Policies, Governance and Innovation for Rural Areas

International Seminar 21-23 November 2003.

Università della Calabria, Arcavacata di Rende

Governance, Governance Failure, and Meta-Governance

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Abstract

There has been growing interest in the past twenty-five years or so in governance as an object of theoretical inquiry, as a practical solution to coordination problems in and across a wide range of specialized systems and the lifeworld, and as the institutional foundation for participatory democracy. Indeed, the amount of work currently undertaken on governance, of which this conference is just one of many examples, indicates that theoretical, empirical, and ethico-political interest in governance remains strong. Governance is clearly a notion whose time has come. It appears to move easily across philosophical and disciplinary boundaries, diverse fields of practical application, the manifold scales of social life, and different political camps and tendencies. Such terminological mobility enables it to organize significant narratives about contemporary social transformation. But this symbolic force may actually be rooted in part in the fact that 'governance' is a polyvalent and polycontextual notion. It is being deployed for quite contrary, if not plain contradictory, purposes and its meaning often varies markedly by context. Moreover, because of these terminological uncertainties, it is doubtful whether governance sans phrase can really provide a compelling theoretical entrypoint for analyzing contemporary social transformation or a compelling practical entrypoint for coping with complexity. It is these concerns that motivate my own contribution, which pursues this paradox through a series of reflections that aim to explain the nature and limitations of governance and metagovernance in an increasingly complex world.²

My contribution is organized into six main parts. Part 1 considers some aporias engendered by the fuzziness of 'governance' as a notion that is used for many different purposes. Part 2 provides a bridge to the subsequent discussion by offering a working definition of governance and distinguishing governance from other ways to co-ordinate social practices in situations marked by complex reciprocal interdependence. This definition is elaborated later in the paper. Part 3 links growing interest in governance to the growing complexity of social life and the search for appropriate coping mechanisms. Part 4 identifies some dilemmas that confront participants or stakeholders in inter-organizational and inter-systemic governance. These arguments are refined in Part 5, which argues that the very same complexity that generates the demand for new governance mechanisms also contributes to their tendential failure to achieve what is expected of them, resulting in a repeated pattern of failed attempts to resolve problems through promoting first one, then another form of governance. These governance cycles prompt attempts to modulate the forms and functions of governance. I refer to these attempts as 'metagovernance' and argue that they also tend to fail. Finally, Part 6 identifies three alternative responses to these cycles of failure and proposes some selfreflexive governance mechanisms that may enable governance to enhance democratic and accountable decision-making despite its association with theoretical fuzziness and practical failure. Thus my contribution has two complementary aims. On the one hand, it seeks to introduce some conceptual clarity into the field of governance studies and problematizes the effectivity of governance practices in solving co-ordination problems. And, on the other hand, it seeks to avoid a purely negative critique of the adequacy of governance as a theoretical concept, policy paradigm, and normative prescription by offering some positive ideas about how effective governance can be pursued despite its associated tendencies toward governance failure.

1. Fuzzy Terms and Failed Practices

Interest has grown from the late 1970s onwards in whether – and how – new forms of governance might enhance state capacity in the face of growing complexity and/or whether or how new forms of governance might provide new ways to overcome old problems left unresolved by postwar state intervention and the more recent (re)turn to market forces.³ Indeed, far from just reacting to external demands from social forces dissatisfied with both state and market failure, state managers have been actively promoting new forms of governance as adjuncts to and/or substitutes for more traditional forms of top-down government. This shift from government to governance can be seen on all scales from the local state through metropolitan and regional governments to national states and on to various forms of intergovernmental arrangements at the international, transnational, supranational, and global levels. Another sign of change is the introduction of "multi-level governance" to describe new forms of public authority that link different territorial scales above and below the national level and also mobilize functional as well as territorial actors. More generally, new forms of partnership, negotiation, and networking have been introduced or extended by state managers as they seek to cope with the declining legitimacy and/or effectiveness of other approaches to policy-making and implementation. Such innovations also redraw the inherited public-private divide, engender new forms of interpenetration between the political system and other functional systems, and modify relations between these systems and the lifeworld as the latter impacts upon the nature and exercise of state power.

These developments in politics and government are matched by growing interest in governance as a means of enhancing co-ordination capacities within and across other functional systems. Important examples include: corporate governance, clinical governance, the governance of schools and universities, self-regulation of the scientific community, and the governance of sport. Concern about the relations across these systems is also reflected in new ideas about governance. These include the 'triple helix' formed by government, business, and universities, the desirability of 'joined-up thinking' in promoting international competitiveness, and the improbability of effective intersystemic cooperation to promote sustainable development. In addition to explicit use of the word 'governance' to denote these issues, analogous terms such as steering. networks, stakeholding, and partnerships are also liberally deployed nowadays.⁴ Nor has civil society (or the lifeworld) escaped this fascination with new forms of governance. Indeed, with its growing pluralization of individual and collective identities and its multiplication of social movements, civil society is also seen as ripe for their development. This is linked to a continuing search for forms of inclusion in the political process that go beyond the relationship of individual citizens to their respective sovereign states and/or for forms of participation that would enable diverse stakeholders to influence the operation of other systems too. Compounding this already ample complexity are recommendations that governance be used to guide interactions between systems and the lifeworld in response to issues such as ecological crisis, the dialectic of globalization-regionalization, social exclusion, and the risk society.

In short, governance has multiple meanings and can be inserted into many different paradigms and problematics. At the same time, however, it has become a rather fuzzy term that can be applied to almost everything and therefore describes and explains nothing. Indeed, the very popularity of the term increases the likelihood that those who use it will talk past each other, leading to ill-founded misunderstandings and pointless disagreements.

