

Governance

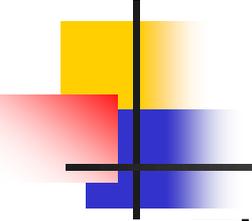
Courses

JSM518 "Public Policy"

JSD009 „Public Policy“

JSM699 „Theory of Public Policy“

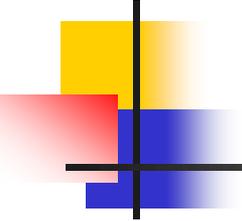
Martin Potůček



What the lecture is about

- The concept of governance
- Dimensions of governance
 - Multi-level governance
 - Regulators – market, government, civic sector, media
- The theory of corporatism
 - Actors' networks
- The theory of policy networks
- Pathological forms of regulation
- Capacities of governance
 - Global governance



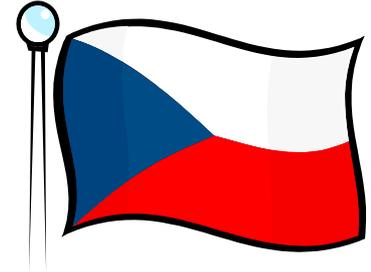


The concept of governance

- Governance means “*collective capacity to influence the future for the better.*” (Dror 2001)
- “*Governance is a system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector. It operates at every level of human enterprise.*” (Governance 2000)
- The undisputable changes in the forms and ways of pursuing governance as a societal process taking place in contemporary societies may suggest that the core of this concept is associated with **processuality, plurality of actors, and complexity.**

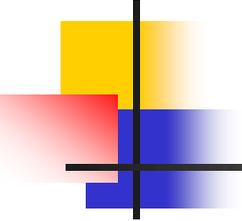


Dimensions of governance



- **Governance** cannot be reduced to the level of nation-states; one must take into regard its **supra-national** level (ČR: especially the EU), but also its **regional** level (ČR: regions and municipalities).
- Dimensions:
 - **Multi-level governance (MLG).**
 - **Regulators:**
 - market, government, civic sector + media
 - **Horizontal links and informal networks**



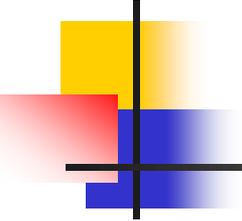


Multi-level governance

- **The age of sovereign nation-states is over.** While most governance still takes place at the national level, the **share of governance** at a higher, **supra-national level**, and a lower, especially **regional**, level is **increasing**

(Zürn, Leibfried 2005, p. 25; Pierre, Peters 2000).

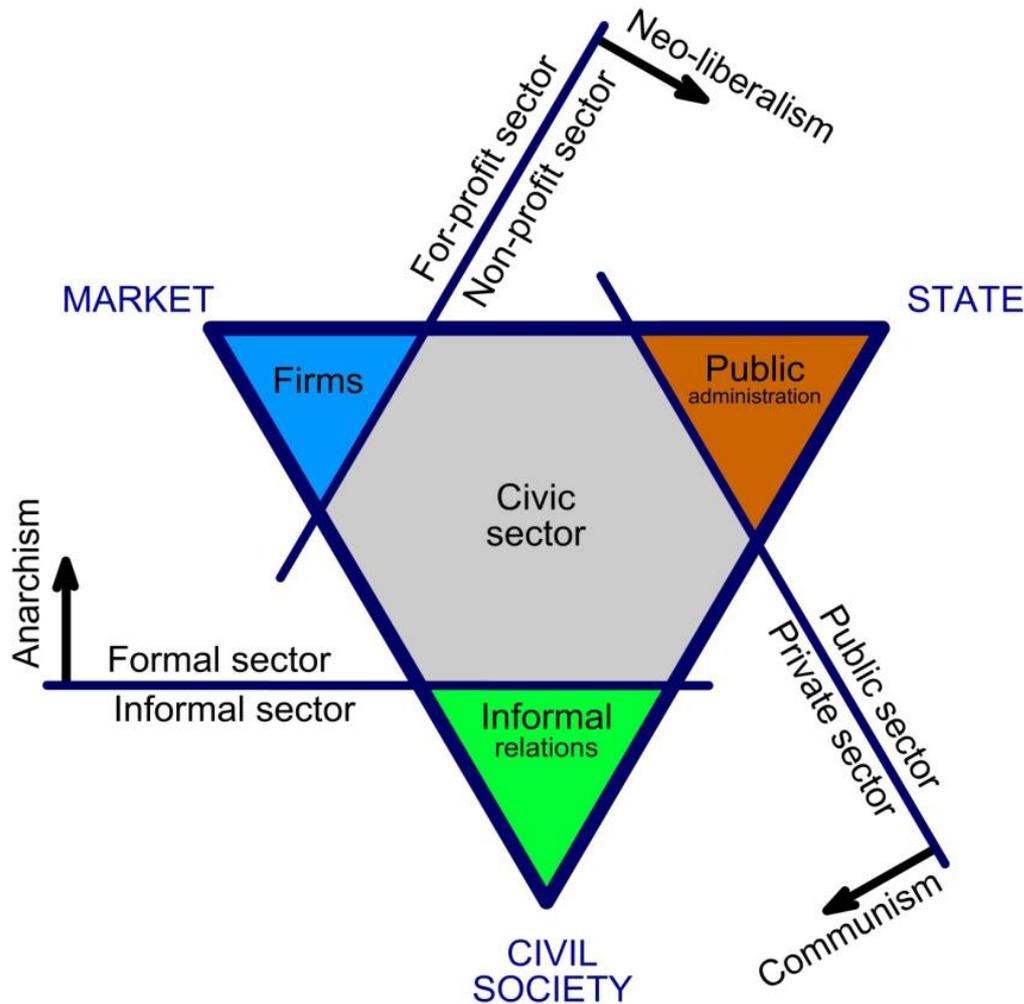
- **Supra-national governance:**
 - global level (UN, OECD, IMF, WB, G8, ...);
 - level of regional integration projects (EU).



