Policy Networks and the Governance of Complex Societies

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Firstly, I would like to offer my sincere thanks for the invitation. For me it is a great honour to speak at this interesting interdisciplinary conference. My presentation will deal with policy networks as a form of political governance in modern organizational societies.

Two concepts have made a long-lasting mark on contemporary political science: the concept of networks on one hand, and the concept of governance on the other. Both emerged during the 1970s in sociology, for example in research on organizations and community power, and then expanded throughout political sociology, political science, and various areas of economics during the 1980s and 1990s. Although they can essentially be regarded as very old concepts, both deal with the transformation of modern statehood.

However, in the political science theoretical discourse of the 1980s and 1990s they were “enriched” with new meanings and thus evolved into concepts that point to structural changes in modern societies as well as to a changed relationship between the state and society, which is of particular significance in solving politically relevant problems by means of public policies. This problématique of societal change and new crucial properties of modern society is indeed also the topic of the conference for which we have gathered here.

Within this context, I view my contribution as a means of conceptualizing policy networks as a new form of political governance and illustrating their relationship to the theory of the state as well as public policy, thus the material theory of the state.

In my presentation I will proceed in three steps: I shall first discuss the problem of categorizing governance and policy networks in terms of the theory of the state. In the next step I will sketch out the central conditions that have led to the emergence of these new concepts. To conclude, I will formulate three hypotheses on the implications for modern democracy theory and the state that this transformation entails.

I.

I shall now address the first point of my analysis: pinpointing the significance of Governance and Networks in the theory of the state.
The majority of theorists of the state probably agree with conceptualizing the object of their theory building as a certain institutional area that constitutes a functional subsystem or an independent entity that exerts an influence on the society from the outside. The task of the theory of the state would accordingly be: (1) to analytically describe and conceptually limit the object in its different facets; (2) to explain the state’s genesis; (3) its functions and finally (4) the mode of operation or the actions of this entity.

In my opinion, the many theories that took on this difficult task can be distinguished from one another in two ways: Firstly, whether the orientation of the theory of the state is more conflict- or integration-prone (Tainter 1988), or, secondly, whether it is holistic (macro) or individualistic (micro-based) (Coleman 1990).

Let us start to classify modern theories of the state with traditional institutionalism, which initially focussed on legal systems exclusively on the societal macro-level. Social order was explained by macro-institutions, e.g. constitutions (Friedrich 1950).

Pluralism was a conflict-oriented counter-reaction to institutionalism that refused to view political constitutions as an independent integrative force. Instead, it emphasized the balance of power and power structures that operated behind the institutions (Bentley 1967, Truman 1971). If the state was conceived of as more than a field for battles between groups, it still appeared to be at most a regulated arena in which these conflicts were carried out in a civilized fashion or as an instrument that a group uses to maintain power. All we have to do is remember the saying by Ferdinand Lassalle that constitutions are merely a balance of power put on paper (Uexküll 1974).

The system theory of the 1960s and 70s, and in particular Talcott Parson’s structural functionalism, was a reaction to the de-problematization of social integration by means of state institutions (Parsons 1966). However, in his perspective societal integration was extremely narrowed down to cultural factors, a thought which shifted political science research towards the analysis of normative and symbolic structures (e.g. structural-functional approach of Almond & Powell 1966). Cybernetic approaches that now analyze politics from a regulatory or governance perspective also became popular in this context (Easton 1967).

Since the end of the 1960s, this (structural) functional system theory has been increasingly criticized. Once again the conflict perspective emerged as a new theoretical problem. From a Marxist standpoint, conflict structures were labelled as “systemic contradictions” of different classes based on certain modes of production. During this phase of rediscovery of the conflict-dimension, however, a new shift occurred, which increasingly transferred the analytical focus from the macro to the micro-level.
In the 1980s, the era of micro-foundation of social processes began. A turning point is certainly Jon Elster’s criticism of functionalist Marxism (Elster 1982). The theoretical turn of communication approaches, in which the matters of social integration faded into the background even for system theorists, also falls within this time-frame. By focusing on self-organization, the integration _topos_ became a matter that was no longer the subject of controversy.

