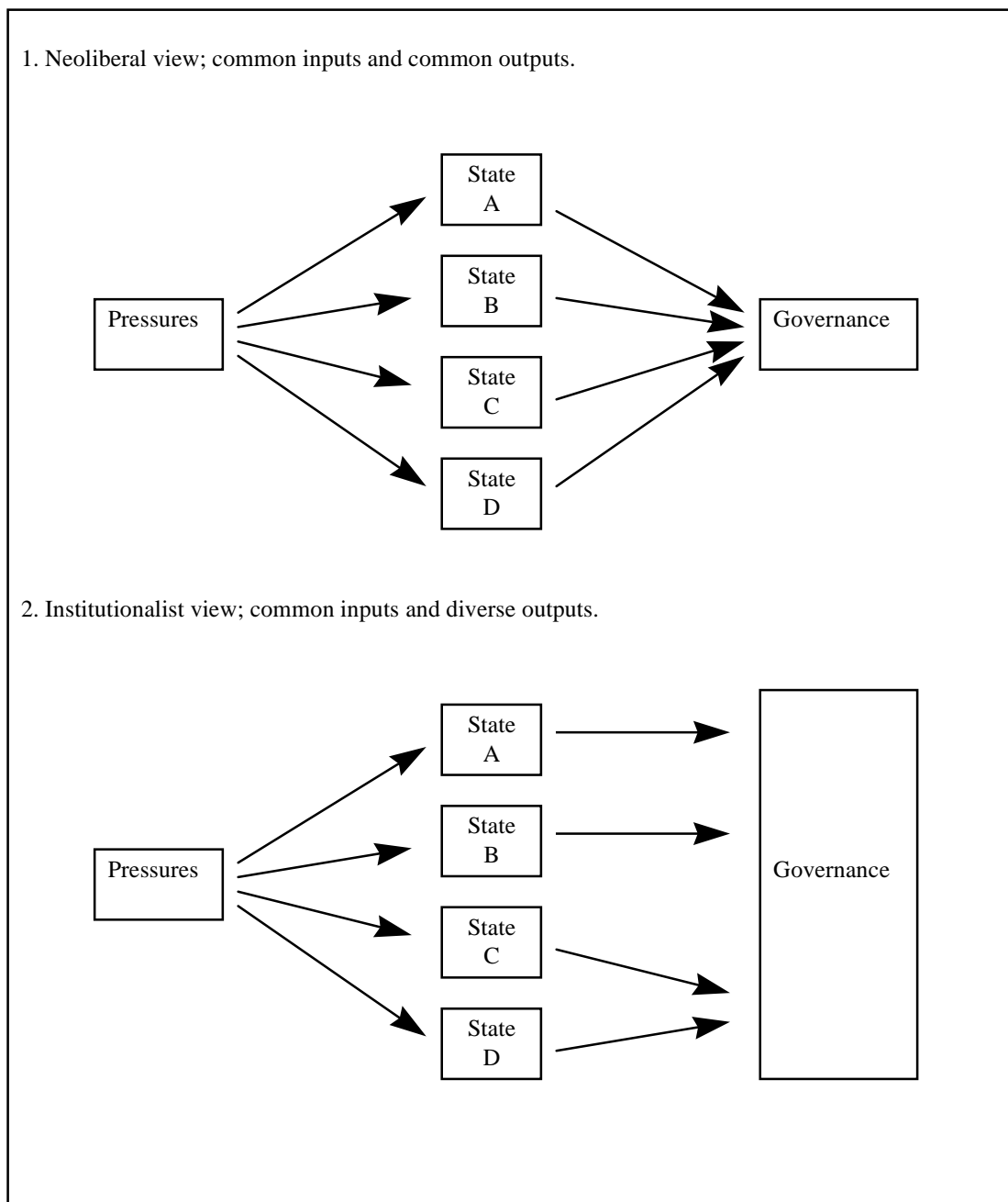


Figure 2: