

DEFINING, EXPLAINING AND USING THE CONCEPT OF 'GOVERNANCE'

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I. An Introduction *ad personam*

As a political observer, I could not help but be impressed by the extraordinary rapidity with which the concept of 'governance' diffused itself throughout the universe of national and international organizations since it was first brought to their attention in a World Bank report in 1989.¹ Manifestly, it had to have responded to some profound and urgent need for agencies involved in Third World development to re-orient their policies.

As a political scientist, however, I could not help but be skeptical about the analytical utility of such a concept -- not because it emerged from "practitioners" and not from "theorists" -- but because its very diffusion to so many situations and corners of the world seemed to indicate a basic "fuzziness" and excessive "stretchability." Only something fundamentally ambiguous could possibly have been picked up and applied by such a diverse array of protagonists!

Now that I have taken a closer look at how 'governance' has been deployed by these international and national development agencies, I am more than ever convinced of its utility -- **provided** that certain caveats be kept in mind:

(1) As usually presented, the concept of 'governance' is so **capacious** that it literally refers to the broadest imaginable notion of "getting things done by mobilizing collective resources" and, hence, tends to lose any specificity it might have. In the World Bank's frequently cited definition, it is equivalent to "the manner in which power is exercised in the management of a country's economic and social resources for development."² Needless to say, this is subsequently broken down into more discrete categories, but they overlap substantially on the one side with routine notions of "government" in which public officials use the legitimate authority of the state to command persons and groups to obey to prescribed rules and, on the other side, with various attributes of "market" in which private consumers and producers interact *via* competition and the price mechanism to allocate scarce resources.

Admittedly, this capaciousness could well be deliberate since the agencies using the concept may wish to engage in a wide range of supportive activities and still be able to pretend that all that they are doing -- say, from supporting the independence of the judiciary to promoting the prosperity of small and medium-size enterprises -- will contribute to improving 'governance.'³ Moreover, it has the appealing linguistic characteristic of sidestepping more contentious expressions such as "the state" or "the regime" or "the rulers" or "the government" and hinting at the ideologically fashionable notion that the role of all four of these public agents of coercion should be downsized in favor of private and more voluntaristic

ways of managing collective resources. Alternatively, it suggests that these agents -- if they cannot be reduced or eliminated -- should comply with the imperatives of economic rationality by submitting themselves to market competition. Governance, seen from the perspective of “New Public Sector Management,” would be nothing more than the integration of public agencies and private (i.e. market) mechanisms with the objective of promoting of a cost-efficient and regulatory state. One might even have concluded that it has no distinctive property of its own and that is precisely why its use is so appealing to organizations that might wish to change their policies without precommitting themselves to any specific program or goal!⁴

If I believed this, my paper should end here with a laundry list of things that have to be done -- simultaneously -- to manage collective resources for development. I am, however, firmly convinced that embedded in all that capaciousness is a distinctive **method/mechanism** for resolving conflicts and solving problems that reflects some profound characteristics that are emerging in almost all contemporary societies and economies -- and, not just in those that are trying to catch up to the more developed ones. As I shall argue *infra*, ‘governance’ is not a goal in itself, but a method or mechanism for achieving a variety of goals that should be chosen independently by the actors involved and affected. ‘Governance’ is no guarantee that these goals will be successfully achieved, but it may be a more appropriate method than the more traditional ones of resorting to public coercion or relying upon private competition. And most importantly, ‘governance’ is never applied

alone, but always in conjunction with state and market mechanisms. It goes without saying that “governance” is not the same thing as “government,” i.e. the utilization of public authority by some subset of elected or (self-)appointed actors, backed by the coercive power of the state and (sometimes) the legitimate support of the citizenry to accomplish collective goals.

(2) The concept of ‘governance’ comes equipped -- explicitly or implicitly -- with a qualifier that indicates that, whatever it is, “it” is **desirable**. Usually the adjective “good” is at least implied -- if not openly stated -- but so have many others been affixed to it: “effective,” “sound,” “appropriate,” “honest,” “sustainable,” “accountable,” “equitable,” “gender balanced,” and even “democratic.” The most obvious problem with this is that, if ‘governance’ is a method/mechanism for managing common resources that can be applied to many goals, the results it produces may not always be good -- and certainly not always for everyone! In other words, those deploying the concept should be sensitive to the possibility that it can produce “bads” as well as “goods.”⁵

Moreover, the lengthier the list of desirable outcomes that are attached to it, the more likely it becomes that some of these are bound to be incompatible with each other. The literature pouring out of IGOs and NGOs seems to assume, not only that “it” can solve a wide range of collective action problems, but also that “it” can solve them all equally well and at the same time! One looks in vain for an awareness that ‘governance’ can do

some things much better than others. Or that “it” necessarily involves according a priority to some goals over others and may even make the attainment of these other outcomes more difficult. Since politics in its most generic sense involves precisely this process of discovering what individual and collective goals are and, then, choosing and imposing some of them over others, it does not seem unfair to conclude that ‘governance’ has been deprived of its political essence -- a rather ironic accusation since its very introduction into the debate on international development policy was supposed to equip these agencies with a better capacity for coping with the manifest (and usually perverse) intrusion of political calculations into “the management of a country’s economic and social resources.”

In the treatment I will propose *infra*, it will be my intention to insert the political dimension into the discussion of ‘governance’ much more explicitly by recognizing that it can produce both bads and goods, that it cannot do everything at once and equally well, that resorting to it necessarily prioritizes certain issues and privileges certain interests, that its utility is strongly affected by different market pressures and government actions, and that its efficacy cannot easily be separated from the nature of the state regime in which it operates, i.e. whatever “it” is, its impact will depend on whether the country has a democratic or an autocratic regime and, even, on what specific type of democracy or autocracy is in power.

(3) Governance, as it has been advocated by most IGOs, draws its compellingness, less from systematic and long-term examination of the empirical

evidence than from generalization on the basis of recent Anglo-American experience with economic neo-liberalism. In that sense, it is more a "doctrine" (Moore 1993, 41) than a tested method for solving problems and resolving disputes. The technocratic and ostensibly neutral terms used to describe it may provide IGOs "a nominally apolitical means of injecting normative orientation" to their governance proposals (Goetz & O'Brien 1995, 19), but this has not precluded the incorporation of a rather wide diversity of political concerns and the diffusion of the concept to a wide range of contexts. Its very capaciousness has allowed the building of a broad political consensus around the governance agenda integrating previously competing orientations to the development process. Along with its emphasis on "sound economic management" -- by which is meant trade and financial liberalization, deregulation, privatization and monetary stringency -- it also recognizes that the state is an important actor in development, which should not be dismantled but even assisted in its effort to maintain "social cohesion", provide basic services and, especially, "build markets."

Whatever changes one might wish to introduce in the concept from a strictly scholarly and scientific point of view, it would be a serious "practical" mistake if they were to deprive this admittedly ambiguous and capacious concept of its impressive capacity to generate consensus -- even if that consensus does not run very deep and masks some persistent policy divergences.

(4) Those in the international development community who have proposed the concept of 'governance' seem to presume that it possesses

universal applicability. Surely, it cannot be an accident that the need for it first emerged out of the failure of orthodox macro-economic reform policies in sub-Saharan Africa. The clear implication is that, if “it” can improve the performance of these least developed of economies, most heterogenous of societies and most unstable of polities, then, it should be able to do at least as much for those that are closer to catching up with the early developers of Western Europe and North America! One doesn’t find much awareness that ‘governance’ might face peculiarly challenging normative, structural, temporal or even physical obstacles in some parts of the world, or that its institutions and practices might have to be quite different in order to produce the same goods in radically different contexts. One tends instead to find the technocratic assumption that “one best practice fits all,” followed by a laundry list of identical (and presumably compatible) suggestions for all potential clients. The logic seems to be that, if judicial independence, the rule of law, freedom of the press, decentralized administration, legislative-executive checks and balances, multi-party competitive elections and, as we shall see, a dynamic and autonomous civil society together produced such good ‘governance’ in advanced industrial/capitalist societies, then it must lead to similar benefits in those seeking to catch up to them.⁶

Nowhere is this assumption of universality more evident (and questionable) than when the discussion focuses on what I believe is the institutional core of the ‘governance’ approach -- namely, its reliance on **civil society**. No one could possibly deny that its distinctive practices emerged

during the first centuries of the new millennia in a very peculiar and specific place: the "city-state belt" that ran from London to Florence and Siena, by way of the Low Lands, the Rhine Valley, the Swiss plains and the Po Valley. Subsequently, its institutions were diffused gradually and unevenly to the Northern, Eastern and Southern regions of the European peninsula. Granted that colonialism successfully transplanted some of the practices of civil society to those parts of the world where emigrating Europeans established themselves as the dominant group, but what about those places that only suffered the effects of European imperialism and were governed for long periods of time by a small group of resident foreigners? And, even more, what about those non-European peoples in China, Thailand, Persia, Japan, parts of the Ottoman Empire and Ethiopia (until the 1930s) that managed to escape direct subjugation to European powers and, therefore, retained more continuous control over their own institutions and values during the 19th and 20th Centuries? Do we have any reason to suppose that, by stretching the concept of civil society to fit them, it can play an analogous role in improving the quality of their governance?