After some time, the integration problem – having maintained its analytical focus on the micro-level - took center stage once again, in particular with reference to varieties of institutionalism. How social order could be produced despite conflicting interests soon became a subject of discussion. This implies a return to cybernetic system-theoretical perspectives, in which the question of self-governance capacity of societies was tackled with micro-analyses of societal institutions and their integrative effects. The ensemble of these mechanism has been discussed under the slogan of “governance” for some time now (Benz 2004, Grote & Gbikpi 2002, Mayntz 2004, Schneider 2004b). One of its fundamental ideas is that the question of order can be answered by means of a differentiated analysis of mechanisms of institutional control.

What is new about the governance approach is its attempt to pinpoint the micro-analytical grounds for coordination mechanisms. This entails the application of institution-theoretical approaches to individual structures of interaction. Governance can thereby be understood as “institutional cybernetics” (Kenis & Schneider 1991).

This concept is linked to the actor-centered analysis of institutions (Mayntz & Scharpf 1995, Scharpf 1997). However, this does not mean that we absolutely have to take a theory of rational behaviour as our starting point. Its goal is to explain how problems are solved by individual and collective actors by taking specific behavioural orientations and institutional contexts for action into account.

As for the actors, it is not imperative that they decide rationally. Alternative models explain their behaviour either by local efforts to conform – which would imply less intelligence than the rational choice models – or by role programs and routines, in which actors follow institutionally structured behavioural orientations (Scharpf 1997, Vanberg 2002).

A preliminary result of this meta-theoretical examination is that the puzzle of the integrative capacity of modern societies, which was primarily explained by individualistic approaches as a spontaneous creation of order based on individual decisions or by holistic system-theoretical conceptions with a general reference to macro-structures, is now subject to the micro-analysis of institutional configurations in governance research. In this perspective, focus is placed on both the internal logic of actors (e.g. behavioural rationality and capacities) and on the institutional arrangements that structure their actions.

As I have just emphasized, governance theory can be interpreted as actor-centered institutional cybernetics, which taps into the same basic cybernetic idea that made its mark on the sociological system theory in the 1960s. The central concept is that system integration demands certain political and social governance mechanisms. However, these are broken down into actors, actor constellations, and institutional arrangements. Actors must recognize problems of adaptation to their social environment, set goals for adapting, and mobilize resources to solve problems.
Here it is highly informative to take a look at the history of the concept of “governance” (Kenis & Schneider 1996). The word governance can be traced back to the steersman (kybernētēs) of antique Greek warships and was used by Greek philosophers to describe the process of steering the warship. Following this example, Norbert Wiener created the artificial word Kybernetik. Its Latin counterparts are gubernare and regere, which were used both for steering a ship as well as the state. Both, the English and French concepts "to govern" and "gouverner" as well as the German word “regieren” are derived from this.

One should also note that the concept “governance” is a nominalization of the verb “to govern”. This serves to emphasize the process and the “mechanistic” dimension of governing. On the other hand, what is innovative about the current governance concept is that it does not restrict itself merely to governance by the state – i.e. governing by the government – but also integrates social governing, regulation and control by a variety of societal institutions and actors. Governance thus transcends the traditional concept of the state and incorporates additional forms of societal governance.

As shown by Figure 2, the governance theory comprises both the material theory of the state as well as societal mechanisms of integration and producing order, such as decision-making mechanisms in companies (corporate governance) or interest associations (associational governance) (Schneider 2004a).

Now what does it mean in concrete terms to define the actor-theoretical micro-underpinnings of a governance process? From a technical standpoint, governance entails defining the conditions of a system by externally identifying the quantities that determine the behaviour of a system as well as a mechanism that converts goals into changes in condition (the so-called “actor” or “actuator”).

If governance takes place through a feedback mechanism, which independently detects deviations from the objective criterion by means of a sensor and can then carry out the necessary corrections with an actor-mechanism, then we are dealing with regulation. This is a cybernetic system in the stricter sense, in which control is only enforced through the relationship between endogenous goals and the external environment (Ashby 1956).

In the world of technology, the concept of an “actor” or “actuator” is reserved for a governance-technical meaning. In electrical engineering, the concept is applied to a converter that transforms electrical signals into mechanical movements or into other physical quantities. The concept is more abstract in cybernetics, and refers to a mechanism that converts the signals recorded by a sensor into specific actions and produces the desired state of affairs or “position” in a state-space (Deutsch 1966).