Decentering Governance

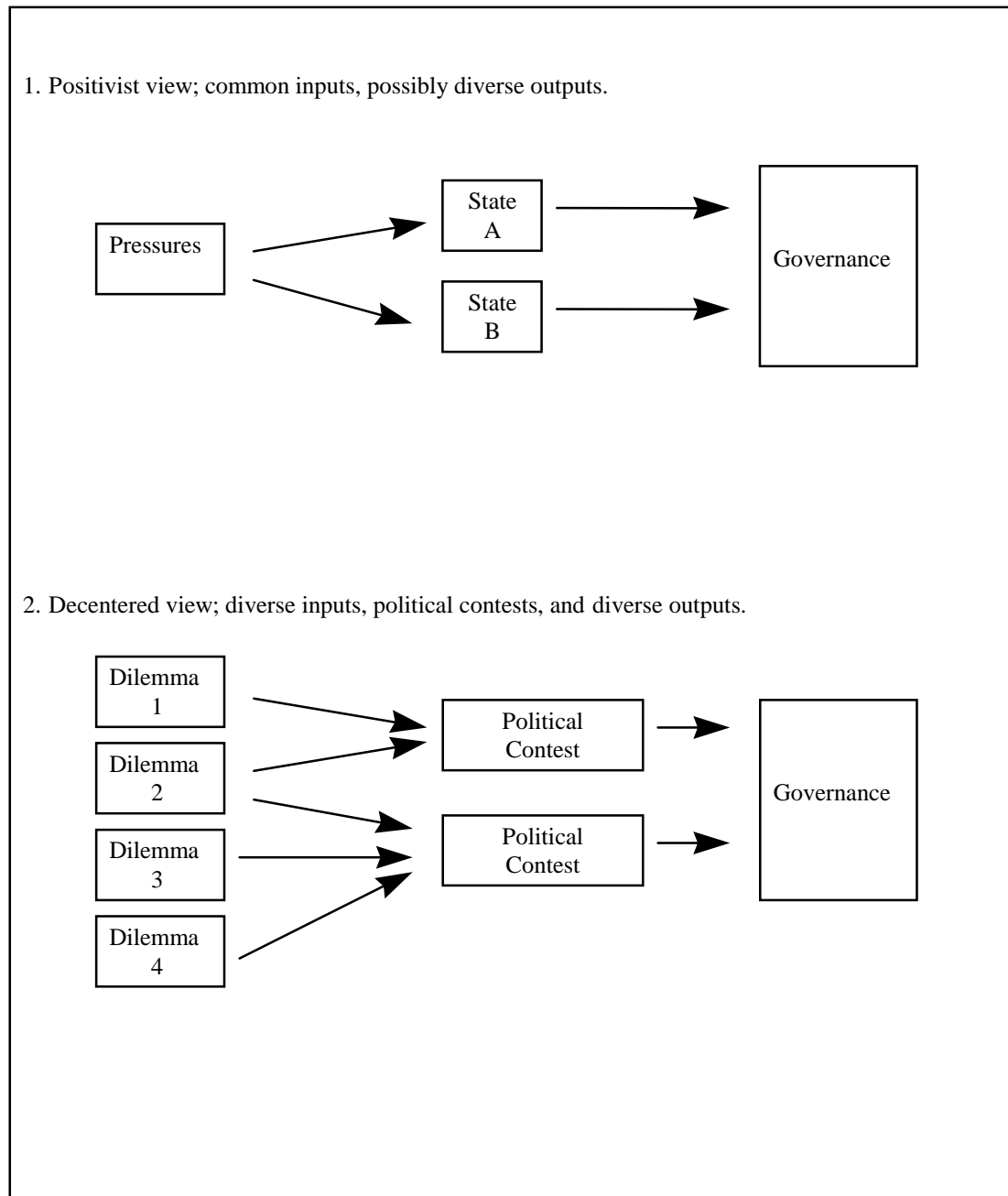