I cannot resolve all these problems here and I will not try to do so. But it is worth noting one major source of ambiguity in the mobility of 'governance' between theoretical inquiries and practical politics. This is the fact that governance offers both a theoretical and a policy paradigm. Wallis and Dollery distinguish between them as follows:

policy paradigms derive from theoretical paradigms but possess much less sophisticated and rigorous evaluations of the intellectual underpinnings of their conceptual frameworks. In essence, policy advisers differentiate policy paradigms from theoretical paradigms by screening out the ambiguities and blurring the fine distinctions characteristic of theoretical paradigms. In a Lakatosian sense, policy paradigms can be likened to the positive heuristics surrounding theoretical paradigms. Accordingly, shifts between policy paradigms will be discontinuous, follow theoretical paradigm shifts, but occur more frequently than theoretical paradigms since they do not require fundamental changes in a negative heuristic (1999: 5)

This useful distinction suggests that the explosive interest in governance has policy as well as theoretical roots, that the transferability of ideas and arguments across these paradigms may be limited, and that the conflation of the two fields of application may lead to serious misunderstandings. Indeed, when viewed largely from the perspective of the ideas that inform the policy paradigm, the theoretical concept of governance will appear as an essentially incoherent and contested concept. Conversely, when measured against the demands for analytical rigour of governance as a scientific concept and practice, governance practices will appear at best to involve little more than 'muddling through' and, at worst, to be doomed to fail. Clearly, we must first explore these paradigms separately before considering how far, if at all, they can be rendered consistent or complementary.

2. Introducing Some Conceptual Clarity

Having emphasized the polyvalent, polycontextual, and essentially contested nature of 'governance', I now engage in the seemingly self-defeating exercise of offering a definition of governance. But at least this will provide a basis for the ensuing discussion and illustrate the importance of self-reflexive irony in addressing complex problems. My approach involves two analytical steps: (a) identifying the broad field of co-ordination problems within which governance can be located; and (b) providing a narrow definition that identifies the *differentia specifica* of governance. First, then, the broad field comprises possible modes of co-ordination of complex and reciprocally interdependent activities or operations. What makes these modes relevant for our purposes is that their success depends on the performance of complementary activities

and operations by other actors — whose pursuit of their activities and operations depends in turn on the performance of complementary activities and operations elsewhere within the relevant social ensemble. It is useful to distinguish three main forms of co-ordination in this context that can operate at all scales from the interpersonal to world society (or *Weltgesellschaft*). These are: *ex post* co-ordination through exchange (e.g., the anarchy of the market), *ex ante* co-ordination through imperative co-ordination (e.g., the hierarchy of the firm, organization, or state), and reflexive self-organization (e.g., the heterarchy of ongoing negotiated consent to resolve complex problems in a corporatist order or horizontal networking to co-ordinate a complex division of labour). It is this last type of co-ordination that I refer to below as 'governance'.

Reflexive self-organization can be distinguished from both exchange and imperative co-ordination in terms of the basic rationale for its operations and its institutional logic (see figure 1). Thus market exchange is characterized by a formal, procedural rationality that is oriented to the efficient allocation of scarce resources to competing ends; imperative co-ordination has a substantive, goal-oriented rationality that is directed to the effective realization of specific collective goals established from above. In turn, governance, as defined here, has a substantive, procedural rationality that is concerned with solving specific co-ordination problems on the basis of a commitment to a continuing dialogue to establish the grounds for negotiated consent, resource sharing, and concerted action. As such, it is a form of self-organization that, in contrast to the anarchy of exchange, depends not on purely formal, ex post, and impersonal procedures but on substantive, continuing, and reflexive procedures. These procedures are concerned to identify mutually beneficial joint projects from a wide range of possible projects, to redefine them as the relevant actors attempt to pursue them in an often turbulent environment and monitor how far these projects are being achieved, and to organize the material, social, and temporal conditions deemed necessary and/or sufficient to achieve them. Moreover, in contrast to the hierarchy of command, reflexive self-organization does not involve actors' acceptance of pregiven substantive goals defined from above on behalf of a specific organization (e.g., a firm) or an imagined collectivity (e.g., the nation) and the centralized mobilization of the resources to achieve these goals. Instead it involves continued negotiation of the relevant goals among the different actors involved and the cooperative mobilization of different resources controlled by different actors to achieve interdependent goals. For these reasons and to distinguish it from the anarchy of the market and the hierarchy of command, it is also common to refer to these forms of reflexive self-organization as heterarchic in character.

Figure 1 about here

There are various forms of reflexive self-organization. One way to classify them is in terms of the level of social relations on which they operate. Thus we can distinguish collaboration based on *informal interpersonal networks*, the self-organization of *interorganizational relations*, and the indirect steering of the coevolution and structural coupling of *intersystemic relations*. The individuals who are active in interpersonal networks may represent only themselves and/or articulate the codes of specific functional systems. However, although they may also belong to specific agencies,

groups, or organizations, they are not mandated to commit the latter to a given line of action. In contrast, interorganizational relations are based on negotiation and positive co-ordination in task-oriented 'strategic alliances' based on a (perceived or constructed) coincidence of organizational interests and dispersed control of the interdependent resources needed to produce a joint outcome that is deemed to be mutually beneficial. The key individuals involved in interorganizational relations are also empowered to represent their organizations and to negotiate strategies on their behalf for positive interorganizational co-ordination. Another layer of complexity is introduced by the more programmatic or mission-oriented, de-centred, contextmediated nature of intersystemic steering. Here noise reduction and negative coordination are important means of governance. Whereas noise reduction involves practices that are intended to facilitate communication and mutual understanding between actors and organizations oriented to different operational logics and rationalities, negative integration involves taking account of the possible adverse repercussions of one's own actions on third parties or other systems and exercising self-restraint as appropriate.⁷

Although governance in the sense of reflexive self-organization occurs on all three levels, the term itself is often limited to interorganizational co-ordination mechanisms and practices. However, where the relevant agencies, stakeholders, or organizations are based in different institutional orders or functional systems, problems relating to intersystemic steering will also affect the 'self-organization of interorganizational relations' even if they are not explicitly posed as such in this context. Indeed, more generally, all three forms of reflexive self-organization may be linked in tangled hierarchies. For example, interpersonal trust can facilitate interorganizational negotiation and/or help build less personalized, more 'generalized trust' as organizations and other collective actors (including interorganizational partnerships) are seen to sacrifice short-term interests and reject opportunism. Likewise, interorganizational dialogue across systems helps to ease intersystemic communication by reducing the 'noise' that can arise from major differences between systems in their respective institutional logics, operational codes, and modes of calculation. If organizations representing different systems can formulate and communicate these contrasting desiderata and legitimate them in terms of their respective functional requirements, this may promote mutual understanding and the search for mutually beneficial trade-offs. In particular, it may generate 'systemic trust' (in the integrity of other systems' codes and operations) by promoting mutual understanding and stabilizing reciprocal expectations around a wider 'societal project' as the basis for future self-binding and self-limiting actions. In turn, the resulting noise reduction can promote interpersonal trust by enhancing mutual understanding and by stabilizing expectations.

