The State and civil society in modern governance

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Governance is a word and a concept that has recently become very popular. For a long time, the word „governance“ simply meant „governing“, and thus referred to the process aspect of government. Today, however, the term governance is mostly used to indicate a new mode of governing. I shall call this new mode of governing “modern governance”. Modern governance means a more cooperative form of governing, different from the old hierarchical model in which state authorities exerted sovereign control over the groups and citizens making up civil society (Mayntz 1998). In modern governance, state and non-state institutions, public and private actors participate and often cooperate in the formulation and implementation of public policy. The structure of modern governance is not characterized by hierarchy, but by autonomous corporate actors (i.e. formal organizations) and inter-organizational networks (Rhodes 1997, 53).

The shift from hierarchical control to modern governance has first been observed since about the 1970s in West European countries that used to have strong, interventionist states. In the United States, characteristic structures of modern governance such as policy networks could also be found, but since the US did not share the European tradition of a strong interventionist state and have always stressed individual autonomy and self-government, modern governance did not appear as anything particularly new. Non-hierarchical political control is also characteristic of the European Union, which lies somewhere between a federation of states and a federal state. The European Union represents a system of multi-level governance where networks rather than hierarchical authority relations are a dominant structural feature – networks of member state representatives, networks linking the national and the European levels of decision-making, and networks linking public and private actors across policy sectors and political levels (Kohler-Koch/ Eising 1998). At the international level, finally, there has never been anything else but „governance without government“, as a famous book title puts it (Rosenau/Czempiel 1992).

In Western Europe, where the shift from a more interventionist state and hierarchical control to modern governance has first been studied closely, the crucial experience that triggered the change was the failure of ambitious reform policies that had been pursued after the end of the Second World War and the immediate post-war reconstruction period (Mayntz 1996). Though not without effect, many of the intended reforms did not reach their goals. In the 1970s, economic growth also slowed down, which showed that economic policy by the isolated national state alone was not able to assure constantly growing wealth. The disappointment of the belief in the state as an effective political control center of society gave rise to the search for alternative modes of guiding socio-economic development.

One of these roads was deregulation and privatization, the turn from the state to the market. Market principles became the backbone of the political ideology of neo-liberalism and Thatcherism. Deregulation and privatization were believed to stimulate economic growth and liberate forces of innovation in all areas of productive activity. Around 1989, the break-down of state socialism in Eastern Europe strengthened the belief in the ordering power of the market.
But a series of political crises and economic set-backs has meanwhile discredited the bright promises of the market as driving force of progress. Increasing attention is given instead to the second alternative to the hierarchical state, i.e. modern governance, or the cooperation of state authorities with private corporate actors and the involvement of private organizations in public policy-making. The private corporate actors that play a role in modern governance are mainly big firms, labor unions, business associations and other kinds of interest organizations, and the bigger public welfare associations.

Modern governance, the cooperation of state and civil society in public policy making, can take place in many different forms. Most attention has been given to the different ways in which public authorities and private corporate actors collaborate directly in policy processes. This can occur in the form of neo-corporatist arrangements, a term used to designate the institutionalized negotiation between the state, organized business, and organized labor about issues of macro-economic policy. Such neo-corporatist structures exist in a number of West-European countries, including for instance Sweden and Austria, but also Germany. A typical example is the present German “Bündnis für Arbeit” (alliance for jobs). At irregular intervals, the German chancellor meets with the top representatives of German business and of the labor unions in order to find, and agree on, solutions for pressing economic problems such as unemployment and lagging growth rates. Under a different name, such high-ranking tripartite negotiations have already existed before the present government took office.

A related form of cooperation are mixed networks of public and private actors that are found at the level of more narrowly defined policy sectors, for instance in telecommunications, public health, or scientific research (Marin/Mayntz 1991). The emergence and growing importance of policy-networks is a particularly important feature of modern governance. Where public policy is developed in policy networks, government is no longer the steering center of society. In policy networks, the state and civil society are loosely coupled, and interaction within such networks produces a negotiated consensus which facilitates the formation of a policy that meets with compliance rather than resistance in the phase of implementation. This mode of policy making is adapted to a complex and dynamic social environment, where central coordination is difficult if not outright impossible (Marsh 1998, 8-9).