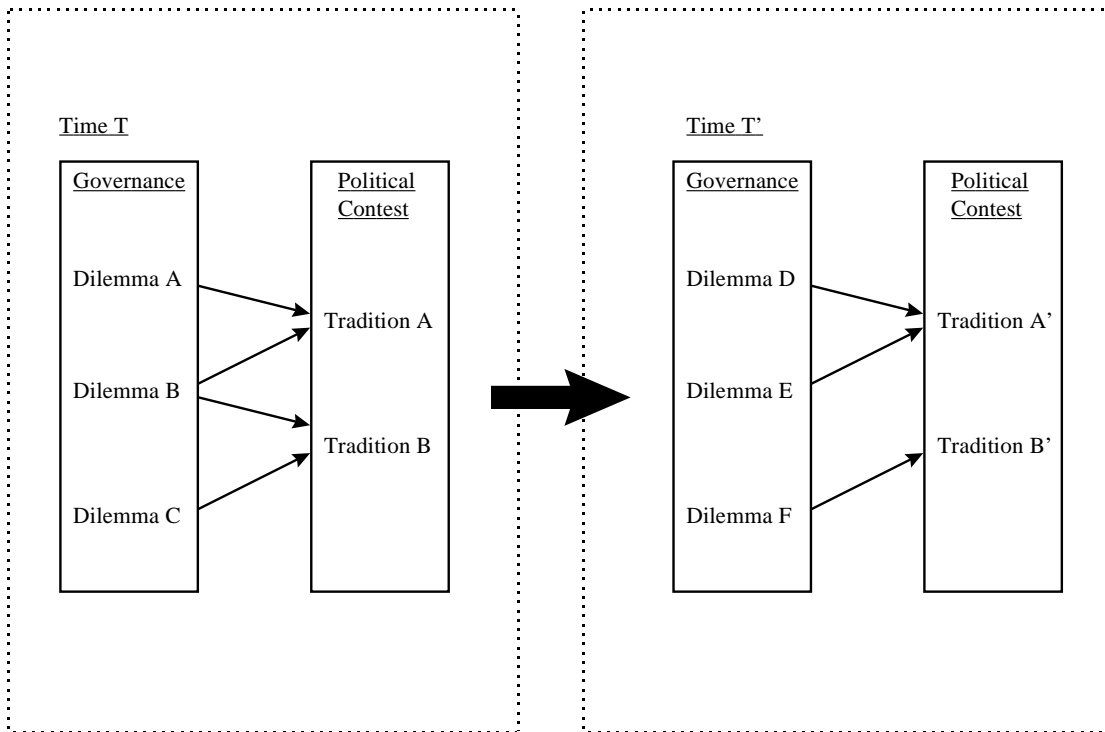