3. Governance as the Art of Complexity

We can develop these arguments by connecting the increased salience of the policy and theoretical paradigms of governance and the increased salience of complexity in policy-making and theoretical debates. It is likely that resort to governance practices has increased over time because society itself is becoming more complex, which makes it harder to rely on the anarchy of the market or the hierarchy of the state as

means of co-ordination (Jessop 1998). Thus practitioners' growing interest in governance directly reflects their growing recognition of the complexity of the policy environment in which they must now make and implement policies. And theorists' growing interest in governance can be related to their growing recognition that modern societies are becoming more functionally differentiated and hypercomplex and/or that post-modern societies are becoming fragmented and chaotic.

The spread of governance practices into so many spheres and the growth of governance studies in so many disciplines can be seen to represent a general response to a dramatic intensification of societal complexity. This has several sources:

- (1) increased functional differentiation in contemporary societies combined with increased interdependence among the resulting functional systems;
- (2) the increased fuzziness and contestability of some institutional boundaries, for example, concerning what counts as 'economic' in an era of increased competitiveness in a knowledge-based economy;
- (3) the multiplication and re-scaling of spatial horizons and the increasingly complex dialectic of de-territorialization and re-territorialization as the takenfor-grantedness of the national sovereign state continues to erode;
- (4) the increasing complexity and interconnectedness of institutionalized temporalities and temporal horizons at different sites and scales of action, ranging from split-second timing (e.g., computer-driven trading) to growing awareness of the acceleration of the glacial time of social and environmental change:
- (5) the multiplication of identities and the re-imagination of the political communities to which the political system is oriented together with new state projects to redefine the nature and purposes of the state and new hegemonic projects to redefine the imagined general interest of these new political communities;
- (6) the increased importance of knowledge and organized learning; and, as a result of the above,
- (7) the self-potentiating nature of complexity, i.e., the fact that complex systems generally operate in ways that engender opportunities for additional complexity.⁸

Such complexity is reflected in worries about the governability of economic, political, and social life and is particularly associated with worries that major new problems have emerged that cannot be managed or resolved readily, if at all, through top-down state planning or market-mediated anarchy. This has promoted a shift in the institutional centre of gravity (or institutional attractor) around which policy-makers choose among possible modes of co-ordination.

In short, it can be suggested that governance has (re-)entered our vocabularies and become more important in co-ordination practices in response to the growth of the ontological, descriptive, and policy complexity of the natural and social world(s) and the apparent incapacity of other, more familiar concepts and practices to address some of the problems generated by such complexity. Ontological complexity means that the world is too complex ever to be fully grasped by the human mind. Moreover, since complex entities and their interactions have many naturally necessary potentialities (or possible states) that may not be realized and/or cannot be co-realized, there is a

necessary impredictability and indeterminacy about how complex systems operate. Such ontological complexity excludes any simple algorithm to generate explanations of complex phenomena or to provide the basis for planning. This requires mechanisms of complexity reduction or simplification at the cognitive, organizational, and practical levels (see Rescher 1998).

The market is often presented as an appropriate mechanism to address problems of complexity because it draws on the dispersed knowledge of many different actors and allows for self-correction in response to changes in price signals. Yet it remains a purely formal and procedural mechanism that operates *ex post* and requires demanding conditions if it is to work efficiently even in its own limited terms. This is reflected in the fact that even market-friendly economists have long recognized that that it is often rational to adopt non-market modes of co-ordination. But top-down planning is also problematic in the face of growing complexity. For, in addition to the usual problems of creating and maintaining appropriate organizational capacities, the algorithms required for effective *ex ante* co-ordination in a complex and turbulent environment impose heavy cognitive demands. In addition, both market and imperative co-ordination are prey to the problems of bounded rationality, opportunism, and asset specificity⁹ (Coulson 1997).

In these terms, the most general explanation for the rise of self-reflexive governance can be related to the possible evolutionary advantages it offers for learning and innovation in a changing environment. Interorganizational negotiation and intersystemic context steering involve self-organized guidance of multiple agencies, institutions, and systems that are operationally autonomous from one another yet structurally coupled due to their mutual interdependence. It is the combination of operational autonomy and mutual interdependence of organizations and systems that encourages reliance on governance. For, whilst their respective operational autonomies exclude primary reliance on a single hierarchy as a mode of co-ordination among relevant agencies, institutions, and systems, their interdependence makes them illsuited to simple, blind co-evolution based on the 'invisible hand' of mutual, ex post adaptation. On the one hand, market forces often fail to address the positive and negative externalities involved in situations of complex and continuing interdependence and this leads to short-run, localized, ad hoc responses to market opportunities. Thus reliance on the invisible hand of the market tends to be suboptimal and hence to generate market failures. On the other hand, top-down command makes excessive demands on prior centralized knowledge or accurate anticipation of the likely interaction among operationally autonomous systems with different institutional dynamics, modes of calculation, and logics of appropriateness. This tends to result in the failure to achieve collective goals because of the unintended consequences of top-down planning or simple bureaucratic rule following. Governance is often said to overcome these problems in providing a 'third way' between the anarchy of the market and top-down planning. For self-organization is especially useful in cases of loose coupling or operational autonomy, complex reciprocal interdependence, complex spatio-temporal horizons, and shared interests or projects (cf. Mayntz 1993b; Scharpf 1994).

Given these arguments about complexity, we can suggest four factors that affect the capacity to build effective self-reflexive governance mechanisms, almost regardless of the levels on which self-organization operates:

- (1) Simplifying models and practices that reduce the complexity of the world but are still congruent with real world processes and relevant to governance objectives. These models should simplify the world without neglecting significant side effects, interdependencies, and emerging problems. Some bodies may specialize in such model building and/or in monitoring their adequacy.
- (2) Developing the capacity for dynamic interactive learning about various causal processes and forms of interdependence, attributions of responsibility and capacity for actions, and possibilities of co-ordination in a complex, turbulent environment. This is enhanced when actors are able to switch among different modes of governance to facilitate more effective responses to internal and/or external turbulence.
- (3) Building methods for co-ordinating actions among different social forces with different identities, interests, and meaning systems, over different spatio-temporal horizons, and over different domains of action. This depends on the self-reflexive use of self-organization to sustain exchange, negotiation, hierarchy, or solidarity as well as on the specific nature of the co-ordination problems engendered by operating on different scales and over different time horizons.
- (4) Establishing both a common worldview for individual action and a system of meta-governance (see below) to stabilize key players' orientations, expectations, and rules of conduct. This allows for a more systematic review and assessment of problems and potentials, of resource availability and requirements, and the framework for continued commitment to negative and positive co-ordination.