In addition to the direct cooperation of public and private actors in policy networks, modern governance also includes some forms of societal self-regulation. Here private corporate actors fulfill regulatory functions that are ultimately in the public interest and that the state has, explicitly or implicitly, assigned to them. One form of societal self-regulation are systems of negotiation between the representatives of different or even opposed interests. An example is the German system of institutionalized wage bargaining between capital and labor, in which the government does not participate and where it is not supposed to interfere. Another example is found in the German public health system, where the organizations of health fund physicians and of public hospitals bargain with health fund representatives about fees and services to be rendered. A second type of societal self-regulation are the so-called private governments, organizations that impose norms and standards on their members which do not only serve their own, but also certain public interests (Streeck/Schmitter 1985). Examples are the quality norms defined by economic branch organizations, or the ethical norms defined by professional associations. At least within a nation-state, these different forms of social self-regulation exist “in the shadow of hierarchy”: they are often established by the express delegation of functions from the state to private organizations, and they are monitored by the state. If self-regulation remains ineffective, the state can step in and regulate by direct
intervention. Delegated self-regulation is thus an indirect form of cooperation between state and civil society. But it needs a sufficiently powerful state to motivate self-regulation which takes account of public interests and does not only benefit the participating actors themselves.

The different forms of modern governance could only have emerged in countries where a number of institutional and structural preconditions were met. The most general condition for the development of modern governance is that power must be dispersed in society, but not fragmented and ineffective. Political authorities must be powerful, but not omnipotent. They must be democratically legitimated in such a way that the elected representatives can be considered to reflect the interests of all major socio-economic, ethnic or religious groups in society; only in this case can an elected legislature and government be assumed to act in the interest of all, rather than in the interest of a dominant class or political party. Political authorities must, in other words, be in a general way acceptable as guardians of public welfare. Political authorities must also command sufficient resources to carry out the decisions taken, they must be sufficiently diversified to correspond to different regulatory needs, and they must possess special competence in their respective fields.

Turning from the public to the private side of modern governance, there must be a strong, functionally differentiated, and well organized civil society. “Civil society” is, of course, a value-laden concept charged with strong normative implications. The notion of a civil society has roots in the social philosophy of Scottish moralists like Ferguson, who contrasted traditional military societies with the peaceful future industrial societies, it has roots in the distinction made by German philosophers between “Staat” and “Gesellschaft”, and even the famous battle cry of the French Revolution reverberates in it. Civil society is a community of citizens, of individuals who enjoy legal equality and a set of fundamental rights, and whose freedom to pursue their private goals is only restricted by the same right of others and by the duties to the res publica that come with citizenship. A civil society cannot exist where there is great social inequality; it is incompatible with a feudal estate structure, with slavery and with the division of the population into castes.

But this is not enough. For modern governance to emerge, civil society must also be functionally differentiated into sub-systems where specialized organizations perform the important social and economic functions such as economic production, teaching, health care etc. Finally, for modern governance to be possible civil society must be well organized. There must be corporate actors that represent different functional as well as different socio-economic interests, i.e. organizations like labor unions, business associations, organizations of health care providers, of scientists and scientific research institutes, and organizations representing consumer interests or ecological values. Both types of private corporate actors, productive and service organizations and voluntary associations, must enjoy a relative autonomy, i.e. they should not be politically controlled as has been the case in state socialism. Interest organizations in particular must be sufficiently autonomous and resourceful to make negotiation with opposite interests and with state authorities both necessary and meaningful. Finally, there must exist among the different social groups and organizations at least a minimal sense of identification with, and responsibility for, the greater whole, in short, a common identity. The nation can be the frame of reference for this identity, but its basis must be social and cultural integration. There are many societies in which different interests are organized and power is dispersed, but dispersed among hostile groups locked into a permanent struggle which neither can win. For modern governance to emerge, corporate
actors, each of whom is effective in its own sphere but none of which is able to dominate the others, must cooperate in public policy making instead of simply fighting each other.

These are difficult conditions to meet. In a way, what modern governance is expected to bring about is in part already a condition of its emergence. Even in the most developed, most democratic, and most privileged parts of the world, in Western Europe and the United States, reality does not fully correspond to the ideal picture I have painted. In other parts of the world, even the most basic conditions of modern governance are lacking. This is the case in many African and in some Asian countries, but it also holds for most of the independent countries that emerged out of the ruins of the former Union of Soviet Republics. In many formally sovereign countries we can today observe the decay of formerly existing state structures, or the inability to build them in the first place. In a number of African countries, traditional clan structures have again become dominant and rival militias fight for dominance, meanwhile ruining the country’s economy and driving parts of the population into exile. In countries such as Nigeria, Sudan, Zaire, Tschad, and Angola, public authority has practically disappeared. The state has become a mere outward appearance, while internally power is wielded by war lords of different color (Grande 2001, quoting Tetzlaff 1998 and von Trotha 2000). In the former Soviet Republics, the state has also lost its monopoly of legitimate power, and can no longer guarantee public order, individual security, and the just application of legal norms. Organized crime, semi-autonomous armed forces, and private police organizations vie with each other and with public authorities in extracting revenues (Volkow 2000). At the same time, civil society in these countries is not well organized; there are few legal, resourceful, and autonomous private actors – not in the economy, and not in the field of private associations. With this, all of the basic preconditions of a modern form of governance are missing. The same, of course, is true of countries with totalitarian or dictatorial power structures, countries in which one political party or religious authority dominates all spheres of life, as is still largely true of China, of Iran, and of Afghanistan.