Infra, I will make the seemingly contradictory argument that the presence of a differentiated and active civil society is central to the notion of governance in all cultures and societies, but that to perform its functions properly, each national civil society may have to be configured differently and, hence, perform a different bundle of tasks. In other words, I will develop a generic notion of what civil society is and then discuss how sub-

types of it may be more appropriate for the resolution of specific conflicts or the solution of particular developmental problems.⁷

II. A First Definition *sui generis*

Let us first experiment with a definition of 'governance' that accentuates its peculiarity as a method/mechanism for resolving conflicts and solving problems, and then explore its connections with other methods/mechanisms.

Governance is a method/mechanism for dealing with a broad range of problems/conflicts in which actors regularly arrive at mutually satisfactory and binding decisions by negotiating with each other and cooperating in the implementation of these decisions.

Its core rests on **horizontal forms of interaction** between actors who have conflicting objectives, but who are sufficiently **independent** of each other so that neither can impose a solution on the other and yet sufficiently **interdependent** so that both would lose if no solution were found.⁸ As we shall see, in modern and modernizing societies the actors involved in governance are usually non-profit, semi-public and, at least, semi-voluntary **organizations** with leaders and members; and it is the embeddedness of these organizations into something approximating a **civil society** that is crucial for the success of governance. These organizations do not have to be equal in their size, wealth or capability, but they have to be able to hurt or help each other mutually. Also essential is the notion of **regularity**. The participating organizations interact not just once to solve a single common problem, but repeatedly and predictably over a period of time so that they learn more about each other's preferences, exchange favors, experience successive compromises, widen the range of their mutual concerns and develop a commitment to the process of governance itself. Here, the codewords tend to be **trust** and **mutual**

accommodation -- specifically, trust and mutual accommodation between organizations that effectively represent more-or-less permanent social, cultural, economic or ideological divisions within the society. Note also that governance is not just about **making decisions** *via* negotiation, but also about **implementing policies**. Indeed, the longer and more extensively it is practiced, the more the participating organizations develop an on-going interest in this implementation process since they come to derive a good deal of their legitimacy (and material resources) from the administration of mutually rewarding programs.

A 'Second-Best' Solution?

This mode of problem-solving/conflict-resolving can be distinguished from two, more common, ways of accomplishing much the same purposes: (1) calling upon the government, back by the hierarchical authority of the **state**, to impose a solution; or (2) relying upon firms to allocate resources by **market** competition and, thereby, generate a satisfactory outcome. In the first instance, the effectiveness of the mechanism depends on the legitimacy of public officials and the capacity of conflicting groups to gain "fair" access to them; in the second instance, it rests on the initial acceptance of property rights and the subsequent perception that distribution by ability to pay is not discriminatory. If both of these mechanisms worked well -- and worked well together -- there would be no need for governance. Governance only emerges as an attractive alternative when there are manifest **state failures** and/or **market failures**.⁹ It is almost never the initially most preferred way of dealing with problems or resolving conflicts.

In the aftermath of World War Two, thanks to the theoretical contribution of John Maynard Keynes, policy makers tended to respond to market failures with active state intervention at the macro-economic level. These public measures were intended to discourage the formation of monopolies, and to correct for negative externalities. They also tried to compensate for incomplete information, deficient infrastructure and insufficient aggregate demand.

The notion of state failure began to appear in the 1970s, when the consensus underpinning interventionist policies waned. The action of the state as employer, producer or subsidizer came to be perceived as part of -- if not as **the** cause of -- declining economic performance. State agencies were seen as manifestly unable to cope efficiently with the increasing load of complex and conflicting demands coming from society. Moreover, this demand overload was interpreted as one of the major factors producing persistent inflation which, in turn, undermined future opportunities of economic recovery.

The theme of governance emerged in this transitional context, not just in the performance of developed and developing economies, but also in their theoretical self-understanding. It seems to have been rooted in two insights:

(1) A redefinition or, better, a redimensioning of the role of the state.

Market forces should take over some functions and produce some goods and services previously seen as state prerogatives; therefore, the amount of government spending and activity should be reduced. The state should no longer be involved in the details of planning, subsidizing or redistributing resources to firms, families or individuals. Instead, it should concentrate on ensuring that market mechanisms function properly and efficiently. To that effect, it issues regulations,

imposes standards, enforces legal norms, and enters into partnership arrangements with the firms in order to pool resources when private funds or strictly voluntary action would be insufficient. The state should also promote behaviors in the public and the private sectors which comply with market principles. As an important part of this “redirecting” of the use of public authority (and, thereby, strengthening its capacity and legitimacy), state agencies may choose to “off-load” some of their previous responsibilities upon not-for-profit organizations of civil society organizations. It is in this area, as well as that of public-private partnerships and co-managed enterprises that some of the most innovative experiments in governance have emerged.

(2) **A shared responsibility for resource allocation and conflict resolution.** Contrary to the previous (liberal) paradigm, public and private forms of authority are not mutually exclusive.

Governance is an attempt to produce flexible combinations of both. This is visible in the new forms of public-private partnerships emerging in the policy areas where market forces have recently been expanded or introduced, such as education and health (Stern & Stiglitz, FT 8/VII/97). These arrangements cannot be reduced either to coercion or to interest-based economic rationality. They depend crucially on novel forms of social cooperation, voluntary contribution and collective effort that can only be found within a properly constituted “civil society.” This has

States can deal with the problem of CO₂ emissions by setting legal limits on the amount of CO₂ firms can generate, by subsequently enforcing these limits with the help of its legal and coercive apparatus and by committing public resources to reforestation activities. Alternatively, some initiatives (e.g. pollution bonds traded on the stock exchange), have highlighted how **market** principles could provide incentives for a more rational management of the environment. Lately, CO₂ emissions have become the test ground for innovative solutions involving far reaching partnerships between the public sector, firms and civil society organizations. Because they transcend private/public distinctions and national boundaries, environmental issues provide good examples of possible **governance** arrangements. Some years ago, reforestation was not considered an activity which could lend itself to profit-oriented market transactions. However, surveys show that consumers are willing to pay an additional charge on their gas or electricity bill for a “climate-friendly” warrant. Raising and managing reforestation funds or trusts create enduring linkages between public agencies, private firms and environmental organizations. These arrangements illustrate how civil society can make the market satisfy social values. In the case of CO₂ sequestration, such arrangements can bring the private sector (firms) to produce public goods (oxygen). [Source: *Financial Times*, August 6, 1997]

also been referred to as the “Third Sector” (or, in Italian, as the *mercato sociale*). In it, voluntary exchanges not only satisfy the demand for goods and services but they

also are designed to improve sociability, create trust, and generate new social capital that can be invested in other cooperative ventures. Even when the goods and services produced are market-allocated and privately appropriated, they also constitute semi-public goods that should benefit the community at large (See Box 1 above).

The efficacy of governance as a mechanism depends on its symbiotic relation to both state and market. It can never operate alone. Just as markets need the legitimate hierarchical commands of the state if only to police their contracts and just as state agencies need the resources generated by the market if only to provide their fiscal receipts, so governance arrangements have to be protected by a broader system of law and legitimate authority and financed by individuals and firms that derive their livelihood from efficient market transactions. Governance can supplement and, therefore, improve the performance of public agencies and private firms by lowering their decisional burdens and correcting for their unacceptable distributions, but it can never replace or even displace them.

It does not seem exaggerated (to me) therefore to classify most governance arrangements *stricto sensu* as “second-best” solutions. States and markets are much more visible and better justified ways of dealing with social conflicts and economic allocations. Preference for one or the other has changed over time and across issues following what Albert Hirschman has identified as a cycle of “shifting involvements” between public and private goods.¹⁰ Actors, however, are familiar with both and will “naturally” gravitate toward one of them when they are in trouble. Governance arrangements tend to be much less obvious and much more specific in nature. To form

one successfully requires a good deal of “local knowledge” about those affected and, not infrequently, the presence of an outside agent to pay for initial costs and to provide reassurance -- even coercive backing -- in order to overcome the rational tendency not to contribute.¹¹ As we shall see, this almost always involves some favorable treatment from public authorities as well as (semi-)voluntary contributions from private individuals or firms. What is novel about the present epoch is that, increasingly, this external support is coming from foreign and not strictly national sources, especially from international intergovernmental organizations and non-governmental organizations.

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Good governance is quite simply the outcome or net effect of these mechanisms when they produce results that individuals in a society believe are superior to those which they enjoyed/suffered in their absence. No more! Governance is not a good in itself -- no more than the state method of organizing political space or the market method of structuring economic transactions. Resorting to its mechanisms may not always be a good idea. It depends on the preferences of a given country’s producers-consumers-citizens-rulers-workers-employers-men-women-polluters-pollution-sufferers, and so forth. What is more, these frequently conflicting categories may not always agree on whether the net effect is better. And, a specific governance arrangement that produces highly desirable effects in one society may fail completely or generate perverse effects in another. Hence, it is very important that in recommending them donor organizations not “oversell the product” and claim that the same formula can cure all a given country’s state and market failures -- simultaneously!