Obviously the specific forms of governance will vary with the nature of the objects to be governed: effective governance of local economic development, hypermobile financial capital, international migration, universities, medical practice, the nuclear power industry, and cyberspace, for example, would entail very different sets of partners and practices. Equally obviously, the relative success of attempts at governance will also depend on the nature of the objects of governance.

4. The Dilemmas of Governance

In addition to these four general requirements, there are various more specific dilemmas that confront participants or stakeholders in specific circumstances. Here I will discuss four such dilemmas: 10

<u>Cooperation vs Competition</u>: capitalist economies operate through an unstable mix of cooperation and competition. One horn of the resulting dilemma is how to maintain interpersonal trust, secure generalized compliance with negotiated understandings, reduce noise through open communication, and engage in negative coordination in the face of the many and varied opportunities that exist for short-term self-interested competitive behaviour – behaviour that could soon destroy the basis for continuing partnership. The other horn is that an excessive commitment to cooperation and

consensus could block the emergence of creative tensions, conflicts, or efforts at crisisresolution that could promote learning and/or learning capacities and thereby enhance
adaptability. This horn is especially acute when the environment is turbulent, speedy
action is required, incrementalism is inappropriate, and it would take time to build
consensus. Such dilemmas have been widely discussed in recent analyses of flexible
industrial districts, learning regions, innovative milieux, etc.. They also occur
politically in the trade-off between partnership and partisanship. For partnerships are
typically linked to differential advantages for political parties, tiers of government, and
departmental interests as well as to differential economic interests of various kinds.
This poses dilemmas both in relation to any given partnership and, even more acutely,
in relation to the opportunities that may exist for juggling multiple partnerships to
secure partisan advantage.

Openness vs Closure: self-organizing, self-reflexive governance operates in complex, often turbulent, environments. Participants in governance arrangements face problems in remaining open to the environment at the same time as securing the closure needed for effective coordination among a limited number of partners. One horn of the resulting dilemma is that closure may lock in members whose exit would be beneficial (e.g., inefficient firms, underemployed workers, sunset sectors) or block recruitment of new social partners (e.g., new firms, marginalized workers, sunrise sectors). The other horn is that openness may discourage partners from entering into long-term commitments and sharing long-term time horizons. This may prompt opportunism in (the potentially self-fulfilling) case that partnerships dissolve or involve high turnover. It is reflected in the choice of maximizing the range of possible actions by expanding relevant bases of membership or favouring the 'small is beautiful' principle for the purpose of focused and timely action; and the choice of variable geometries of action versus fixed spatial boundaries for membership of a governance arrangement. An interesting variant of this latter version of the dilemma is whether to permit transnational partnerships or to insist on sovereignty.

Governability vs Flexibility: self-organizing, self-reflexive governance is said to permit longer-term strategic guidance (which is lacking in markets) whilst retaining flexibility (which is lacking in hierarchies with their rule-governed procedures). But this is also the site of a dilemma: that between governability (the capacity for guidance) and flexibility (the capacity to adapt to changed circumstances). This assumes several forms. Reducing complexity through operational rules as a precondition for governing a complex world needs to be balanced against the recognition of complexity to mobilize the 'requisite variety' of actors and resources. Avoiding duplication to limit resource costs needs to be balanced against maintaining an adequate repertoire of actions and strategic capacities. A third variant is posed in the choice between exploiting past organizational and inter-organizational learning to standardize around 'best practice' and maintaining adaptability in the face of a turbulent environment by avoiding 'lock-in' to outmoded routines. This last problem is particularly associated with efforts to impose 'best practice' from above rather than encourage diversity and allow for horizontal communication and learning among partnerships.

Accountability vs Efficiency: some public-private partnerships are expected to serve the public interest as well as to deliver private benefits. But this blurs the public-private distinction and poses a familiar dilemma in terms of accountability versus efficiency. On the one hand, there are problems about attributing responsibility for decisions and non-decisions (acts of commission or omission) in interdependent networks. These problems are especially acute when partnerships are interorganizational rather than interpersonal. On the other hand, attempts to establish clear lines of accountability can interfere with the efficient, cooperative pursuit of joint goals. A related dilemma is that public-private arrangements run the risk of allowing the exploitative capture of public resources for private purposes and/or extending the state's reach into the market economy and civil society to serve the interests of the state or governing party. A third version of this dilemma concerns the relative primacy of economic performance and social inclusion -- how far the maximand in public-private partnerships is marketized economic performance as opposed to addressing problems of social cohesion.

These dilemmas can be managed collectively in several ways. Among these are the development of different institutions, apparatuses, or agencies specializing primarily in one or other horn of a dilemma and changing the balance between them through differential allocation of resources, continuing competition for legitimacy in changing circumstances, etc. Likewise, different horns can be handled at different scales. Thus in neo-liberal economies competition is often pursued more vigorously at the national level (privatization, liberalization, de-regulation, etc.) whilst cooperation is pursued more vigorously at the local or regional level (through public-private partnerships) (cf. Gough and Eisenschitz 1996). Different governance arrangements may also be instituted to deal with different temporal horizons. Thus one partnership may have an open structure and long-term horizon, another may be relatively closed and pursue specific tasks or development activities with short-term time horizons. All of these responses (and others) can be subsumed under the general category of metagovernance, an issue to which I now turn.

5. Governance Failure and the Metagovernance Response

All modes of coordination of complex interdependence are prone to failure but hey fail in different ways. We can explore this in terms of their respective rationalities. The capitalist market, as noted above, has a formal, procedural rationality. It prioritizes an endless 'economizing' pursuit of profit maximization. In contrast, government has a substantive rationality. It is goal-oriented, prioritizing 'effective' pursuit of successive policy goals. Market failure is said to occur when markets fail to allocate scarce resources efficiently in and through pursuit of monetized private interest; and state failure is said to occur when state managers cannot secure substantive collective goals determined on the basis of their political divination of the public interest. There was once a tendency to assume that market failure could be corrected either by extending the logic of the market or by compensatory state action. Likewise, it was believed that state failure could be corrected either by promoting 'more market, less state' or improved juridico-political institutional design, knowledge, or political practice (for a useful recent review of arguments about market and state failure, see Wallis and Dollery 1999). More recently, however, governance has been seen as an effective

response to market and state failure and as a means to escape the continuing oscillation between reliance on market forces and on imperative co-ordination.