Figure 3: The Construction of Governance



¹ The World Bank, Governance and Development (Washington: World Bank, 1992).

² See G. Stoker, ed., The New Management of British Local Governance (London: Macmillan, 1999); G. Stoker, ed., The New Politics of British Local Governance (London: Macmillan, 2000); and R. Rhodes, ed., Transforming British Government, 2 vols. (London: Macmillan, 2000).

³ M. Foucault, The Order of Things (London: Tavistock, 1970); and T. Kuhn, Structure of Scientific Revolutions (Chicago: University of Chicago Press, 1970).

⁴ OECD, Governance in Transition: Public Management in OECD Countries (Paris: OECD/PUMA, 1995); and OECD, Ministerial Symposium on the Future of the Public Services (Paris: OECD, 1996). Professional organisations often accept much of the neoliberal narrative while expressing fears about its impact upon a traditional public service ethos. The British Chartered Institute of Public Finance and Accountancy (CIPFA), for example, suggests a "commercial style of management" in the public sector requires "extra vigilance and care" to maintain "sound systems of corporate governance." CIPFA, Corporate Governance in the Public Services (London: CIPFA, 1994), p. 6.

⁵ D. Osborne & T. Baebler, Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector (Reading, MA: Addison-Wesley, 1992).

⁶ See K. Ohmae, The Borderless World: Power and Strategy in the Interlinked Economy (London: Collins, 1990); M. Porter, The Competitive Advantage of Nations (London: Macmillan, 1990); and W. Reinecke, Global Public Policy: Governing without Government? (Washington: Brookings Institution Press, 1994).

⁷ G. Becker, The Economic Approach to Human Behaviour (Chicago: University of Chicago Press, 1976); J. Elster, ed., Rational Choice (New York: New York University Press, 1986); and K. Monroe, ed., The Economic Approach to Politics (New York: Harper Collins, 1991).

⁸ See R. Boyer, The Regulation School (Chicago: University Chicago Press, 1990); and on welfare and governance respectively R. Burrows & B. Loader, eds., Towards a Post-Fordist Welfare State (London: Routledge, 1994); and B. Jessop, "The Governance of Complexity and the Complexity of Governance: Preliminary Remarks on Some Problems and Limits of Economic Guidance", in A. Amin & J. Hausner, eds., Beyond Market and Hierarchy: Interactive Governance and Social Complexity (Cheltenham: Edward Elgar, 1997), partic. pp. 308-15.

⁹ Various degrees of pessimism are expressed by A. Martin, "Labour, the Keynesian Welfare State, and the Changing International Political Economy", in R. Stubbs & G. Underhill, eds., Political Economy and the Changing Global Order (London: Macmillan, 1994), 60-74; K. Moene & M. Wallerstein, "How Social Democracy Worked", Politics and Society 23 (1995), 185-211; J. Moses, "The Social Democratic Predicament and Global Economic Integration: A Capital Dilemma", in W. Coleman & G. Underhill, eds., Regionalism and Global Economic Integration: Europe, Asia and the Americas (London: Routledge, 1998), pp. 122-39; and T. Notermans, "The Abdication of National Policy Autonomy: Why the Macro-economic Policy Regime has Become so Unfavourable to Labour", Politics and Society 21 (1993), 133-67. On how this pessimism has influenced social democracy see M. Wickham-Jones, "New Labour in the Global Economy: Partisan Politics and the Social Democratic Model", British Journal of Politics and International

Relations 2 (2000), 1-25; M. Bevir, "New Labour: A Study in Ideology", British Journal of Politics and International Relations 2 (2000), 277-301; and C. Hay, "The Invocation of External Economic Constraint: A Genealogy of the Concept of Globalisation in the Political Economy of the British Labour Party, 1973-2000", European Legacy (2001).

¹⁰ G. Peters, The Future of Governing: Four Emerging Models (Lawrence: Kansas University Press, 1996).

¹¹ See footnote 3 above; and also C. Ansell, "The Networked Polity", Governance 13 (2000), 303-33; R. Rhodes, Understanding Governance (Buckingham: Open University Press, 1997), partic. chaps. 1 & 3; G. Stoker, "Governance as Theory: Five Propositions", International Social Science Journal 155 (1998), 17-28; and, for an emphasis on the place of regulation within neoliberalism itself, S. Vogel, Freer Markets, More Rules: Regulatory Reform in Advanced Industrial Countries (Ithaca: Cornell University Press, 1996), partic. pp. 1-9.

¹² Cf. footnote 3 above.

¹³ Both Rod Rhodes and Gerry Stoker, respectively the directors of the Whitehall and Local Governance Programmes, evoke institutionalism and especially the unintended consequences produced in part by established institutions. See Rhodes, Understanding Governance, chap. 4; and G. Stoker, "Introduction: The Unintended Costs and Benefits of New Management Reform for British Local Governance", in Stoker, ed., New Management, pp. 1-21.

¹⁴ The classic account of institutional economics is A. Shonfield, Modern Capitalism (Oxford: Oxford University Press, 1965). A more recent example is G. Hodgson, The Economics of Institutions (Aldershot: Edward Elgar, 1993).