If, as suggested *supra*, the success of governance hinges on its relation to a particular configuration of organizations into something that has been called a “civil society,” let us now make an effort to understand what this implies.

III. A Second Definition *sui generis*

“Civil society” is another concept that has had an astonishing career in recent years -- whether attached to that of governance or democratization, or all by itself. It, too, is “vague and optimistic.” And it, too, badly needs to be defined more clearly before it can help us to explain what governance has to contribute.

A civil society can be defined as a set or system of self-organized intermediary groups that: (1) are relatively independent of both public authorities and private units of production and reproduction, i.e. of firms and families; (2) are capable of deliberating about and taking collective actions in defense/promotion of their interests or passions; (3) but do not seek to replace either state agents or private (re)producers or to accept responsibility for governing the polity as a whole; (4) but do agree to act within pre-established rules of a "civil," i.e. mutually respectful, nature.

Civil society, therefore, is not a simple but a compound property of intermediary units within a larger historical formation -- usually, a national community. It rests on four conditions (or, better, four behavioral norms): (1) dual autonomy; (2) collective action; (3) non-usurpation; (4) civility.¹²

Moreover, these must be practiced within civil society, not only by most of its component organizations, but also it must be respected by both public authorities and private producers. The mere physical presence of a set of intermediary organizations is necessary, but not sufficient evidence for the existence of a civil society since these units can be manipulated by public or private actors and they can be mere façades masking

actions by social groups intended to usurp power from legitimate state authorities or to exert domination over other social groups in "uncivil" ways.¹³

Degrees, Distributions and Types of Civil Society

By definition, "real-existing" civil societies are composed of many different kinds of intermediaries that have organized themselves in a variety of ways. Three descriptive dimensions can help us to compare them and to assess which are the most likely to generate and support governance mechanisms:

(1) **Degree** implies that civil society never completely monopolizes the interaction between individuals/firms/clans and the state, but operates alongside such direct contacts and actions in differing mixes of efforts to influence the course of public policy. The more these efforts are channeled through intermediary organizations, the greater is the degree of civil society and, by implication, the easier it will be *ceteris paribus* to use mechanisms of governance.

(2) **Distribution** implies that the attributes of civil society may be more applicable to some social groups or subsets of interests rather than to others. Standard usage in the discussion of governance has focused on the intermediation of functionally-based lines of cleavage in society: classes, sectors and professions and the desirability that their particularly salient conflicts be processed through such channels, although as the bases of conflict shift within a given society, it may become equally imperative that "other" interests such as gender and environmental concerns and even

passions such as religious and ethnic identities be represented in this fashion.

(3) **Type** implies that the norms of autonomy, collective action, non-usurpation and civility can be embodied in quite different ways to produce different general configurations of civil society. The most widely discussed of these has involved the ideal-typical distinction between **pluralism** and **corporatism**. An additional implication is that, while both of these configurations (as well as several intervening points on the continuum between them) are compatible with the development of governance, their presence will have a significant impact upon the performance, distribution of benefits and "quality" of whatever arrangements emerge. Below, we shall explore further the nature of the differences between these two systems and their consequences for governance.

Furthermore, once governance arrangements have been initiated in a given civil society, this will tend to encourage the organizations that participate in them to acquire even more autonomy from their members (as well as from political parties) and to extend their scope to bring wider and wider interest domains under their control. At the extreme, in a "high governance polity," the system for decision-making and policy-implementation would become populated with a series of "private interest governments" covering many sensitive policy areas, with profound consequences for political parties, local clienteles and the legislative process, as well as for the overall governability of the political order. Many of the contemporary democracies in continental and "Scandinavian" Europe have reached this condition -- while countries such as Great Britain and the United States with their more

pluralist (and liberal) configurations have much less governance capacity and, hence, rely more on market-driven distributions and state regulations.

Before moving on to an explanation of what distinctive contribution governance within a civil society can make to the development process, let us turn briefly to some of the properties of individual, direct membership organizations that may make a favorable contribution to this outcome:

(1) **Number.** Theoretically, this should be unlimited -- provided the existence of the twin liberal freedoms of association and petition. As James Madison put it so bitterly about his fellow citizens, "the most frivolous and fanciful distinctions have been sufficient to kindle their unfriendly passions and excite their most violent conflicts". Indeed, his pluralist formula was designed to increase the potential number by multiplying the levels of authority around which they could form, as well as placing no barriers to their continual fragmentation. Several factors, however, may either raise the threshold of association formation for specific social groups, or restrict access to bargaining arenas by those that do manage to get organized. Here is where public policies can be expected to play a crucial role. Linked to this basic condition are subsidiary questions of whether the associations are new or merely re-baptized versions of previous ones; whether their formation is spontaneous or sponsored (and, if so, by whom); and whether they tend to emerge early or late in the process of development.

(2) **Member Density.** According to liberal theory, the proportion of those eligible to join and contribute to this form of collective action who actually do so is supposed to be determined only by the rational and independent calculation of

individuals. In fact, the usual social and economic "filtering mechanisms" are often supplemented by deliberate public and private actions. This leads to the murky area of outside sponsorship by political parties, statutory obligations by state agencies (*vide* chamber systems for capitalists and agriculturists, closed shops and union taxes for workers) and even more subtle forms of fiscal discrimination, licensing, export certification, subsidized services and outright coercion -- all of which can bind various social and economic categories to their respective units of representation in ways they do not freely choose.

(3) **Representational Domain.** It is usually assumed -- especially in democracies -- that the associations and movements of civil society are capable of determining by themselves whom they wish to represent. They are supposed to set the limits on whom they attempt to recruit as members and what they purport to speak for. Rarely, however, is this the case. Under state corporatist auspices -- the usual inheritance from authoritarian rule -- these domains were specified by law or administrative regulation. Interests had to be organized by economic sector or professional specialization; to have adopted a given territorial format; to have restricted themselves to a certain level of interaction; and to perform a prescribed set of tasks. Conversely, certain domains and activities were proscribed, as were specific political, ideological or cultural affiliations. These are organizational "habits" that may decay slowly, even when the original measures are revoked.

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Summarizing this "bundle" of characteristics relative to individual associations, the two properties that seem to make the most difference for the formation of governance mechanisms could be called:

(1) **Strategic capacity:** Are these organizations of civil society sufficiently resourceful and autonomous to be able to define and sustain a course of action over the long-run that is neither linked exclusively to the immediate preferences of their members nor dependent upon the policies of parties and agencies external to their domain?

(2) **Encompassingness:** If this is the case, how broad a category of represented interests can be covered by any given organization or coordinated by peak associations through hierarchical arrangements?

One major hypothesis is that where and when countries manage to acquire intermediary organizations -- especially class, sectoral or professional associations -- that have both strategic capacity and encompassing scope, this more corporatist type of civil society will have a greater capacity for practicing governance than where a great multiplicity of narrowly specialized and overlapping organizations emerge with close dependencies upon their members and/or interlocutors. Pluralist associations, in other words, tend to weaken the role of organizational intermediaries; corporatist ones strengthen it.

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If **strategic capacity** and **encompassingness** were the two composite, emergent properties of individual associations that seemed most relevant for predicting outcomes, the two that best define the nature of inter-organizational systems (networks) within civil society are:

(1) **Categoric governance:** The former engages the capacity to commit an entire comprehensive social category -- e.g. all owners of productive property, workers in all industries, self-employed in all sectors, an entire neighborhood, all victims of a particular form of pollution -- to a common and long-term course of action and to be able to assure that those bound by such a policy do indeed comply with it. Theoretically, this could be accomplished by a political party, although the logic of continuous electoral competition (where it exists and is effective) tends to undermine this. In practical terms, if governance by cooperation (the more commonly used term is **concertation**) between social classes or locality groups is to become a reliable property of civil society, it is a set of monopolistic, hierarchically coordinated and nationally-focused associations or movements (usually culminating in a single peak association) that will have to do the job. If not -- if the emerging system(s) are multiple and overlapping or if they remain localized and dispersed -- then, civil society will be less capable of enforcing social peace between conflicting interests at the level of the society as a whole. Such a pluralist civil society will, however, be a more open, free, competitive and (perhaps) innovative -- just less capable of delivering the compliance of those who participate in it.

(2) **Organizational Congruence:** this refers to the extent to which the coverage, monopoly status and coordinative capacity of different organizations within civil society are similar to each other. One could postulate an underlying trend in this direction, especially between clusters of

associations/movements that represent conflicting interests. In order to compete effectively, they have to imitate the structure and behavior of their opponents. Nevertheless, in historical terms, some social groups usually take the lead in experimenting with novel forms of self-organization and they may be able to conserve their relative advantage for some time. As we shall see, especially problematic are those situations in which some “traditional” sub-component -- clan, tribe, *ethnie* or race -- of national society establishes a clear hegemony and forces all other emerging forms of associability to conform to its prior demarcation. The increasingly role of external actors in the contemporary period enhances the likelihood that many domestic groups will have a wider range of forms to choose. This could result in greater incongruence, i.e. more overlap and rivalry within each category of representation. Some national interests and passions will simply have greater access to foreign resources and “models.” Ironically, if the purpose of these interventions by IGOs and, especially, by NGOs is to enhance governance, the very diversity of their efforts may impede it -- by promoting pluralism and undermining corporatism!