Reflexive self-organization is based, as we have seen, on a third type of rationality. It replaces arms-length exchange and integrated command with institutionalized negotiations to mobilize consensus and build mutual understanding. The key to its success is continued commitment to dialogue to generate and exchange more information (thereby reducing, without ever eliminating, the problem of bounded rationality). It also reduces opportunism through locking governance partners into a range of interdependent decisions over a mixture of short-, medium-, and long-term time horizons. And it builds on the interdependencies and risks associated with 'asset specificity' by encouraging horizontal and vertical solidarities among those involved. In this sense the rationality of governance is dialogic rather than monologic and this in turn requires an investment of time to work effectively. For these reasons there is also a strong presumption in favour of enhancing the scope and mechanisms of participation as well as the range of participants (stakeholders) in this form of governance.

Unfortunately, the growing attractiveness of such governance mechanisms should not lead us to overlook the risks involved in substituting it for exchange and command and to ignore the likelihood of governance failure. Recognizing the problems and risks of governance will help us to see through the current rhetoric surrounding 'public-private partnership' and the associated tendency to highlight successes and downplay failures (cf. Capello 1996). Disillusion with the utopias of communism, the welfare state, and, more recently, the unfettered dominance of market forces should not lead us to put all our trust in the atopic vision of governance based on horizontal and vertical solidarities and the mobilization of collective intelligence (Willke 2001). For it is not just markets and imperative co-ordination that fail; governance is also prone to failure – albeit for different reasons, in different ways, and with different effects.

Malpas and Wickham (1996) argue that all efforts at governance are bound to fail because their objects are never fully defined and also open to competing attempts at governance. In many cases the likelihood of effective governance is further undermined by the unstructured complexity and/or turbulence of the causal chains in which specific objects of governance are embedded. Even if we accept these arguments, however, we should still distinguish modes and degrees of success and failure. If actors or observers focus one-sidedly on either success or failure they deprive themselves of important information about the prospects for governance and the scope for metagovernance.

The conditions making for governance success (see Part 3) also tell us something about those for failure. First, governance attempts may fail because of over-simplification of the conditions of action, deficient knowledge about the causal relationships that affect the object of governance, or inability to anticipate the unintended consequences of changes in that object that follow from attempts to govern it. This can be especially problematic when the object of governance is an inherently unstructured but complex system such as the global economy or the environment. This leads in turn to the more general problem of 'governability', i.e., the question of whether the object of

governance could ever be manageable, even with adequate knowledge (Malpas and Wickham 1996; Mayntz 1993a; O'Dowd 1978). For example, in the case of capitalist development, much of what is interpreted as market failure is actually an expression of the underlying contradictions of capitalism. Substituting imperative co-ordination or self-organization for market forces merely shifts the forms of appearance of these contradictions but does not eliminate them. This is especially important to grasp because much literature on economic governance focuses on the modalities rather than objects of governance and thereby ignores the distinctive constraints imposed by the self-organizing dynamic and intersystemic dominance of capitalism. There are analogous problems of governability rooted in basic structural contradictions, strategic dilemmas, and discursive paradoxes in many other objects of governance. One final point to note here is that, in many cases, the appearance of successful governance depends on the capacity to displace and/or defer some of the unwanted effects of basic contradictions and dilemmas beyond the specific spatio-temporal horizons of a given set of social forces. Thus an important aspect of governance success and failure is the discursive and institutional framing of specific spatio-temporal fixes within which governance problems appear manageable because certain ungovernable features manifest themselves elsewhere (on spatio-temporal fixes, see Jessop 2002a).

Second, there may be problems involved in strategic learning. These can originate in the objects of governance because these are themselves liable to change and/or because the environment in which they are embedded is turbulent. In such cases, any lessons learnt in one period may be inapplicable to the next round of attempts at governance. But the capacity for strategic learning may also be underdeveloped in the subjects of governance, especially when it is organizations and systems that are involved. There is an extensive literature on organizational learning relevant to this question (for a recent review, see Dierkes et al., 2001; see also Coriat and Dosi 1994; Haas and Haas 1995; Eder 1999). Of particular significance here is the ability to apply any such learning by changing tactics within any given mode of governance or by switching among different modes of governance as the problems of relying on any given mode become evident (see below).

Third, there may be co-ordination problems on one or more of the interpersonal, interorganizational, and intersystemic levels. As noted above, these levels are often related: thus interorganizational negotiation often depends on interpersonal trust; and de-centred intersystemic steering involves the representation of system logics through interorganizational and/or interpersonal communication. A related problem is the scope for division between those directly engaged in interorganizational or intersystemic communication (networking, negotiation, etc.) and those actors whose interests and identities are being indirectly represented through such communication. This can lead to representational crises and the loss of legitimacy of those charged with the task of interorganizational or intersystemic co-ordination as well as to problems in securing the compliance of securing compliance of the represented with commitments made by those who represent them. This is one of the basic dilemmas inherent in all forms of representation, of course, and requires careful attention to problems of organizational and institutional design as well as to the cultivation of appropriate subjectivities on the part of both represented and representatives (for interesting recent discussions of some of the problems involved here, see Müller 2001; Willke 2001).

Fourth, linked to this, there is a problem of stabilizing expectations among the various actors involved in governance and metagovernance as the basis for concerted action. Too little attention is paid in studies of governance, governance failure, and metagovernance to the formation of the subjects of governance and the subjective conditions for co-ordination. This is where issues of governmentality (or the formation of subjects with specific identities, modes of calculation, and capacities for self-regulation) and struggles to define dominant or hegemonic perspectives in specific policy domains, fields of governance, and the wider social formation are significant.