In outlining the institutional and structural preconditions of modern governance, I have obviously been describing an ideal polity and an ideal society. Real nation-states only approximate these ideals, but there are degrees of approximation, and some countries approximate them more than others. In some highly developed democratic nation-states, we do find policy networks, public/private partnerships, and regulated self-regulation. In these countries, cooperation between public and private actors does not only occur at the level of the nation-state; it can in principle take place on every level where public authorities and private corporate actors exist. This starts at the level of local government, where public-private partnerships often have a longer tradition than on higher political levels. Sometimes, of course, cooperation between political and societal actors in local government is clandestine and serves private rather than public interests. This is found especially in the field of public works, where there is frequently collusion between corrupt local officials in charge of public works and local construction firms (della Porta/ Vanucci 1999). This type of cooperation, however, is not meant by “governance”; by definition, governance is about the solution of collective problems and the production of public welfare.

There are also public-private partnerships serving public welfare at the local level. One recent example involves a German program of urban melioration (Schader-Stiftung 2001). In spite of its relative wealth, Germany has sizable problem groups of legal and illegal immigrants, single parent households, unemployed, and people on relief. These tend to concentrate in certain urban quarters where rents are cheap, buildings old and run down, and the public
infrastructure insufficient. In such areas, drug use, prostitution, crime and juvenile delinquency tend to increase. To stop the growing physical degradation and social disintegration, networks of private actors – local shop owners, social clubs, owners of apartment houses, etc. – were formed and coordinated by an area network manager who is typically not a city official. The melioration program developed by such a network receives financial aid from a special government fund, and seeks practical help from a variety of city offices, local schools, and other public institutions. The program is successful where resourceful public actors meet with private actors who are not only motivated, but also capable of contributing themselves to the solution of the problem, for instance by repairing houses, creating new jobs, or building a playground for children.

It has often been maintained that modern governance, the negotiation of political with societal actors in mixed policy networks or in neo-corporatist structures, and the delegation of regulatory functions to private organizations indicate a loss of political steering capacity, a weakening of the state (e.g. Offe 1987, 313). In fact, however, what we are dealing with in modern governance is not so much the loss of state control, but rather a change in its form. State actors participating in policy networks play a very special and privileged role since they retain crucial means of intervention. Where decision making has been delegated to institutions of societal self-regulation, the state retains the right of legal ratification and the right to intervene by legislative or executive action if self-regulation proves ineffective. In modern governance, hierarchical control and civic self-determination are not opposed, but are combined with each other, and this combination can be more effective than either of the „pure” forms (Mayntz/Scharpf 1995).

Such superior effectiveness, however, is only a chance, a highly contingent outcome. Policy making in neo-corporatist structures, in sectoral policy networks, and in systems of delegated self-regulation is not harmonious. If conflicting interests enter into negotiation with each other in the search for agreement on a joint decision, the result is „antagonistic cooperation“, as Bernd Marin (1990) has called it. Such antagonistic cooperation runs the risk of ending in a complete blockade, or of producing solutions on the level of the lowest common denominator - cheap compromises that cannot solve the problems at hand. The basic problem with modern governance is therefore how to avoid stalemate and ensure effective problem-solutions (Scharpf 1993a). The example of the program of urban melioration underlines the importance of the previously discussed preconditions for the development of an effective public-private cooperation even at the local level. These preconditions are (1) the presence of both public and private actors with a certain problem solving power, and (2) the existence of a problem that neither the public nor the private actors can solve by themselves. These conditions hold in principle for all levels at which problems present themselves, from the local over the sub-national, national, and regional to the international level.