IV. An Explanation *pro tempore*

We now have identified more clearly and explored preliminarily our key terms and their (hypothetical) relation to each other. We have not, however, explained why this theme of governance has become so salient and, especially, why it has become so salient **now!**

As far as developing Third World countries are concerned, the immediate answer seems rather obvious: governance has gained in significance because of the widespread perception that the two “classic” methods/mechanisms: states and markets have failed. In other words, *faute de mieux*, let us try governance!

This, of course, does not explain why these failures occurred in the first place -- especially when both state and market mechanisms made very substantial positive contributions to the earlier development of today’s advanced industrial societies. Unless we are prepared to argue that unique cultural characteristics (“tribalism” and “clientelism” seem to be the usual culprits) or distinctive historical legacies (“colonialism” is definitely the favorite) make it simply impossible for Africans, Latin Americans and (some) Asians to run effective states or efficient markets, then we have to look elsewhere for an explanation.

And, ironically, we may find it precisely in those countries that were previously so successful in mastering the skills of “state-building” and “market management.” For they too have been experiencing crisis symptoms in these “classical” ways of solving individual problems and resolving collective conflicts -- and they have been experimenting more-and-more with a variety of governance mechanisms to cope with them. Especially in Western Europe since the late 1980s, there has been a full-fledged revival of macro-, meso- and micro-level mechanisms for social concertation that everyone had declared moribund in favor of a definitive triumph of deregulation, privatization and liberalized markets.¹⁴

In a single word, the explanation behind all these failures and subsequent experiments is **complexity**. The more complex the system, the more links in the chain of production or distribution of scarce goods, the more the number and variety of actors whose behaviors have to be coordinated, the greater the need for accurate, in-time

information and, hence, the greater both the dependence and autonomy of each participant since without the cooperation of others his or her value-added is worth a good deal less, but he or she may choose to withhold cooperation strategically in order to extract a higher unit price for it. Constantly evolving technology also enters the picture, both by increasing the sources of complexity but also by providing some of the means for resolving it.

Needless to say, the liberalization and globalization of exchanges -- capital and knowledge especially, but also goods and services and, much less, labor -- has been steadily contributing to the increase in complexity, as well as extending its reach into the farthest corners of the earth. Advanced capitalist societies have been the most affected and, hence, as we shall see, the greater is their need to rely on governance mechanisms, but *tout est relatif* and even the most remote outposts are finding themselves proportionately more ensnared in competitive systems of production and distribution. Their systems may be comparatively simple, but the impact of just modest degrees of liberalization and competition from globalized markets can have a disproportionate impact on pre-existing state and market arrangements.¹⁵

To this has to be added a further, more ideological, factor -- namely, the growing perception that all this liberalized and globalized complexity is leading to environmental decay and, therefore, it is necessary to intervene in the interest of future generations to protect the limited resources of Planet Earth from predation by the present generation.

The root hypothesis for responding to this crisis of complexity is that it requires new forms of problem solving/conflict resolution. The previous reliance upon hierarchic coercion *via* the state no longer works because its agencies invariably lack accurate and

timely information -- not to mention, because its agents tend to extract more-and-more “rents” for their increasingly discrete (if ill informed) interventions. The presently fashionable neo-liberal emphasis on market solutions has proven more efficient in the immediate production of goods and services, but very deficient in dealing with the externalities that this generates for marginalized groups and future generations.

Which brings us to the virtual explosion of experimentation with the devices of governance within some advanced capitalist societies and with the burgeoning interest in the concept on the part of international development organizations. I doubt whether there is a conscious connection between the two, but I am convinced that they are both reflections of the same desire. In the Italian political jargon, this strategic response has long been referred to as the search for a *terza via* -- a third way of solving problems that avoids the deficiencies posed by the dichotomy of state and market and, yet, is capable of drawing resources from both!

The basic intuition seems to be that complexity requires (and facilitates) horizontal and voluntary interaction between autonomously constituted actors who recognize each other's existence, understand that their interests are interdependent but conflictual, and are prepared to negotiate their way to a mutually satisfactory solution. In other words, they form a **network** in the most generic sense. In so doing, they reject the notion that one of them has legitimate authority over the others or that the winner will be decided only on the basis of his/her property rights or ability to pay. Their formal status as public or private organizations is ignored or set aside, even though in the event of a breakdown in their negotiations it implies a distinct set of resources to which they can fall back. What is

crucial to their joint enterprise is the willingness to share information and to abide by the decision that is subsequently reached.

Since those involved are usually organizations, this raises the delicate question of whether they will be capable of insuring the compliance of their members which is one of the reasons why most governance arrangements involve some degree of “devolution” or “off-loading” of public authority to the network and, consequently, the potentiality of recurring to coercive authority in the event of dissent.¹⁶ Under these circumstances, those involved tend to acquire a “semi-public” status -- whether formally or informally -- which enhances their autonomy *vis-a-vis* members and their command over physical and human resources. In the extreme, i.e. corporatist, cases, the relevant actors possess a monopoly over the representation of some specific set of interests and they are often grouped into hierarchical systems of organizations that can embrace an entire national territory or a specific sub-national region.

Where the civil society that emerges is pluralist, i.e. composed of a multitude of competing associations/movements which are voluntarily joined and from which it is easy to exit, governance is still possible, but much more difficult to institutionalize. *Par contre*, the system will be more flexible over time and across problem areas.

The Relation with Democracy

In the general literature on governance, the concept is defined in such a way that it openly or surreptitiously includes the assumption of democracy. Indeed, in a few extreme versions (often those of national donor institutions), it is virtually synonymous with “Western Liberal Democracy.” The promotion of multi-party systems and competitive elections become the central objective of so-called “governance programs.”

From the narrower perspective adopted here, governance may be more likely to develop in a democratic polity, but even “liberalized” autocracies could benefit from it. Indeed, in Western Europe some of the most important governance devices were put in place under such circumstances: chamber systems of representation; self-governing retirement and welfare schemes; arrangements for commercial mediation and arbitration; functional advisory bodies; etc. -- although it only fair to observe that much of its proliferation occurred after democratic regimes had been consolidated in the post-World War Two period. As far as their internal procedures are concerned, it is almost unimaginable that decisions in such interorganizational networks would be taken by simple or even weighted majority. Outcomes always involve paying attention to proportionate considerations and coming to delicate mutual accommodations that are not based on the citizen equality of those participating. Moreover, a good deal of social science research has demonstrated that, with very few exceptions, the associations and movements involved in such arrangements tend to be oligarchic. The joint effect on the system as a whole of their mobilization and socialization of individuals may be democratic, but their internal procedures usually are not. Surveys have also shown that the propensity to form and join such organizations is not equal for all social groups and, therefore, they tend to overrepresent the interests of the relatively well-educated and well-off -- when the choice to participate is strictly liberal, i.e. individual and voluntary.

Which is **not** to say that establishing a “social dialogue” between adversarial interests and getting them to share responsibility for the policies that ensue is either anti-liberal or anti-democratic. It is, however, not the same thing as “conditioning” Third World rulers so that they will deregulate sectors or professions, privatize public enterprises,

contract out services to firms, employ business management techniques, install an independent auditing agency, draft a constitution that guarantees political and human rights, grant higher court judges the power of constitutional review, decentralize the territorial distribution of state authority, tolerate the existence of opposing parties, allow for external monitoring of elections, and so forth. All these seem desirable (at least, to me), but they are better understood as policies designed to enhance “**good markets**” or “**good governments**” -- not “**good governance.**”

The (Lesser) Problem of the Rule of Law

Another thing that is frequently thrown into the “governance basket” is the rule of law. As we shall see *infra*, some formalized and enforceable guarantees concerning freedoms of association, petition and assembly and some assurances against arbitrary state intromission in the internal affairs of associations and movements are essential for the formation of self-governing units in civil society and, hence, for their subsequent deployment in governance arrangements. However, promoters of governance may find themselves having to take some rather unorthodox stands on legal issues. For one thing, to make these arrangements work effectively it is often necessary for them to operate “informally” and “confidentially” -- at least during the negotiation process. Too much attention to pre-established rules and transparency before concerned publics tends to reduce the chance of reaching agreement -- or drive it into backrooms where legal niceties and accountabilities are even less in evidence. In yet another way, the entire edifice of governance violates one of the cardinal principals of a liberal conception of law -- namely, its presumption that there is only one source of generally binding norms in the system: bills passed by parliament. Granted that in some cases, the parliament may have explicitly devolved upon a governance arrangement the formal authority to generate further norms on a given subject, but more often than not these networks regulate themselves without an specific mandate, whether legislative or executive. Instead, they accumulate practices as the result of their deliberations and these practices affect not just themselves, but are binding on all those operating in a given social or economic area -- whether they have participated or not.