Regulators

- Governance cannot do without regulators (Potůček 1995)
 - **Regulators influence the agency of individuals and organizations in desired directions by shaping the social conditions of their lives.**
- The **influence** of **the market, government and civic sector** on public life, and the impact of their mutual interactions – **sometimes synergic, sometimes contradictory** – are carefully studied by many social scientists. Nowadays it is almost a *trivium* to argue that governments cannot fulfil their tasks alone, without engaging the other two regulators in public life.

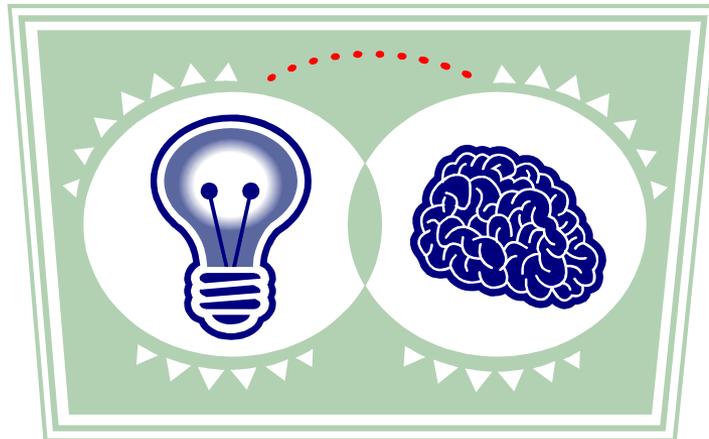
Market, government and civic sector as regulators of social life



Source : Abrahamson, P.: Welfare Pluralism (1995), modified by author

Critical Thinking Question

- ***Why does **government** still have an **exclusive position** vis-à-vis other regulators (market, civic sector, media)?***



Government

- provides an **established general framework** for the functioning of society (Constitution)
- forms and exercises **political power**
- makes and enforces **laws** (while relying on public administration)



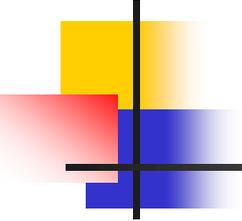
“What only states and states alone are able to do is aggregate and purposefully deploy legitimate power. This power is necessary to enforce a rule of law domestically, and it is necessary to preserve world order internationally.”