6. Responses to Metagovernance Failure

There is growing recognition of different levels or orders of governance. Thus one of the pioneers of modern governance studies, Jan Kooiman, distinguishes first, second, and third-order governing. First-order governing is problem-solving; second-order governing occurs when attempts are made to modify the institutional conditions of first-order governing when, according to Kooiman, these conditions are out-dated, dysfunctional or detrimental in governance terms. And third-order governing (or, for Kooiman, meta-governance) involves attempts to change the broad principles that concern the way governing takes place: it is the governance of governance or governors through modification of the (normative) framework in which first and second-order governing activities evolve (Kooiman 2000; 2002).

For present purposes, metagovernance involves the organization of the conditions for governance in its broadest sense. Thus, corresponding to the three basic modes of governance (or co-ordination) distinguished above, we can distinguish three basic modes of metagovernance and one umbrella mode. First, there is 'meta-exchange'. This involves the reflexive redesign of individual markets (e.g., for land, labour, money, commodities, knowledge - or appropriate parts or subdivisions thereof) and/or the reflexive reordering of relations among two or more markets by modifying their operation, nesting, overall articulation, embedding in non-market relations or institutions, and so on. Second, there is 'meta-organization'. This involves the reflexive redesign of organizations, the creation of intermediating organizations, the reordering of interorganizational relations, and the management of organizational ecologies (i.e., the organization of the conditions of organizational evolution in conditions where many organizations co-exist, compete, cooperate, and co-evolve). Third, there is what one might call 'meta-heterarchy'. This involves the reflexive organization of the conditions of reflexive self-organization by redefining the framework in which heterarchy (or reflexive self-organization) occurs¹¹ and can range from providing opportunities for 'spontaneous sociability' (Fukuyama 1995; see also Putnam 2000) through various measures to promote networking and negotiation to the introduction of innovations to promote 'institutional thickness' (Amin and Thrift 1995).

Fourth, and finally, there is 'metagovernance'. This involves re-articulating and 'collibrating' the different modes of governance. The key issues for those involved in metagovernance are '(a) how to cope with other actors' self-referentiality; and (2) how to cope with their own self-referentiality' (Dunsire 1996: 320). Metagovernance involves managing the complexity, plurality, and tangled hierarchies found in

prevailing modes of co-ordination. It is the organization of the conditions for governance and involves the judicious mixing of market, hierarchy, and networks to achieve the best possible outcomes from the viewpoint of those engaged in metagovernance. In this sense it also means the organization of the conditions of governance in terms of their structurally inscribed strategic selectivity, i.e., in terms of their asymmetrical privileging of some outcomes over others. Unfortunately, since every practice is prone to failure, metagovernance and collibration are also likely to fail. This implies that there is no Archimedean point from which governance or collibration can be guaranteed to succeed.

Governments play a major and increasing role in all aspects of metagovernance: they get involved in redesigning markets, in constitutional change and the juridical reregulation of organizational forms and objectives, in organizing the conditions for selforganization, and, most importantly, in collibration. They provide the ground rules for governance and the regulatory order in and through which governance partners can pursue their aims; ensure the compatibility or coherence of different governance mechanisms and regimes; act as the primary organizer of the dialogue among policy communities; deploy a relative monopoly of organizational intelligence and information with which to shape cognitive expectations; serve as a 'court of appeal' for disputes arising within and over governance; seek to re-balance power differentials by strengthening weaker forces or systems in the interests of system integration and/or social cohesion; try to modify the self-understanding of identities, strategic capacities, and interests of individual and collective actors in different strategic contexts and hence alter their implications for preferred strategies and tactics; and also assume political responsibility in the event of governance failure. This emerging role means that networking, negotiation, noise reduction, and negative as well as positive coordination occur 'in the shadow of hierarchy' (Scharpf 1994: 40). It also suggests the need for almost permanent institutional and organisational innovation to maintain the very possibility (however remote) of sustained economic growth.

Metagovernance involves both institutional design and cultural governance. Whereas there has been much interest in issues of institutional design appropriate to different objects of governance, however, less attention has been paid by governance theorists themselves to the reform of the subjects of governance. Yet the neoliberal project, for example, clearly requires attempts to create entrepreneurial subjects and demanding consumers aware of their choices and rights as well as actions to shift the respective scope and powers of the market mechanism and state intervention. This is an area where Foucauldian students of governmentality have more to offer than students of governance do. For they have been especially interested in the role of power and knowledge in shaping the attributes, capacities, and identities of social agents and, in the context of self-reflexive governance, in enabling them to become self-governing and self-transforming. This raises important questions about the compatibility of different modes of governance insofar as this involves not only questions of institutional compatibility but also the distribution of the individual and collective capacities needed to pursue creatively and autonomously the appropriate strategies and tactics to sustain contrasting modes of governance.

Recognizing the possible contributions of institutional design and subjective governmentality to metagovernance is no guarantee of success. These are certainly not purely technical matters that can be resolved by those who are experts in organizational design, public administration, and public opinion management. For all the technical activities of the state are conducted under the primacy of the political, i.e., the state's concern with managing the tension between economic and political advantages and its ultimate responsibility for social cohesion. This fact plagues the liberal prescription of an arms-length relationship between the market and the nightwatchman state — since states (or, at least, state managers) are rarely strong enough to resist pressures to intervene when political advantage is at stake and/or it needs to respond to social unrest. More generally, we can safely assume that, *if every mode of governance fails, then so will metagovernance!* This is especially likely where the objects of governance and metagovernance are complicated and interconnected.

Overall, this analysis leads to three conclusions, intellectual, practical and philosophical respectively. For, once the incompleteness of attempts at co-ordination (whether through the market, the state, or heterarchy) is accepted as inevitable, it is necessary to adopt a satisficing approach that has at least three key dimensions:

- (1) Deliberate cultivation of a flexible repertoire (requisite variety) of responses. This involves recognition that complexity excludes simple governance solutions and that effective governance often requires a combination of mechanisms oriented to different scales, different temporal horizons, etc., oriented to the object to be governed. In this way strategies and tactics can be combined to reduce the likelihood of failure and to modify their balance as appropriate in the face of governance failure and turbulence in the policy environment.
- (2) A reflexive orientation about what would be an acceptable outcome in the case of incomplete success, to compare the effects of failure/inadequacies in the market, government, and governance, and regular re-assessment of the extent to which current actions are producing desired outcomes.
- (3) Self-reflexive 'irony' such that the participants in governance recognize the likelihood of failure but proceed as if success were possible. The supreme irony in this context is that the need for irony holds not only for individual attempts at governance using individual governance mechanisms but also for the practice of metagovernance using appropriate metagovernance mechanisms.