* * *

The bottom line seems to be that complexity is not only behind the promotion of governance, but it is also insistently encouraging actors to re-think their basic assumptions about such well-established notions as the place of markets, the role of the state, the nature of democracy and the rule of law.

V. An Argument *ad societatem*

Governance, as understood in this essay, depends on the existence of some “degree, distribution and type” of civil society, although its practice is also a powerful factor in improving the characteristics of civil society. The more collective demands are channeled through its organizations; the broader the distribution of social groups that are included; and the more corporatist its configuration, the greater will be the likelihood that governance mechanisms will emerge and be successful. Moreover, as implied by the last of these hypotheses, the smaller their number, the higher their member density (often because membership is not purely voluntary), and the more compassing their respective domains of representation, the more these associations and movements are likely to make a net contribution to governance. As a sort of summary of the above conditions, it is in civil societies whose component units have somehow acquired “strategic capacity, ”encompassingness, “ ”class governance,” and “congruence” that we would

Imagine the establishment of a program that will funnel **credits to small and medium-size enterprises**. Its provisions can be decided: exclusively by central political authorities (**state**), funded out of general tax revenues and administered through local state agencies; or it can be accomplished by incentives -- subsidies, exemptions, set-asides and/or guarantees -- that will encourage private banks (**market**) to give greater preference in their loan portfolios to small and medium enterprises; or it can involve the devolution of decisional authority and even the ear-marking of specific taxes, fees and member contributions to neighborhood, professional and commercial associations that would subsequently implement the requisite allocations (**governance**)

expect to find governance arrangements making the greatest contribution, not just to development policies, but to the maintenance of a stable and legitimate public order.

So, the answer to the question: “**How does one bring about an increase in governance?**” is deceptively simple: “**Promote the development of a proper ‘degree, distribution and type’ of civil society!**” Which, frankly, is not much help since so little is

known about how civil societies come about.

Consider a program that will protect the physical and human environment surrounding a large **dam project**. This could be left to the discretion of experts from (**state**) agencies with overlapping functional or territorial authority, each with their surrounding clienteles ; or one could envisage that the firms in different sectors with differing agendas of development and differing factor costs would, in their competition with each other for customers, workers, suppliers, creditors, etc. take into consideration present and even future externalities (**market**); or one could create a forum or network incorporating relevant public and private organizations representing different constituencies and assign them the responsibility for negotiating a settlement on environmental issues (**governance**).

We do know that a few countries literally “inherited” the requisite conditions from their pre-capitalist, pre-modern (and pre-democratic) past. Unfortunately, most of these are advanced capitalist societies, some of which are prominent donor countries. While this may in large part explain their recently discovered enthusiasm for advocating “good

governance,” it does not tell the recipient developing capitalist societies how to do it. Indeed, it is hard to avoid the impression behind much of this literature that the donors are saying: “Do as we did unto ourselves (even if we didn’t know we were doing it at the time and even if we recognize that the initial conditions facing you are vastly different than those that we had to deal with in the 19th and early 20th Century)”! Moreover, except for a few cases of international working class solidarity and some degree of emulation across

national borders, these early developing, high civil society and good governance societies have had to do it largely on their own -- without foreign intervention and/or resources.¹⁷

The only obvious advantages that later developing societies have are:

(1) the existence of a so many “models” of collective organization that they can imitate and the greater diffusion of organizational skills in their respective populations -- at least, in those countries that have an embryonic middle class with post-secondary education;

(2) the presence of foreign organizations -- governmental, intergovernmental and non-governmental -- that are willing and able to bear some of the start-up costs and dedicated to pressuring third world governments into following policies that tolerate, if not promote, the formation of autonomous associations and movements.

We begin with a hypothesis that is both encouraging and discouraging for those developing countries that have experienced “state failures” and “market failures” and might, therefore, be receptive to trying to increase their governance capacity *via* the activation of civil society:

The civil society is not an automatic or unreflexive product of capitalism, urbanization, literacy, social mobilization, interpersonal empathy, formation of a middle-class -- i.e. of development writ large -- although it is encouraged by all of the above. Rather, its emergence in a specific setting requires explicit policies by public authorities and implicit practices by private (re)producers.

The optimistic note lies in the notion that it may not be necessary to reach the levels of attainment and performance of earlier developing societies in order to have a civil society.

The pessimistic one stems from the fact that both public authorities and private producers will have to cooperate in following policies that will encourage (but not guarantee) its emergence. In other words, societies are

the same level of development can have quite different “degrees, distributions and types” of civil society; and societies at very different levels can also draw on its benefits with regard to governance -- at least, in some sectors, classes, professions and localities. A great deal of the variation in outcome hinges on policies followed by

What about policy measures designed to ensure that **wage increases** will not greatly exceed increases in worker productivity and, thereby, increase inflation or decrease competitiveness? This can be fixed by a government decree based on “objective” statistical data and an appropriate algorithm (**state**); or it can be the end-product of competition between (unorganized) workers acting individually and “prudently” under the threat of dismissal or reduced hours (**market**); or it can be decided by repeated negotiations and compromises among “social partners,” e.g. between employer associations and trade unions, either at the sectoral or the comprehensive level (**governance**).

public and private actors that channel conflicts and institutionalize their resolution in different ways.

In none of the cases described in the above boxes (Boxes 2, 3 and 4) is the third, the governance, option necessarily superior. That will depend, first and foremost, on the prior availability of at least some relevant associations and movements and their willingness to enter into negotiations, as well as to accept the inevitable compromises that they produce.¹⁸ It will also depend, however, on the “local” circumstances surrounding each of the issue areas: need for accurate information; importance of secrecy and discretion; role of political parties and social notables; presence of “cumulative cleavages”

in the socio-ethnic structure; dependence on voluntary compliance; potentiality for

“free-riding,” territorial division of authority, presence or absence of democracy at the regime level -- not to mention, the country’s previous history of trying to deal with that

particular problem and, especially, its state, market and governance failures of the past!

The development of civil society is one important aspect of governance, but this depends on legal provisions and public policies. The case of non-governmental organizations (NGOs) and not-for-profit organisations (NFPOs) provides good examples of how the state can promote or obstruct the development of civil society. In **Eastern Europe**, NGOs and NFPOs are still regarded by the states primarily as a source of tax income. Whereas, some countries have passed legislation to define the scope of such organizations and provide incentives such as tax-exemption status; many still have no legal definitions of what a NFPO is. The boundary between the “private sector” and the so-called “third sector” is not clear. In **Ukraine**, for instance, no laws regulate the functioning of not-for-profit entities. The provisions are scattered among various legislative acts, such as the Law On Education, On the Protection of Consumers’ Rights, On National Minorities, etc. , which regulate citizen associations in limited sectors for specific purposes. The tax legislation, similarly, does not provide a special status for NFPOs, which are taxed, except for their voluntary contributions and donations. In **Estonia**, the situation was more or less the same until March 1994, when the Law on Not-for-Profit Associations and their Federations was passed. With this Law, a first step was taken toward granting a specific legal status to NFPOs. There are still insufficient provisions for distinguishing between NFPOs and Foundations and for the registration of their statutes. Two draft laws on these matters are currently being examined. NFPOs can apply to be included in a list of tax-exempted organizations, but there are no clear criteria yet for admission, and decisions are taken on a case-by-case basis. In many cases, therefore, Estonian NFPOs have to pay taxes on earnings and on funds received from donors as well.

A List of Pro-Governance

There are many ways in which public policies and private actions can contribute to building governance into civil society. These have varied considerably over time and many are probably unique to specific cultures. It is, therefore, difficult to generalize about them and even more hazardous to apply them indiscriminately. What has worked in one time and place may produce a contrary reaction elsewhere. With some

trepidation, I will nevertheless offer an admittedly incomplete and only suggestive list of policies that I have observed in my research and that have contributed to strengthening this generic outcome. Among the public policies, the following seem particularly important:

The Organizacion Nacional de Ciegos de España (ONCE) might be amongst the most peculiar organizations of the world and constitutes an illustrative example of the problems (and unexpected consequences) of governance arrangements. The historical failure of the Spanish **state** to deal with the specific needs of blind people, together with their high organizational density and skills (**civil society**), led the Franco regime to grant blind people both the autonomy and the means to obtain and administer their own welfare, health, labour and education schemes -- including even the administration of measures designed for the prevention of blindness. The most distinctive aspect of this arrangement was the concession of a nation-wide lottery which became very popular and generated important revenues. But when the country's development reduced the number of blind and subsequently increased the age of ONCE members, ONCE's need for increased revenue led it to rely more and more on its lottery as a source of revenue. Over the years, the selling of lottery tickets turned into the principal source of income for the blind, this providing few incentives to receive training or seek "normal" employment. In 1988, forty years after its foundation, the occupational structure of ONCE's almost 18.000 members was as follows: 71% lived out of the salary they received for selling lottery; 27% worked for the organization; and only 2% had a job outside the organization. During the 1980s, a combination of good marketing techniques and a buoyant economy generated important financial resources for ONCE. Counselling by professional managers and maximizing its resources like any other corporation, it started to buy and sell shares in the stock market and eventually became an influential stakeholder in many enterprises -- including, ironically, one major television station. These successes drew attention to the wealth and privileges enjoyed by ONCE. Associations representing other handicapped people began setting up -- illegally -- their own lottery systems. The government eventually intervened to regulate the sector and to compel ONCE to open up its facilities to other categories of the handicapped. [Source: Roberto Garvia, "Corporatism, Public Policy and Welfare: The Case of the Spanish Blind", *Journal of European Public Policy*, No. 22 (June 1995), pp. 243-259].