(Fukuyama 2004, p. 120)

Market



- *"The market resembles fire: it is a good servant, but a cruel master."*
- The market is a self-regulating system in which supply and demand, profit and loss, within certain limits, allocate scarce resources (goods) more effectively than any other regulator.
- It is based on a voluntary agreement between seller and buyer to exchange a particular resource (good or service). Balanced price systems, which regulate both production and consumption, are created on the basis of millions of such exchanges. (Potůček 1999)
- Invisible hand of the market (A. Smith)



Civic sector



- **Civility** – “the individual’s moral commitment to shared concerns” (Etzioni 1988, p. 56)
- **Civic sector** is “the **institutionalized expression of the life of civil society**. The sector is made up of non-profit organizations which are **voluntary associations** of citizens who share **common values** and are willing to work together”.
- Civic sector organizations “tend to form where neither the market nor government are effective”.

(Potůček 1999)

Types of civic sector organizations

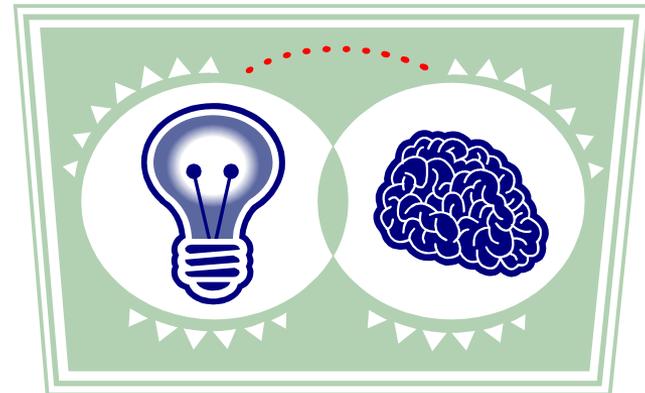
Interest pursued → Type of activity ↓	Mutual benefit	Public benefit
Service activities	1. <u>Mutual benefit service non-profit organizations</u> <ul style="list-style-type: none"> • <i>sports</i> • <i>recreation</i> • <i>community development</i> • <i>leisure clubs</i> 	2. <u>Public benefit service non-profit organizations</u> <ul style="list-style-type: none"> • <i>social work and healthcare</i> • <i>education</i> • <i>humanitarian aid, charity</i>
Advocacy activities	3. <u>Mutual benefit advocacy non-profit organizations</u> <ul style="list-style-type: none"> • <i>trade unions</i> • <i>employer unions</i> • <i>professional associations (unions)</i> 	4. <u>Public benefit advocacy non-profit organizations</u> <ul style="list-style-type: none"> • <i>environmental protection</i> • <i>human rights protection</i> • <i>civic (consumer) rights protection</i>

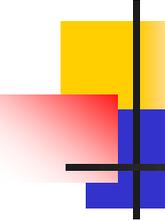
Basic characteristics of government, market and civic sector

Regulators → Characteristics ↓	Government	Market	Civic sector
Principal mechanisms	Public administration	Market exchange	Voluntary associations
Decision makers	Politicians, bureaucrats and citizens	Owners of the means of production, financial institutions, producers, consumers	Leaders and members
Guides for behaviour	Laws, regulations	Supply and demand	Agreements
Criteria for decisions	Policy goals, ways of implementation	Maximization of profit	Interests of members, public interest
Sanctions	Government authority backed by coercion	Financial loss	Social pressure
Mode of operation	Top-down	Horizontal contract	Bottom-up

Critical Thinking Question

- *What kind of roles is the **public sector** suitable for? Where is the **private sector** effective and where the **civic sector**? Why?*



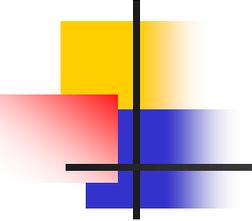


The market-government relationship

- *“The economy must be strong enough to create pluralistic institutions, but not strong enough to destroy our world.”*

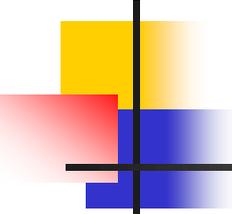
Ernst (Arnošt) Gellner

- Causes of **market failures**:
 - Existence of public goods or externalities, natural monopoly of supply or demand, information asymmetry between seller and buyer, changing preferences of market participants, unregulated competition, discounting the future (Samuelson, Nordhaus 2010);
 - Reducing inequalities in the distribution of wealth, maintaining institutional values, human dignity, cultivating and utilizing human potential, sustainable way of life (Potůček 1997; Potůček et al. 2010; Benáček, Frič, Potůček 2008).