This concept of governance can also be used in an actor-theoretical twist in political science. “Intelligent” actors are to be conceived as “sensors” and “actors” simultaneously. Both the formulation and definition of objective political goals as well as the discussion and the detec-
tion of deviations in target/performance values requires their awareness, decisions, and deployment of resources.

How these functions are carried out by means of the division of labour in modern political systems depends on concrete patterns of differentiation. For example, a division of labour might prevail, in which certain societal actors are primarily in charge of defining a political problem, while others have the task of mobilizing and implementing specific political resources which are necessary for a solution to a problem on the basis of a generally binding decision.

This actor-theoretical perspective distinguishes itself from earlier institutional and structuralist approaches by the fact that the interdependencies in governance and regulatory processes are ultimately traced back to the “obstinate” behaviour of the actors. The target ranges for social equilibriums are not automatically predetermined by the system, but must be continually searched for in interactive contexts by means of coordination and feedback. Control then takes place under conditions, in which actors have the autonomy to oversee so-called “systemic imperatives” or even ignore them.

The production of regulatory outcomes does not have to restrict itself to one subject of regulation, for instance the state or the management of an organization. Decentralized or “polycentric” forms of political governance are also conceivable. Governance theory offers several possibilities for the categorization the theoretical diversity of these mechanisms. One very prominent classification differentiates between the two extremes of hierarchy and the market and conceptualizes networks as a continuum of hybrid or intermediate forms.

By distinguishing between “discrete structural alternatives” (Williamson 1991), the governance analysis ultimately seeks to empirically pinpoint the relational configurations in the exchange of information and resources between actors that lead to the coordination of goals and a common mobilization of resources. Institutional rules that define one’s capacity to act at the same time create a system that both produces and conveys stimuli for control and regulation. Unlike technical cybernetics, though, governance does not entail the deterministic identification of behavioural conditions, but at best the creation of incentives for the cultural construction of individual behaviour.

These governance structures can refer to both arrangements within organizations as well as between organizations. A typical inner-organizational governance structure is the “organizational hierarchy”. This is a mechanism according to which organizational goals are placed at the top and then implemented from the top down in binding fashion by means of a chain of instructions and central resource control. Typical inter-organizational patterns are the market and the network. All these configurations always entail complex combinations of institutions.

From this standpoint, the market is not a natural state of affairs, but a highly demanding social configuration from an institutional perspective. Hence, one of the fundamental conditions for its functioning is that its property rights are guaranteed. Markets also cannot function without effective informational infrastructures. The market is ultimately a complex system of economic exchange, which encompasses not only the flow of resources, but also complex techniques of processing information and signals, which allow for the legendary control by means of the “invisible hand” (Williamson 1991).
I come to the second part of my presentation, in which I will expound on policy networks as governance structures.

Parallel to the debate in sociology and institutional economics, distributed or polycentric governance relationships have also been observed in politics for some time now (Klawitter 1992, Willke 1992). From an actor and governance theoretical standpoint, they can be conceptualized as policy networks (Boerzel 1998, Kenis & Schneider 1991, Mayntz 1996).

Such new political configurations can be conceived analogously to an industrial network, in which a given final product is no longer produced by a vertically integrated firm, but instead by an association of many enterprises, who coordinate policies with one another through the intensive exchange of information and exchange or combine complementary resources (Sydow 1995). The “production of public policies” (Jansen & Schubert 1995) – the discussion and political processing of a social problem (Mayntz 1982) – is then no longer the exclusive matter of an integrated government and administration. This instead takes place in networks that incorporate both public as well as private organizations.

Such relationships can be observed in politics on several different levels, from local private-public partnerships, to national policy domains onto transnational organizational networks, in which governments and non-governmental organizations cooperate in the attempt to solve global problems (Reinicke 1999).

Another aspect is that the levels are frequently not clearly differentiated in these networks, as actors from different levels often mutually influence each other in the production of public policies. I would thus like to introduce you to one such network.