(1) **Freedom of association, petition and assembly** -- By now virtually a standard item in constitutions, although it is often restricted in practice. This, of course, raises indirectly the issue of regime type since very few autocracies have actually tolerated these freedoms.

(2) **Legal recognition** -- in civil code countries, this is virtually a prerequisite for any organizations to exist, accumulate funds and own property. It is especially potent weapon when accorded to only one association or movement per category -- whether by decree or vote.

(3) **Special fiscal treatment** -- many associations and movements provide goods and services that compete with private firms and this may give

them a comparative advantage; also, tax exemptions for member contributions can be important.

(4) **Arenas for functional representation** -- efforts to create large-scale national “chambers” or “councils” have mostly failed, while “advisory committees” or “governing boards” attached to specific agencies have proliferated at all levels of aggregation. Often come with hidden payoffs for organizational leaders.

(5) **Guarantees of access to decision-making** -- in part, these rest on the formal arenas discussed *supra*, but also depend on informal practices within public and private bureaucracies. Can be especially significant if legally required and involve confidential information, e.g. German *Mitbestimmung* and *Betriebsräte*.

(6) **Protection from non-intromission in internal affairs** -- this usually requires an accumulation of rules and jurisprudence that prevent governments (and firms) from prying into internal procedures and finances, unless criminal behavior is charged. Important for developing member confidence in “their” organization.

(7) **Subsidization with public funds** -- obviously a double-edged sword since with financial support can come political control as a *quid pro quo*. Important to distinguish general funds for which large categories of organizations are eligible, from discrete “payoffs” to individual ones.

(8) **Obligatory membership and/or member contributions** -- again, can come with excessive controls or prohibitions, although as practiced by so-called “Chamber Systems” can be a very powerful mechanism for creating

extensive organizational hierarchies and associated groups difficult to reach on a voluntary basis.

(9) **Legal extension of contracts** -- known indigestibly as *Allgemeinverbindlichkeit* in German, it enables associations and movements with limited membership to enter into agreements that subsequently become binding on all agencies, firms or individuals affected. Almost invisible, but very powerful device.

(10) **Devolved responsibility for policy implementation** -- perhaps, the most significant measure (although often presumes several of those mentioned *supra*) since it can provide both a major incentive for expansion of membership and a major source of revenue and employment.

Every single one of these public incentives can be turned into a constraint or limitation. Even if “the government so disposeth, it can also taketh away” -- although in a democratic polity that respects the rule of law such distortions may be much more difficult to implement. These facilitating policies also necessarily involve associations and movements in power relations that are subject, not only to discretionary acts of bureaucrats and judges, but also to eventual changes in the party or alliance in power. Building a civil society and endowing it with governance properties is a risky enterprise for all concerned,¹⁹ but I doubt that it can be done without substantial public commitment.

The private practices that have contributed to greater or lesser reliance upon the intermediaries of civil society are even more difficult to pin down because they are so often deeply embedded in history and culture. They are also less subject to deliberate manipulation than public policies. Nevertheless, I would stress the following:

(1) **Class, sectoral, professional or corporate consciousness** --

There have been lengthy and, ultimately, inconclusive debates concerning the conditions under which individuals derive their identity from collectivities, although no one seems to question that this propensity varies from one society to another and from one epoch to another. Needless to say, an active civil society contributes to this, but where does it come from initially?

(2) **Voluntarism** -- we “know” that it is irrational for individuals to

contribute resources to large, self-organized groups without coercion; nevertheless, people continue to do so and they do so more in some societies than others. Surveys of organizational members show that it is significantly correlated with social class, age, education and occupation, but are there also community norms at work here and can they be learned by other communities?

(3) **“Moral sentiments”** -- Adam Smith long ago recognized that a

purely self-interested society was an impossibility and that individuals had to respect certain ethical norms in limiting the demands they make collectively on each other. Most elementarily, this involves respect for “the rule of law,” even in circumstances in which it would be more rational to risk punishment, but it also extends to more diffuse notions of “tolerance” and “fairness.”

(4) **Sociability** -- One very powerful, if “irrational,” motive for

participating in civil society is the simple satisfaction of interacting with others, so that spending time and money on membership involves a benefit

and not just a cost. Again, we do not know why this varies so much among cultures, but we do know that the capacity for “empathy” beyond one’s immediate family or tribe is affected by education and location (especially urbanization).²⁰

(5) **Trust** -- no “private” variable has received more recent attention than this one. Presumably, it varies with such conditions as the frequency of interaction and the multiplicity of sources of group satisfaction which is another way of saying the very practice of governance can generate trust in the behavior of leaders and the conformity of one's peers.

(6) **Altruism** -- Countries seem to differ in their “other-regardingness,” i.e. the extent to which persons take into account the needs of others and even of the society or planet as a whole. Perhaps, the most extreme case consists of individuals who contribute time and money to “causes” that do not affect their well-being and may only produce results in the far distant future. An important institutional manifestation of this trait is the existence of private foundations, some of which have been major sponsors of associations and movements.

(7) **Universalism** -- One of the strongest factors undermining civil society and governance is the propensity for individuals or families with special access to authorities to circumvent formal organizational channels and to act opportunistically in search of particularistic favors for family or friends. This “clientelistic” temptation is present everywhere, but it seems especially strong in certain cultures and locations.

(8) **Sense of personal efficacy** -- the attitudinal data on those who are most active in civil society tend to stress the importance of an individual's confidence in his or her ability to make a difference. Some of the correlates of this are well-established with level of educational attainment being the most important and gender frequently a discriminatory factor. What we do not have is a dynamic understanding of how much of this attribute is necessary for the initiation of civil society and how much is consequently produced by it.

(9) **Organizational skills** -- here is perhaps the area of private practice where deliberate intervention by external actors is most likely to produce an effect. Previously, the entrepreneurs of civil society tended to draw on a limited range of local forms of self-organization; presently, they have globalized access to an infinite variety of "models" to choose from and, moreover, there exist agents -- IGOs, NGOs and foundations -- that are prepared to pay some of the start-up costs and even to reward (or protect) personally those willing to take the initial risks.

Contrary to the public policies which were manipulable, powerful and relatively easy to invert to the detriment of civil society, these nine areas of private practice are much more resilient and difficult to overcome -- when and if they are unfavorable. There is just not much that actors (and, even more specifically, external actors) can do in the short run to improve the collective consciousness, voluntarism, moral sentiments, sociability, trust, altruism, universalism, and sense of personal efficacy of the recipient population -- which leaves organizational skills as the only fulcrum from which to exert much leverage.

“Development” in the extended sense of industrialization, urbanization, spread of literacy, exposure to media, higher levels of education, greater degree of workforce participation, etc. will undoubtedly contribute to some attitudinal and behavioral changes, but these may be slow and very uneven in coming.

The single most important promoter of private practices favorable to governance and civil society is -- the practice of civil society! The “trick,” therefore, is to get the process started and, then, do whatever is possible to encourage it to feed upon itself.

VI. A Search for Sites *ad rempublicam*

But **where** should this effort focus? After all, modern societies -- even the least developed of them -- are very complex constructions and they have a great many public and semi-public “spaces” in which one could think of trying to promote governance. Have we any reason to suspect that some of these sites are any better than others -- either in terms of the likelihood that governance arrangements will be easier to establish there or, once established, will be better at promoting “good” outcomes?

(PLACE FIGURE ONE HERE)

Let us begin by taking a very broad view of the configuration and boundaries of modern societies and, then, try to identify where the most appropriate sites might be located. At the center of Figure One is the *respublica* -- the polity or regime -- since, whether or not it is democratic or autocratic, it is presumed to have the primary and ultimate (i.e. sovereign) responsibility for solving societal problems and resolving disputes among its members. Only to a limited degree (hence, the dotted lines in Figure One), can these relations can be constitutionalized. At the least, they take place in an environment heavily conditioned (but not strictly determined) by formal prescriptions and regulations.

Grosso modo, two dimensions define this "internal regime": a vertical one based on the hierarchy of public institutions, and a horizontal one based on the process of government formation. Crucial for the first dimension are such traditional political science concepts as unitary/regional/federal/confederal territorial administration and presidential/semi-presidential/parliamentary executive. The second has been less conventionally mapped by political scientists, but it seems to be defined by type of coalition formed (minimal majority/maximal majority/minority), by principle of inclusion in government (party affiliation/associational support/personal loyalty/technocratic expertise), and by the number of actors involved (single party/dominant party/multiparty/supraparty governments).