Governance is by definition about collective problem-solving, not dominance for its own sake. I think it has been shown convincingly that in complex environments, non-hierarchical forms of decision-making can produce more effective solutions than even a “benevolent dictatorship”, or paternalistic domination: they permit to process more information and to take a greater variety of values into account, and they make for higher flexibility and adaptability (Scharpf 1993b). But problems present themselves on different territorial levels, from local to global, and the level where a problem manifests itself it not necessarily the level at which it can most effectively be solved. The problem of urban deterioration which I have used as an example before illustrates this very well. If there were no poverty, unemployment etc., the
problem groups that now concentrate in certain areas would not exist, so that the local problem would not appear. This means that the actually observed problem of urban deterioration cannot be effectively solved by local action alone, because no urban melioration program will be able to get at the roots of the problem. Effective problem solution is only possible where there is congruence between the causal (or genetic) structure of a problem, its impact structure, and the structure of available problem-solvers. The causal or genetic structure shows what actions by what actors produce the problem, and what must therefore be changed if the problem is to be solved. The impact structure is composed of those actors who suffer the negative consequences of a given problem, and who are therefore interested that a problem solution be found. Finally there are the potential problem solvers, i.e. the set of those actors who are capable of effecting a problem solution. Problem solving is most effective if these three sets of actors - (1) those who cause a given problem by their behavior, (2) those who are negatively affected by it, and (3) those who are trying to solve it - are fully congruent with each other. This is, for instance, the case in the famous “tragedy of the commons”: the problem of over-grazing the commons is caused by the same group of persons who subsequently suffer from it, and it is again the same group that could solve the problem by agreeing on rules of utilization which avoid the destruction of a common resource. But it is a very special type of situation where those creating a problem in the first place are also those who suffer from it, and whose cooperation would be a necessary and sufficient cause for the solution of the problem. Many problems with which public policy must deal are negative external effects visited upon groups who have no share in their production, and many problems cannot be solved by those whom they afflict.

This also applies to the nation-state. It is often argued, in European political discourse at any rate, that the globalization of financial markets and of the economy produces problems that manifest themselves domestically, for instance in the form of unemployment and a volatile currency, but cannot be coped with by domestic actors alone (Kohler-Koch 1998). Domestic firms as well as political authorities are thus loosing in power and are becoming dependent on forces that transcend national boundaries, and are therefore also beyond the scope of cooperative action of domestic actors. The potential effectiveness of modern governance within a given nation-state is thus limited by developments on the international level. It is therefore well worth considering to what extent it is meaningful to concentrate on building effective domestic coping structures, and to what extent efforts should be devoted to attempts to gain influence in international politics.

In fact, however, this is not an either-or choice: domestic political effectiveness and effective international - or as it is today mostly called global – governance are closely linked. Effective national governance is a condition of successful international problem solving (Grande 2001). International agreements and decisions by international governmental organizations are not worth the paper on which they are set down unless the national representatives involved in the decision process are able to commit their countries to abide by the decision - to observe the standards agreed on, to assure the safety of their nuclear power plants, to stop the production of poison gas or heroin, to reform their financial institutions, etc. etc.. Occasionally, of course, a given nation-state will agree to an international decision without having the slightest intention to even try and comply with it, but in many cases compliance is in fact deficient because there is no effective national governance.

On the other hand, problems that manifest themselves domestically, but whose causal or genetic structure transcends national boundaries, can only be solved by international action.
This holds today for many economic and ecological problems. But the international problem solving capacity is still quite limited. There is, aside from the United Nations which have been established to deal with issues of security, of war and peace, no international institution that could play the role of a world government aiming at global welfare. The typical international organization is not much more than an arena for intergovernmental negotiation, and in these negotiating systems, the interests of the most powerful actors, of the richest countries dominate. They dominate in the very institutions that have been designed to solve the problems of the international economy, like the World Bank and the World Trade Organization (Mayntz 2001). International civil society, too, is only weakly developed. True, human rights conventions have been formulated under the umbrella of the UN, but we are still very, very far from a situation of universal citizenship. There is also a lack of private international organizations representing the full scale of different socio-economic interests. Labor, for instance, has no powerful international representative. And while a number of international public welfare organizations have emerged after the Second World War, these lack competent international negotiating partners on the political side. At the international (or global) level, the preconditions of modern governance, such as I have described it for the national level, are met only very insufficiently. We are in fact still very far from an effective international “governance without government”.

For the time being, therefore, individual countries are thrown back upon their own resources in dealing with problems whose causes they cannot effectively control. There is the danger, of course, to make use of this situation to shift the burden of blame for an ineffective national public policy to these outside forces. The wide-spread conviction that economic globalization does not only undermine the effectiveness of national economic policy, but also forces modern welfare states to dismantle their systems of social security, while scientifically not unfounded (e.g. Scharpf 2000), can thus easily be used as an excuse by politicians. What is needed instead is an honest and competent analysis of the present situation and the complex interdependencies that characterize it on every level of political action. Reflections on the nature of modern governance, its preconditions and its limits may help in this task.

References


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