The theory of corporatism

- Corporatism studies and explains specific **relations of cooperation between government** as a representative of **public interest**, on the one hand, and **organizations** as representatives of **group interests**, on the other.
- *“There is a certain range of policy areas for which institutions of group self-regulation may produce more socially adjusted and normatively acceptable results than either communal self-help, free trade, or étatismé.”* (Streeck-Schmitter 1985)



The theory of corporatism

- Characterized by **strategic interdependence of participants**:
 - Government depends on nongovernmental (for-profit or not-for-profit) organizations, and those cannot do without well-functioning government and other nongovernmental organizations.

Example corporatist institution: The Tripartite

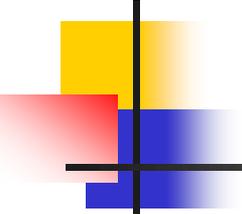
The Council of Economic and Social Agreement of the Czech Republic ("Tripartite", RHSD) was established in 1990 and brings together:

- representatives of government (as a rule, the government is represented and the Tripartite headed by the Minister of Labour and Social Affairs);
- representatives of labour (major trade union associations); and
- representatives of employers (Confederation of Industry, Confederation of Employers' and Entrepreneurs' Associations).

Media



- Centuries after the invention of the printing press, **the media** came to play an **essential role in politics** due to widespread use of newspapers, and especially radio, television and the internet (Heywood 2004).
- **Media's influence on governance is neglected** or underestimated by **traditional conceptual frameworks** of political science and public administration, and there are not many theories that include them, along with the government, market and civic sector, as the regulators of public affairs...
- Emergence of so-called **new media**



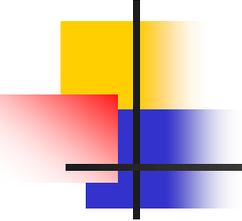
Dual role of the media

Media as an **actor**

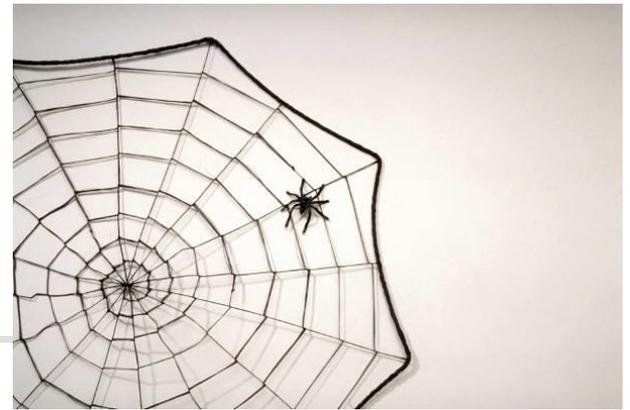
- The media as an active participant of the policy process.
- Thompson's social theory of the media (2004).

Media as a **mediator**

- The media reconcile differences (between politicians, bureaucrats and citizens).
- The media as an influential source of input for public opinion and political decision (Schulz 2004)



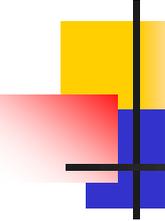
Actors' networks



- **Networks** enable and facilitate broad **cooperation of a large number of independent actors** to help them attain their goals.
 - Governance through actors' networks relies on **informal understandings, motivation** and effective cooperation **skills**, on an "*agreement to agree*".

(Gibson, Goodin 1999)

- **Networked governance** (Hecllo 1978, Rhodes 1997, Castels 2000)



The theory of policy networks

- “A **policy network** is described by its actors, their linkages and by its boundary” (Kenis, Schneider 1991, p. 41)
- Policy networks are a space in which groups of actors are linked freely and interact with one another in order to make and implement policies. They can also be understood as a set of rules delimiting/restricting the space of involved actors’ decisions and actions. The position of actors in the power hierarchy may not be decisive here.
- They differ by level of formalization of these rules; level of network accessibility from outside; and level of stability:
 - **Issue networks** (Hecl 1978) – *ad-hoc structures* emerging around an issue.
 - **Sub-governments** – stable “clusters of individuals that effectively make most of the routine decisions in a given substantive area of policy” (Ripley, Franklin 1981, p. 8) – e.g., **iron triangles** or **policy networks**.