The property-space surrounding the *respublicam* it is even less well defined in formal-legal terms. It is bounded by **institutional domains** on the vertical axis, varying from state (i.e. the realm of coercive authority) to the market (i.e. the realm of voluntary exchanges), and by **power resources** on the horizontal one, ranging from the counting of numbers (i.e. the assembling of majorities of citizens or consumers) to the weighing of intensities (i.e. the mobilizing of minorities of citizens or consumers). Any regime will not be identified only by its internal configuration (i.e. by the set of authorities and offices that form its government), but will also be composed of "partial regimes", (i.e. by more-or-less stable arrangements for exchanging resources between those who are ruling and those who are being ruled).

It is in that area of partial regimes that governance mechanisms are located.

While it is often the case that what goes on within the government and within the surrounding market environment affects quite significantly the viability of governance

mechanisms, their spatial location lies in between these sets of actors and their function lies in providing intermediate solutions to problems that have not or cannot be resolved by either the state or the market.

Any given *respublica* will have a distinctive internal regime of public offices and officials and a surrounding mix of external or partial regimes that differ in importance. The objective of enhancing governance is to promote the number and variety of such partial regimes and/or to augment their role in solving problems that states and markets cannot. Some *respublicae* will be more majoritarian, i.e. structured around the principle of primary citizenship based on the sheer number of votes than can be mobilized via the electoral and clientelist regimes in favor of a given candidate or policy; others will be more minoritarian, i.e. weighed to favor satisfying the intense preferences of some privileged subset of individuals, families, clans or classes. Some will be more "state-centered" in the way they focus demands directly and publicly on exchanges with administrative and executive agencies; others will be more "market-centered" in their capacity to resolve conflicts through private exchanges between firms and consumers. If these were completely successful there would be no need for "intermediate activity" and we could forget about "governance." For the reasons suggested above, we have some basis for believing that pure state and market mechanisms are declining in capacity *via-a-vis* increases in interdependence and complexity -- hence, the growing attention to the prospective role of governance arrangements.

[PLACE FIGURES TWO-SIX HERE]

In these Figures, I have attempted to sketch in some of the most promising generic experiments in governance: (1) "Classic" tripartite macro-corporatist concertation involving

issues such as wage levels, working conditions and welfare benefits for the economy as a whole (in Figure 2); (2) Bilateral, meso-corporatist agreements for such specific problems as environmental protection or sectoral regulation (in Figure 3); (3) Multi-level Governance Arrangements in which local social movements are linked to sub-national and national governments for monitoring some project such as the construction of a large dam (in Figure 4); (4) Public-Private Partnerships between firms and their local associations and national and local authorities, often for purposes of attracting foreign funds or improving local competitiveness (in Figure 5); (5) “Classic” private governments in which state agencies, judicial bodies and/or government officials devolve authority for allocation, licensing or adjudication upon a selected association intermediating the interests of a particular sector or profession. All of these involve interorganizational networks. All place intermediary associations or movements in the key role of linking individuals in society and firms in the market to agencies and ministries of the state. Needless to say, these five configurations of power and exchange do not exhaust the “shape” of possible governance arrangements. New ones involving different actors and different mixes of horizontal and vertical elements are being invented all the time.

It should also be noted that they can also change their “shape” over time. For example, in the case of ONCE in Spain, the impetus began with an authoritarian regime that designated a monopoly intermediary for the blind and eliminated the multiple previous associations. However, once empowered with obligatory membership, designated tasks and a unique source of revenue (the lottery), ONCE developed considerable internal autonomy and expanded its functions. With the transition to democracy in the mid-1970s, it lost its formal obligation of membership but survived and prospered as a purely voluntary

association. Eventually, it was compelled by the Socialist government in the 1980s to share some of its responsibilities with organizations representing other handicapped persons.

It may be worth observing that all the above sketches failed to include political parties and only one of them includes the organs of the judiciary. Perhaps, this just a matter of bias in the existing descriptive literature in which parties enter only indirectly through their participation in local and national government and in which the role of the judiciary is frequently confined to not interfering in exchanges that might otherwise be interpreted as countervailing the law -- for example, anti-trust provisions. Nevertheless, my hunch is that their absence (along with that of military and police forces) is significant and hints at their lesser capacity for organizational flexibility and devolution of authority. Certainly, the armed forces and the judiciary have a marked tendency to defend their autonomy and political parties are tightly bound by the logic of electoral competition -- at least, in democracies.

VII. A Conclusion *cum prudentia*

If and when it proves possible to “jump start” a civil society and to find appropriate sites for experimentation-- then, the moments of uncertainty and experimentation that tend to surround a regime transition from autocracy toward (hopefully) some form of democracy is a one likely place to start. One can hypothesize about several major political transformations that are likely to facilitate the successful use of governance mechanisms. The following have been stressed in the literature -- a literature which has its distinguished origins in the writings of Alexis de Tocqueville:

(1) The emergent civil society stabilizes expectations within social groups and, thereby, presents authorities with more aggregated, reliable and actionable information with which to govern;

(2) It inculcates conceptions of interest and norms of behavior that are civic, i.e. that are mindful of the existence of the unit as a whole and respectful of the political process;

(3) It provides channels for self-expression and identification that are more proximate to individuals and firms and, hence, less alienating to use when making demands, especially upon remote central-national officials;

(4) It serves to govern the behavior of its members with regard to collective commitments, thereby, reducing the burden of both public authorities and private producers;

(5) It provides important, but not unique, reservoirs of potential resistance to arbitrary or tyrannical action by rulers -- whether by illegitimate usurpers or intolerant majorities.

All these are potent reasons for promoting and protecting civil society and its connections with specific governance arrangements. However, it would be a mistake to imagine that this duo will resolve all the problems of delayed and dependent development.

There are a number of ways in which they can actually hinder it, as well as undermine regime legitimacy and alienate popular support:

(1) The presence of these associations and movements and constant negotiations among them can make the formation of majorities more difficult, lengthy and precarious, thereby, lowering the legitimacy of governments;

(2) It may build into the policy process a systematically biased distribution of influence, especially where its formative principles are strictly liberal, i.e. individualistic and voluntaristic. [As one North American critic -- E. E. Schattschneider -- put it: "the problem with the interest group chorus in the United States is that it sings in an upperclass accent"];

(3) It tends to impose an elaborate and obscure process of compromise upon political life, the outcome of which can be policies which no one wanted in the first place and with which no one can subsequently identify;

(4) It can reinforce the tendency toward "pork-barrel" solutions whereby each association or movement satisfies its interests/passions at the expense of the unit as a whole with the end result being an inefficient and inflation-prone economy;

(5) Lastly and by far most dangerously, "it" may prove to be not one but several civil societies -- all occupying the same territory and polity, but organizing interests and passions into communities that are ethnically, linguistically or culturally distinct -- even exclusive. Governance mechanisms emerge in the interstices of civil society, but each of them is designed to serve a different "sub-national" group with the result that individuals identify less-and-less with the state/society as a whole. In exception cases, this may lead to a peaceful "velvet divorce," *vide* the separation of Czecho-Slovakia into two parts, but more frequently it leads to civil strife and demands for secession.

The development of civil society and its governance mechanisms will always produce a mixture of the positive and negative effects noted *supra*. Nothing *a priori* guarantees that the former will outweigh the latter, although that has been the experience

of advanced industrial societies **over the long run**. Absolutely crucial to this outcome is the emergence of organizations and interorganizational networks that cut across and do not simply reflect the underlying cleavages in the ethno-linguistic-tribal-familistic structure that are basic to all states/societies, but even more characteristic of those whose origin lies in relatively recent decolonization.

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As argued in this essay, the concept of governance should be used narrowly to refer to a set of arrangements whereby autonomous, self-governing organizations enter into networks of negotiation to solve collectively problems that either cannot be solved by state authority or market forces or can only be solved in ways that are unacceptable to those affected by them. These arrangements should not be thought of as replacing either the state or the market, but as supplementing both and thereby improving the performance of the society as a whole.

In the promotion of governance, there are limited but distinct roles for donor institutions and for non-governmental organizations -- despite the overriding conclusion that building the sort of civil society that makes governance possible is fundamentally a national (or even a local) task. The former are likely to be most effective when they are rewarding initiatives that have already been taken by individuals and groups in the recipient societies; the latter can play an especially crucial role in diffusing organizational skills from one national experience to another that will encourage such initiatives in the first place. Both types of external sponsorship can contribute by putting pressure on governments to follow public policies that will allow and even encourage associations and movements to form and both can assist in paying part of their early development costs. Both, however,

must be very careful not to be caught sponsoring organizations for which there is insufficient local demand and not to persist in supporting them when local supply is sufficient. The “models of self-organization” can travel from country to country, as can the objectives and ideals, but if these associations and movements are to become effective self-regulating units within their respective civil societies they must be “recognized” and “owned” by those involved.