I will comment on each of these in turn, beginning with requisite variety. This need for 'requisite variety' (with its informational, structural, and functional redundancies) is based on the recognition of complexity. As initially introduced into cybernetics, this law states that, in order to ensure that a given system has a specific value at a given time despite turbulence in its environment, the controller or regulator must be able to produce as many different counteractions as there are significant ways in which variations in the environment can impact on the system (Ashby 1956). This principle has major implications for governance but, as specified, it is essentially static. In a dynamic and changing world the inevitable forces of natural and/or social entropy would soon break down any predefined control mechanism established using this concept. Because of the infinite variety of perturbations that could affect a system in a complex world, one should try to maximize its internal variety (or diversity) so that the

system is well prepared for any contingencies. Thus it is appropriate to reformulate the law as follows. To minimize the risks of (meta-)governance failure in the face of a turbulent environment, one needs a repertoire of responses to retain the ability flexibly to alter strategies and select those that are more successful. Moreover, because different periods and conjunctures as well as different objects of governance require different kinds of policy mix, the balance in the repertoire will need to be varied as circumstances change. This involves the monitoring of mechanisms to check for problems, resort to collibrating mechanisms to modulate the co-ordination mix, and the reflexive, negotiated re-evaluation of objectives. Maintaining requisite variety may well seem inefficient from an economizing viewpoint because it introduces slack or waste. But it also provides major sources of flexibility in the face of failure (Grabher 1994). For, if every mode of economic and political co-ordination is failure-prone, if not failure-laden, relative success in co-ordination over time depends on the capacity to switch modes of co-ordination as the limits of any one mode become evident.

Second, reflexivity involves the ability and commitment to uncover and make explicit to oneself the nature of one's intentions, projects, and actions and their conditions of possibility; and, in this context, to learn about them, critique them, and act upon any lessons that have been learnt. Complexity requires, as we have seen, that a reflexive observer recognizes that she cannot fully understand what she is observing and must therefore make contingency plans for unexpected events. In relation to governance, this involves inquiring in the first instance into the material, social, and discursive construction of possible objects of governance and reflecting on why this rather than another object of governance has become dominant, hegemonic, or naturalized. It also requires thinking critically about the strategically selective implications of adopting one or another definition of a specific object of governance and its properties, a fortiori, of the choice of modes of governance, participants in the governance process, and so forth (on these particular issues, see Larmour 1997). It requires monitoring mechanisms, modulating mechanisms, and a willingness to re-evaluate objectives. And it requires learning about how to learn reflexively. There is a general danger of infinite regress here, of course; but this can be limited provided that reflexivity is combined with the second and third principles.

Third, metagovernance has a philosophical dimension. This concerns the appropriate stance towards the intellectual and practical requirements of effective governance and metagovernance given 'the centrality of failure and the inevitability of incompleteness' (Malpas and Wickham 1995: 39). In short, in approaching policy-making and implementation, one should respect what I have elsewhere termed 'the law of requisite irony'. To defend this strange idea I distinguish irony from fatalism, stoicism, denial, and cynicism. Convinced that any initiative is bound to fail, the fatalist withdraws from any attempt at action. Those who cannot withdraw may go through the motions of attempting to achieve their objectives in a stoical, even ritualistic, fashion. Alternatively they begin unconsciously to deny failures and/or redefine them as successes. The cynic is also influenced by 'pessimism of the intellect' and assumes that new policies will work no better than old policies but this leads him/her to consciously adopt a manipulative approach, with appearances being stage-managed so that success seems to have occurred. This is the realm of symbolic politics, accelerated policy churning (to give the impression of doing something about intractable problems), and

the 'spin doctor' – the realm of 'words that work but policies that fail'. It may also lead cynics to exploit failure for his/her advantage by raising expectations of success and exiting at the most advantageous moment for themselves with other agents left to deal with the failures.

In contrast to the cynic, the ironist is a sceptic. She recognizes the wisdom of choosing one's preferred forms of failure: this is irony in the Rortyan sense but it is a public form of irony, not a private form. Rortyan irony primarily concerns a contrast between public confidence about the permanency and validity of one's vocabulary of motives and actions and private doubt about their finality and certainty (Rorty 1989: 73-4). Now, as expressed by Rorty, purely private irony could lead to cynicism or fatalism – a distrust of the motives behind other's expressed motives and actions and self-serving manipulation of their beliefs, on the one hand, or passive resignation, *laissez-penser*, and *laissez-faire* vis-à-vis others' beliefs and actions, on the other. Yet Rorty does go on to spell out one implication of his philosophy, namely, a 'commitment to political freedom and free discussion' (1989: 84). Thus one could conclude that the ironist is more inclined to 'optimism of the will' than 'pessimism of the intelligence'. In this sense the ironist is more romantic than cynical.

Thus, recognizing the inevitable incompleteness of attempts at governance (whether through the market, the state, or partnership), romantic ironists adopt a satisficing approach. They accept incompleteness and failure as essential features of social life but continue to act as if completeness and success were possible. In any case, the political ironist must simplify a complex, contradictory, and changing reality in order to be able to act – knowing full well that any such simplification is also a distortion of reality and, what is worse, that such distortions can sometimes generate failure even as they are also the necessary precondition of relatively successful interventions to manage complex interdependence. The only possibility open for political ironists, then, is, indeed, to stand apart from their political practices and at the same time incorporate this awareness of their ironic position into the practice itself.

Moreover, if political ironists are to take account of the subjects as well as the objects of governance in their ironic attempts at governance, then they must also choose the modes in and through which they do so. The law of requisite irony entails that those involved in governance choose among forms of failure and make a reasoned decision in favour of one or another form of failure. In this respect it is important to note that, in contrast to cynics, ironists act in 'good faith' and seek to involve others in the process of policy-making, not for manipulative purposes but in order to bring about conditions for negotiated consent and self-reflexive learning. In line with the law of requisite variety, moreover, they must be prepared to change the modes of governance as appropriate. But for good philosophical reasons to do with empowerment and accountability, they should ideally place self-organization at the heart of governance in preference to the anarchy of the market or the top-down command of more or less unaccountable rulers. In this sense self-reflexive and participatory forms of governance are performative - they are both an art form and a life form. Like all forms of governance they are constitutive of their objects of governance but they also become a self-reflexive means of coping with the failures, contradictions, dilemmas, and paradoxes that are an inevitable feature of life. In this sense participatory governance is a crucial means of defining the objectives as well as objects of governance as well as of facilitating the co-realization of these objectives by reinforcing motivation and mobilizing capacities for self-reflection, self-regulation, and self-correction.