¹⁵ C. Hay, "Contemporary Capitalism, Globalization, Regionalization and the Persistence of National Variation", Review of International Studies 26 (2000), 509-32; and J. Zysman, "The Myths of a 'Global Economy': Enduring National Foundations and Emerging Regional Realities", New Political Economy 1 (1996), 157-84. The emphasis on national contexts also allows institutionalists to envisage more diverse futures for the welfare state than do neoliberals. See J. Levy, "Vice into Virtue: Progressive Politics and Welfare Reform in Continental Europe", Politics and Society 27 (1999), 239-273; and P. Pierson, ed., The New Politics of the Welfare State (Oxford: Oxford University Press, 2000).

¹⁶ The main criticism of positivism of relevance to what follows is that of semantic holists, who suggest our beliefs encounter the world only as a whole so that theory plays an ineluctable role in perception. Compare especially Kuhn, Scientific Revolutions; and W. Quine "Two Dogmas of Empiricism", in From a Logical Point of View (Cambridge, MA: Harvard University Press, 1961), 20-46.

¹⁷ J. March & J. Olsen, "The New Institutionalism: Organisational Factors in Political Life", American Political Science Review 78 (1984), 738. Also see J. March & J. Olsen, Rediscovering Institutions: The Organizational Basis of Politics (New York: Free Press, 1989).

¹⁸ P. Hall, Governing the Economy: The Politics of State Intervention in Britain and France (Cambridge: Polity Press, 1986), p. 20.

¹⁹ This ambiguity appears to some extent in all six of the institutionalisms distinguished by V. Lowndes, "Varieties of the New Institutionalism: A Critical Appraisal", Public Administration 74 (1996), 181-97.

²⁰ Wittgenstein's analysis of rule-following suggests interpretation is inevitable since rules can never fix their own application. L. Wittgenstein, Philosophical Investigations (Oxford: Basil Blackwell, 1972), ##. 143-242.

²¹ N. Johnson, "The Place of Institutions in the Study of Politics", Political Studies 23 (1975), 271-83.

²² K. Dowding and D. King, eds., Preferences, Institutions, and Rational Choice (Oxford: Oxford University Press, 1995); R. Grafstein, "Rational Choice: Theory and Institutions", in Monroe, ed., Economic Approach to Politics; and E. Ostrom, "Rational Choice Theory and Institutional Analysis: Towards Complimentarity", American Political Science Review 85 (1991), 237-50.

²³ Early exponents of rational choice theory sometimes privileged self-interest in this way. See A. Downs, An Economic Theory of Democracy (New York: Harper and Row, 1957), pp. 27-8.

²⁴ J. Elster, Sour Grapes: Studies in the Subversion of Rationality (Cambridge: Cambridge University Press, 1983), p. 1.

²⁵ Compare K. Monroe, "The Theory of Rational Action: Origins and Usefulness for Political Science", in Monroe, ed., Economic Approach to Politics, pp. 11f.

²⁶ Appeals to norms, values, and beliefs as sources of preferences include W. Mitchell, "The Shape of Public Choice to Come: Some Predictions and Advice", Public Choice 77 (1993), 133-44; N. Schofield, "Anarchy, Altruism and Co-operation", Social Choice and Welfare 2 (1985), 207-19; and C. Vicchaeri, Rationality and Co-ordination (Cambridge: Cambridge University Press, 1993), partic. pp. 221-4.

²⁷ Other varieties of interpretative theory include culturalism and poststructuralism, for examples of which see respectively J. Scott, Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed (New Haven: Yale University Press, 1998); and A. Barry, T. Osborne, & N. Rose, eds., Foucault and Political Reason (London: UCL Press, 1996).

²⁸ G. Stoker, "Theory and Urban Politics", International Political Science Review 19 (1998), 126-7.

²⁹ The reliance of many of these typologies on institutionalism explains why rational choice theorists complain they fail to explain anything since they lack an appropriate micro-theory. See, for instance, K. Dowding, "Model or Metaphor? A Critical Review of the Policy Network Approach", Political Studies 43 (1995), 136-58.