APPENDIX ONE

POSSIBLE INDICATORS FOR THE EXTENT OF GOVERNANCE

1. Percentage of the workforce covered by collective contracts
2. Number of 'voluntary agreements' between associations/movements and state agencies on environmental or other issues
3. Percentage of Total Employment in the so-called 'Fourth or Voluntary Sector'
4. Density of Membership in Associations/Movements -- general and broken down by trade unions, professional associations, neighborhood associations, public interest groups, etc.
5. Number of cases of 'private' commercial mediation/arbitration
6. Voluntary contributions to charities/associations/movements (from tax returns?)
7. Number of advisory or co-decisional bodies in a given policy area
8. Number of collective labor contracts signed
9. Amount of government subsidies to associations/movements
10. Presence/absence of macro-level contract between labor and capital
11. Survey data on associational memberships, especially multiple memberships
12. Survey data on "social trust"
13. Number of associations/movements obtaining legal recognition (broken down by category of representation)

* ENDNOTES *

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1. The English word, *governance*, has been around for some time. The Oxford English Dictionary records its first appearance in 1380 when, coincidentally, it was applied to an NGO, i.e. the "Chirche." Several academics had been using it before the World Bank stumbled on it, but in a rather different context--that of comparing the different ways in which sectors of the economy were governed. See my "Sectors in Modern Capitalism: Modes of Governance and Variations in Performance" in R. Brunetta and C. dell'Aringa (eds.), Labour Relations and Economic Performance (London: Macmillan, 1990), 3-39. More recently, it has surfaced in scholarly efforts to capture the unique qualities of the emerging Euro-polity. See Gary Marks, Fritz W. Scharpf & Wolfgang Streeck), Governance in the European Union (London: Sage, 1996). In the parlance of Business Schools, something called "corporate governance" has long been the subject of attention. As we shall see, there is considerable potential for drawing these disparate usages together, although it is difficult to avoid making it into a *fourre-tout* in which one merely stuffs whatever one wishes to study or transform.
 2. World Bank. Governance and Development (Washington DC: World Bank, 1992).
 3. Since writing this, I have come across the following observation from a leading Dutch scholar which expresses the point much better: "This coincidence may have had its 'useful' instrumental aspects for the organizations concerned: while there is conceptual ambiguity it may be a little easier in this controversial area to test one's way as to how far any package of conditionalities should go." Martin Doornbos, "State Formation Processes under External Supervision: Reflections on 'Good Governance'," in Ovav Stokke (ed.), Aid and Political Conditionality (London: Frank Cass, 1995), p. 384.
 4. As one critic has put it, the concept of governance is "vague and optimistic." Lee-Anne Broadhead, "Commissioning Consent: Globalization and Global Governance," International Journal, Vol. LI, (1996), p. 55. I will be my (self-appointed) task to make it more "precise and realistic" -- but not necessarily "pessimistic." Which means that I explicitly reject the approach to "good governance" that identifies it with the so-called "Washington Consensus" in which the three "realms" of open competitive markets, honest democratic government and a dynamic and diverse civil society are treated as a sort of organic whole that dictates a

specific neo-liberal policy mix that, in turn, guarantees growth, equity and stability everywhere. As I understand my task in this essay, it is to stress the unique value-added features of "governance" and not to submerge it in a dubious synthesis of "all good things."

5. This possibility is raised in Reconceptualising Governance (New York: UNDP, 1997), p. 9, but is subsequently dropped from the analysis.

6. A conclusion, I might add, which is profoundly unhistorical since many of these subsequently successful, developed societies passed through lengthy periods of "bad governance" -- and this precisely during some of the periods when they grew economically and expanded demographically at the fastest rate.

7. I refrain, in this essay, from commenting on the fourth general theme that I discovered in the literature -- namely, the intriguing notion that the principles and practices of "governance" and, especially, "good governance" should be applied, not just to the recipient countries, but also to the donors and, even more specifically, to the intergovernmental organizations that have been channeling an increasing proportion of the material aid and policy advice. This is a highly unusual suggestion since these organizations have only the rudiments of a democratic regime and can best be described as "benevolent autocracies" staffed by an elite of technocrats and ruled by a set of countries with very unequal capacities and voting rights.

8. One frequently encounters in the literature that focuses on national or sub-national "governance" the concept of **network** being used to refer to these stable patterns of horizontal interaction between mutually respecting actors. As long as one keeps in mind that with modern means of communication the participants in a network may not even know each other -- and certainly never have met face-to-face -- then it seems appropriate to extend it to cover transnational and even global arrangements.

9. *Grosso modo*, one can distinguish between developed societies where governance has largely emerged as a response to market failures and developing societies where state failure has been the dominant motive for an interest in experimenting with governance mechanisms.

10. Albert O. Hirschman. Shifting Involvements: Private Interest and Public Action (Oxford: Robertson, 1982).

11. Mancur Olson. The Logic of Collective Action: Public Goods and the Theory of Groups (Cambridge: Harvard U.P., 1980).

12. I apologize to the reader for not being able to provide specific citations to justify this particular definition of civil society. Above all, it condenses my reading of "classics" such as the two Adams (Ferguson and Smith) for the importance of rational autonomy and the limits imposed by moral sentiments, Montesquieu for the notion of "corps intermédiaires", Burke for those famous "little platoons" of his, Hegel for the necessity of dual autonomy, de Tocqueville for the role of internal deliberation and political learning, Durkheim for the emphasis on specialization and norm-generation by associations, von Gierke for the possibility of legal personality and self-administration, Gramsci for the centrality of the state in relation to class, sectoral and (especially) professional associations.

I have also learned a lot from some contemporary treatments of these issues, especially from Anthony Black, Guilds and Civil Society in European Political Thought from the Twelfth Century to the Present (London: Methuen, 1984) and John Keane, Democracy and Civil Society (London: Verso, 1988).

13. This is perhaps the moment to bring up the delicate issue of **political parties**. I have observed that they are almost never mentioned in the literature on 'good governance,' presumably because it would be simply too controversial for an IGO to give overt "aid and comfort" to such a "partisan" organization -- especially if it were in opposition to a member-government of the very same IGO! This is a striking *lacuna* since the parallel literature on democratization often makes the assumption that "getting the parties right" is essential to a successful outcome.

According to the above definition, only those parties that had no intention of governing or of overthrowing the government should be considered agents of civil society and, even then, they should not be mere façades for primary social groups (clans, families, *ethnies*) or for local or national authorities. Admittedly, this would exclude most of the parties existing in developing societies and deprive the issue of governance of a major set of protagonists.

One neat conceptual solution that has been proposed is the separate "civil" from "political" society and assign parties to the latter. Juan Linz and Alfred Stepan,

14. See Philippe C. Schmitter and Jürgen Grote, "The Corporatist Sisyphus: Past, Present and Future". EUI Working Papers in Political and Social Sciences; No. 97/4.

15. In other words, if the IGOs were in the business of assisting and advising the more developed countries, they should also be encouraging their clients to strengthen their civil societies and adopt governance mechanisms! In fact, this is precisely what the Commission of the European Union has been doing to itself and its member states. See Governance. Progress Report (Bruxelles: Forward Studies Unit, European Commission, 1996).

16. The Austrians have invented an especially appropriate expression for this semi-public relationship. In their *Sozialpartnerschaft* arrangement, they refer to the state as "the whip in the window" that can be accessed by one or the other of the contracting partners if the other fails to keep its end of the bargain. It is also the threat that one or the other actor -- especially the state itself -- could seize the whip and simply decree a policy unilaterally that encourages the others to come to a "second best" compromise.

17. Even in the case of the post-World War Two Axis powers that were occupied and "transformed" by victorious democracies (Austria, Germany and Japan), the basic structure of their civil societies persisted from the earlier period and vigorously re-asserted itself -- despite sporadic Allied attempts to rid them of their "corporatist" and "statist" heritage.

18. Although it is very important to keep in mind that governance policies do not necessarily depend on the pre-existence of "properly" configured associations and movements. They can take units of collective action intended for other purpose, i.e. confrontation and political struggle, and transform them into units of governance.

19. In the words of de Tocqueville (back in the 1830s): "The art of association is the most dangerous that any society can tolerate."

20. In the discussions which attended the first presentation of this essay, a number of African participants suggested that this element of "sociability" was particularly strong in their part of the world -- so much so that it tended to overwhelm or displace the more instrumental or utilitarian motives for "associability" that characterize Western societies. If this is the case (and I personally have no expertise to make such a judgement), the relation between good governance and the formation of civil society might be quite different. Instead of the positive, mutually reinforcing outcome that we have hypothesized above. The result could well be negative and mutually destructive -- to the extent that the

organized groups emerge exclusively (or even primarily) along lines of ethnic, clan or tribal lineage. Where this has been the case (and it is not limited to Africa!), the resultant patterns of cleavage become intensified and generate mistrust and intolerance. It is absolutely central to the "Euro- and Americo-centric" argument about governance and civil society that the intermediary organizations which emerge tend to **cross-cut** the primary social units of family and descent and, thereby, to encourage greater empathy and trust among people who would otherwise be "strangers" to each other.