Socially pathological forms of regulation

- Structures that persistently **burden and disintegrate society** (especially corruption and the mafia) or that **regulate ineffectively** (global markets vs. nation-states)



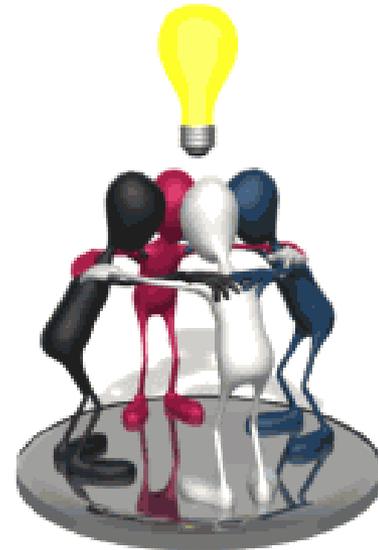
Signs of **parasitism on public interest**, or even the **domestication thereof** by private or group interests

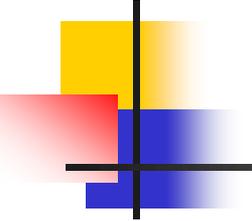
- Privatizing profits and socializing losses



Exercise

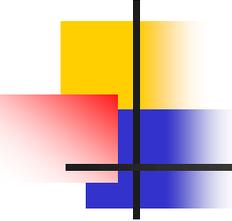
- ***Clarify the conditions for the emergence of the **mafia**, its work patterns and its instruments***



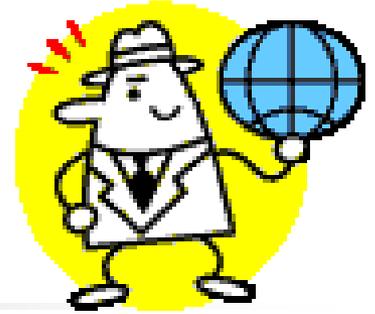


Capacities of governance in contemporary world

- **Globalization, regionalization**, the establishing of horizontal cooperation networks, and the **intertwining of market, administration and media** make responsibility for the consequences of political and administrative decisions increasingly unclear. In this way, irresponsible attitudes and actions are facilitated in politicians and citizens.
- **Problem definition: insufficient capacity of governance.** Humanity cannot govern itself.
- **Does this problem have a solution?** A general solution is unknown and we can hardly expect it to ever be discovered. Decisive will be the speed of changes that is likely to make every change in regulation outdated by the time it is introduced. (Dror 2001)

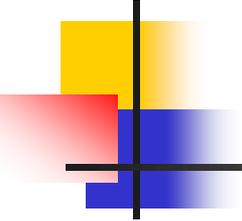


Global governance



- Global authority is configured between various **infrastructures** of governance:
 - **suprastate** (e.g., UN, OECD, IMF, WB, G8, G20),
 - **regional** (e.g., EU, ASEAN, MERCOSUR),
 - **transnational** (corporations, global civil society organizations such as Greenpeace),
 - **substate** (municipalities, local civil society organizations);
 - sandwiched between these layers is national government;
- It is **pluralistic** (there is no single centre of authority), has a **variable** geometry, is structurally **complex**, and embraces diverse actors and networks. (Held & McGrew 2002)

Major governance challenges	Possible solutions
Regulatory power of global markets vs. absence of supranational level of governance	European integration and similar processes and tendencies
Insufficient coordination of global, supranational, national, regional and local governance levels	Networks of actors supported by ICT, new modes of governance based on responsibility sharing
Insufficient coordination between government departments	Goal-oriented programming, horizontal and matrix management
Destruction of organic forms of social cohesion	Faster adaptation of welfare state to changing conditions
Prevalence of narrow, short-term interests of limited groups of people	Strict regulation and voluntary simplicity (Vavroušek 1993)
Unaccountability of politicians and citizens for public affairs	Education and support for elements of participative democracy



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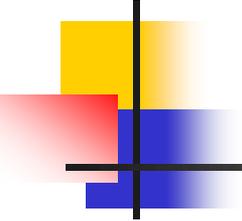
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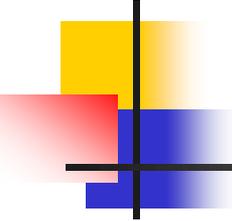
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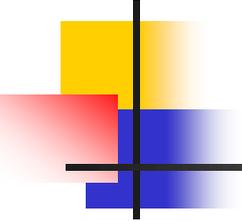
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