³⁰ On interpretation and a decentered approach see M. Bevir, The Logic of the History of Ideas (Cambridge: Cambridge University Press, 1999); and M. Bevir, "Foucault, Power, and Institutions", Political Studies 47 (1999), 345-59. For an application of this approach to the development of the state at the beginning of the twentieth century, see M. Bevir, "Socialism, the State, and Civil Society in Modern Britain", in F. Trentmann, ed., The Making of Civil Society in Modern Germany and Britain: New Cultural, Political, and Theoretical Perspectives (Providence, RI: Berghahn Books, 2000), 332-351.

³¹ On the establishment of dominant narratives in the context of a crisis composed of various dilemmas see C. Hay, "Narrating Crisis: The Discursive Construction of the Winter of Discontent", Sociology 30 (1996), 253-77; and, for competing narratives of such dilemmas, M. Bevir & R. Rhodes, "Narratives of Thatcherism", West European Politics 21 (1999), 97-119. The emphasis on beliefs, ideas, and meanings in these essays

contrasts with the more standard institutionalism of M. Rhodes, “Desperately Seeking a Solution: Social Democracy, Thatcherism, and the ‘Third Way’ in British Welfare”, West European Politics 23 (2000), 161-82.

³² Nick Ziegler is currently exploring developments in corporate governance within Germany in this way. For an early example of his work see J. Ziegler, “Corporate Governance and the Politics of Property Rights in Germany”, Politics and Society 28 (2000), 195-221.

³³ This consensus, at which theorists of networks seem to have arrived, is captured in Rhodes, Understanding Governance, chap. 3.

³⁴ P. Riddell, “Portrait of the Whitehall Programme”, unpublished ms.

³⁵ cf. footnote 4 above.

³⁶ These questions are currently being explored in this way by the programme on “Narratives of Comparative Governance” organised by the Danish Power Committee.

³⁷ D. Marsh & R. Rhodes, eds., Policy Networks in British Government (Oxford: Clarendon Press, 1992), p. 261. For a recent model of continuous change based on taking institutionalism in a decentered or interpretative direction see C. Hay & D. Richards, “The Tangled Webs of Westminster and Whitehall: The Discourse, Strategy and Practice of Networking within the British Core Executive”, Public Administration 78 (2000), 1-28.

³⁸ More nuanced attempts to specify the conditions under which networks thrive include V. Lowndes & C. Skelcher, “The Dynamics of Multi-Organisational Partnerships: An Analysis of Changing Modes of Governance”, Public Administration 76 (1998), 313-33; and W. Powell, “Neither Market Nor Hierarchy: Networks of Organisation”, in G.

Thompson, J. Frances, R. Levacic, & J. Mitchell, eds., Markets, Hierarchies, and Networks: The Coordination of Social Life (London: Sage, 1991), pp. 265-76.

³⁹ Rhodes, Understanding Governance, chap. 3.

⁴⁰ Jessop, “Governance of Complexity”; and B. Jessop, “Governance Failure”, in Stoker, ed., New Politics, pp. 11-32.

⁴¹ W. Kickert, E-H. Klijn, & J. Koppenjan, eds., Managing Complex Networks: Strategies for the Public Sector (London: Sage, 1997).

⁴² That a “high modernism” that forgets this can lead to catastrophe is the principle moral of Scott, Seeing Like a State.

⁴³ A fuller consideration of the open community – characterised by the treatment of people as agents, the questioning of existing identities, an emphasis on conduct as well as rules, and friendliness – appears in M. Bevir, “Postfoundationalism and Social Democracy”, Notizie di Politeia 59 (2000).

⁴⁴ P. Hirst, Representative Democracy and Its Limits (Cambridge: Polity Press, 1990)

⁴⁵ It is worth remembering how important some political scientists considered pressure groups to be long before the concept of governance became popular.

⁴⁶ This emphasis appears, for example, in the study of participation in Denmark offered by H. Bang & E. Sørensen, “The Everyday Maker: A New Challenge to Democratic Governance”, Administrative Theory and Praxis 21 (1999), 325-41.