Overall, then, a "double irony" is present in public romantic irony. On the one hand, the ironist recognizes the likelihood of failure but chooses to act on the assumption that success is still possible – thereby 'thinking one thing and doing another'. And, on the other hand, faced with the likelihood of failure, a romantic public ironist chooses her mode of failure to minimize the likelihood of failure – by drawing on the collective intelligence of stakeholders and other relevant partners in a form of participatory democracy. This does not mean that self-organizing, self-reflexive governance is the most appropriate mechanism for coordinating all forms of complex, reciprocal interdependence – only that the a public romantic irony may be the most appropriate mechanism for working out which modes of governance to resort to in particular situations and when collibration (meta-governance in the fourth sense noted above) is required.

7. Conclusions

This review of the complexities of governance and the nature of governance failure has emphasized that, while self-reflexive organization is an alternative mode of coordination to the market and the state, it is not immune from its own failures. Indeed I have emphasized here and elsewhere that all forms of co-ordination of complex reciprocal interdependence are prone to failure. Three reactions to the recognition that all forms of co-ordination tend to fail are cynical opportunism and either fatalistic or stoical resignation.¹³ But a fourth form is also possible: public romantic irony. This involves a commitment to participatory forms of governance in which relevant social forces engage in continuing dialogue and mutual reflection to monitor the progress of their attempts at governance and to develop an appropriate repertoire of modes of coordination so that they can respond to signs of failure. This in turn requires a commitment to metagovernance practices that are concerned to create the conditions in which the scope for participatory governance is optimized in different policy domains and on different scales and in which the contribution of market forces and top-down command (especially through the state) are subordinated to the logic of participatory governance. This does not exclude resort to the anarchy of exchange or the hierarchy of formal organization as means of simplifying specific co-ordination problems but it does require that the scope of the market mechanism and the exercise of formal authority should be subject as far as possible to forms of participatory governance that aim to balance efficiency, effectiveness, and democratic accountability in and through self-reflexive deliberation in conditions that minimize social exclusion. In this context, while some theorists of governance rightly emphasize that governance takes place in the shadow of hierarchy, this should be understood in terms of a democratically accountable, socially inclusive hierarchy organized around the problematic of responsible metagovernance rather than unilateral and top-down command. This places issues of constitutional design at the heart of debates on the future of governance and metagovernance.

Endnotes

- ² This contribution draws heavily on previous work (Jessop 1997, 1998, 1999, 2002b, and 2002c) and comments received from various participants in conferences and workshops over five years. I would particularly like to thank Henrik Bang, Gerry Stoker, Guy Peters, Hubert Steinelt, and Sonja Puntscher-Riekmann.
- In highlighting the explosive interest in theories of governance since the 1970s, it would be wrong to imply that these paradigms have no pre-history and no current competitors. After all, if governance is not to be reduced to the explicit adoption of a particular word, one must recognize that the (set of) concept(s) to which it refers could also be presented in other terms. Theories of governance have obvious precursors in institutional economics, work on statecraft and diplomacy, research on corporatist networks and policy communities, and interest in 'police' or welfare. And, although the idea of 'governance' has now gained widespread currency in mainstream social sciences, it has by no means displaced other research on economic, political, or social co-ordination. This might point us towards an interest in the social and/or political agendas that are driving forward the governance debate.
- ⁴ Thus, alongside the emphasis on public-private partnerships and strategic alliances, we also find talk of network enterprises, network economies, global city networks, policy networks, the network state, and the network society.
- ⁵ Scharpf distinguishes between pooled and reciprocal interdependence. Whereas pooled interdependence requires only a one-off agreement on a common standard which individual actors then accept as the parameter within which to make their own independent choices among the options available to them individually, in the case of reciprocal interdependence outcomes depend

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on the combined choices of all participants among their interdependent options (1994: 36n).

- ⁶ 'Heterarchy' is a recent neologism introduced for forms of co-ordination that involve neither anarchy nor hierarchy.
- ⁷ This typology is influenced by the Luhmannian distinction between three levels of social structure (interaction, organization, and functional system or institutional order); and by a correlative distinction between different forms of social embeddedness -- the social embeddedness of interpersonal relations, the institutional embeddedness of interorganizational relations, and the societal embeddedness of intersystemic relations.
- ⁸ The scope for interaction among complex entities, the emergence of new entities and processes therefrom, the simplifications that are introduced by operating agents or systems to reduce complexity to manageable limits, and the emergent effects of such simplifications all mean that complexity becomes self-potentiating (Rescher 1998: 28).
- ⁹ Asset specificity exists to the extent that assets have limited uses and are immobile.
- ¹⁰ It is a coincidence that this paper presents four general requirements and four specific dilemmas of governance. There is no one-to-one correspondence between them.
- ¹¹ It therefore involves what my earlier work labelled 'metagovernance' a term I would now reserve for the collibration of all three modes of co-ordination (cf. Dunsire 1996).
- ¹² Cf. the stock definition of irony as 'saying one thing, and meaning another'
- ¹³ Denial occurs when that recognition is repressed which does not count as irony because it eliminates the paradox of 'thinking one thing, doing another'.

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	EXCHANGE	COMMAND	DIALOGUE
Rationality	Formal and Procedural	Substantive and Goal-Oriented	Reflexive and Procedural
Criterion of Success	Efficient Allocation of Resources	Effective Goal- Attainment	Negotiated Consent
Typical Example	Market	State	Network
Stylized Mode of Calculation	Homo Economicus	Homo Hierarchicus	Homo Politicus
Spatio-Temporal Horizons	World Market, Reversible Time	National Territory, Planning Horizons	Re-scaling and path-shaping
Primary Criterion of Failure	Economic Inefficiency	Ineffectiveness	'Noise', 'Talking Shop'
Secondary Criterion of Failure	Market Inadequacies	Bureaucratism, Red Tape	??

Figure 1. Modalities of Governance