However, I first would like to raise the question of why thinking in terms of networks has expanded so rapidly in the last few decades. Can this be traced back to purely internal scientific reasons, which lie exclusively in the dynamics of social science theories, as I had sketched out earlier, or is the development of the theory also a reaction to actual changes in society that can therefore not be simultaneously interpreted as a “reflex” like in epistemological reflection theories? Could advances in the “technologies of cognition” possibly also be held responsible for the fact that we can think in more complex categories and relations than 30 years ago?

III.

I come to the third part of my presentation. I am convinced that the conceptual innovation of “policy networks” has been resolutely enhanced by three developmental dynamics (Kenis & Schneider 1991). These entail (1) current changes in society, (2) a specific trend in the inherent dynamics of the development of social science theories, as well as (3) the emergence of new “technologies of cognition”.

As already discussed, the concept of policy networks implies a view of reality in which public policies are not only formulated and implemented by one single public actor (the state), but rather in which private or societal actors also participate in the process of producing and providing public goods. Furthermore, this concept implies that the state itself is no longer regarded as a continually integrated “public hierarchy”, but as a network of relatively autonomous organizations.
Both aspects are not new from a theoretical standpoint. The vision of private groups as participating in public policies, in particular, is a core idea of pluralism theory. The idea of a fragmented state as a gathering place for group interests is also already apparent in the theories of Arthur Bentley (Bentley 1967) and Harold Laski (Laski 1916) at the beginning of the 20th century.

However, in the last thirty years of the 20th century, there have been changes. Simplified instrumentalist and influence-theoretical ideas on the relationship between state and society, according to which societal groups either instrumentalize the state or exert pressure on it from outside, have been heavily criticized. In turn, they had to give way to concepts in which focus is placed either on functional dependencies or on resource-oriented interdependences between the state and society (Offe 1972). A specific variation of this is the theory of neo-corporatism, in which the exchange and negotiational relationships between the state and powerful organized societal interests are particularly emphasized (Schmitter & Lehmburch 1979).

Although the theory of neo-corporatism contains differentiated concepts on the interactive relation between the state and organized interests, after various attempts (Cawson 1978, Schmitter 1985) it still does not exhibit an elaborate theory of the state that makes claims about that on the structural conditions that are constitutive for the state and address transformational tendencies of statehood, and in particular the problem of fragmentation. This idea has attracted more attention within German research on public administration since the 1970s and 80s (Mayntz & Scharpf 1975), Anglo-American research on sub-governments (Hamm 1986) and Italian theory of the state (Bobbio 1987).

Fundamental trends in the evolution of statehood are doubtlessly both sides of state-interventionism, which has drastically expanded since the 1960s and manifests itself both in the qualitative expansion of the state’s spectrum of tasks as well as in the quantitative growth of the state. The increasing size goes hand in hand with a progressive internal differentiation of the public sector, which has not remained without consequences for the internal state “organizational field” (Janning 1998). This differentiation leads to an increasing autonomization of individual authorities, which on the one hand is intentionally and formally substantiated, and on the one hand, emerges in a purely resource-based fashion as an unintentional consequence of the expansion of the state.

The mechanism lies in the growing specialization and scattering of resources in the social sphere. Both the sociological as well as economic theories of organization demonstrate that organizations gain autonomy through continuing differentiation and specialization (see e.g. the principle agent approach).

The consequence of this is that the all-embracing hierarchical control within the state becomes more and more ineffective. Along the same lines, the unified state administration has also been dismantled into multiple centers in the past decades. Besides the traditional administration, there are now public institutions, public enterprises, and independent regulatory agencies, not to mention semi- and para-state forms of organization.
Furthermore, society has also changed to the extent that the state is not only confronted with individuals, but also with an increasing number of corporative actors and formal organizations that are making their mark on the face of modern society (Coleman 1974). During the same period of time in which the size of the state is rapidly increasing in all advanced industrial nations, we are also witnessing a growth of large-scale organizations, in particular large companies and interest associations that organize highly diverse interests.

Moreover, what is striking about this era is the trans-border expansion of firms and the growth of international organizations, which has been described by concepts such as internationalization and globalization. These processes lead to the dismantling of national boundaries and the transnationalization of public policy (Reinicke 1999).

The result is that the state’s structures of dependence are now being superimposed by international structures of interdependence, in which the sovereignty of nation states is being challenged at the international level. The individual nation state is less and less capable of governing and controlling both its own territory as well as the global system of states, and relies on negotiation, exchange, coordination and cooperation.

III

I will now discuss the ramifications of this extension to processes of public policy in nation states in terms of “complex governing”. To do so, I will expound on a topic which I researched in my dissertation almost 20 years ago: The politics of the chemical sectors as an early example of transnational public policy (Schneider 1988).

The following illustration depicts the policy network that participated in the formulation of the German federal (chemical policy). The compositional variety of the policy network produces interesting insights into the complexity of modern policy making:

- The network is composed by many public but also private actors that are empowered with different of political rights an authorities;
- The actors originate from multiple sectors. They state execute state functions, represent business interests, voice environmentalist of consumerists concerns, and integrate scientific expertise;
- The network is composed of multiple layers. Organizations are located at the national, European and an international level; and finally
- Network organizations exhibit a great variety of organizational forms, from public authorities, via parties and interest groups to new social movements.
This variety in organizational properties is illustrated using various forms and colors. Black and brown actors are governmental organizations, dark blue ones are societal interest associations, green actors are scientific organizations and red ones are parties. The light-blue and yellow actors represent governmental and non-governmental international organizations. The positioning of the actors in the two-dimensional space stands for the centrality of the actors in the information exchange network.

In the next diagram, these organizations are ordered according to their sectors. In the third status diagram, it becomes clear that governmental offices (ministries) and one economic interest group assume the most influential positions. These visualizations were created with the computer program Visone, which was developed at the University of Konstanz.

By merely identifying policy-actors and analyzing their status and centrality, we are able to show that these national and international structures of dependence do not result in the interests of these external groups and actors being anticipated and taken into account. Instead, communication and exchange relationships between these actors emerge.

If international or European branches exist in the formulation of public policies and if resource-oriented dependences between different functional groups of society emerge, they then also find expression in complex communicative and power structures.

A network analyst thus conceives society as a complex picture in which – unlike in individualism - society does not appear as an aggregate of independent individuals, but as an integrated, systemic context composed of many elements (nodes) with a variety of property and multiplex relationships between these elements.

In the end, the network theorist does not surrender to complex reality by contenting themselves with an unanalyzed whole, in which everything is linked to something else. He or she dismantles and dissects the social and political growth by delving into e.g. relational positions and zones of density in the network.

Network thought has since become a fundamental analytical orientation, which manifests itself in many new theories and research agendas, e.g. the sociological theory of inter-organizational relations, the analysis of social networks and complexity theory. Here, as a rule, analysts fall back on structural and relational methods from mathematics as well as graphic based algorithms from computer science.
At present, all indications point to the emergence of a new trans-disciplinary science of network that links natural science and social science research (Barabási 2002, Watts 2003). One example of this is an association of researchers, in which I have been working with computer scientists for some time now, who have developed the methods of visualization that I applied earlier in the presentation of the chemicals network (Brandes et al 2001). Economists who analyze firm networks and their network logic, cultural scientists who analyze semantic networks and political scientists who decipher political networks and explain the structure and the dynamics in the development of policy networks are representative of current trends in the network sciences.

IV.

I now have reached the final point of my presentation. My main claim is that the functional differentiation and the dismantling of national boundaries have had the effect that an increasing number of state and private actors decisively interfering with the formulation and implementation of public policies, which are not intended in most constitutions of the world and least of all in the liberal model of democracy.

If governments strive to formulate and implement effective political programs, they are forced to take into consideration or at least informally incorporate into the decision-making process the interests of those societal actors that possess crucial policy-relevant resources. From the standpoint of the theory of democracy, the new forms of governance are not free of problems (Papadopolous 2004). These new forms of “post-parliamentary democracy” (Burns 1994) distort democratic representation, because actors with a greater potential for exchange are able to procure themselves advantages; but they also blur responsibilities and lead to a lack of transparency (Schneider 1999, 2000).

A question that has yet to be convincingly answered today is what would be an adequate remedy for the lack of democracy inherent to policy networks and bargaining systems. Arthur Benz suggested connecting arenas of negotiation with arenas of direct democracy (Benz 1998). According to this concept, one would initially negotiate and decide on the same issues in both policy networks and parliamentary arenas simultaneously. The second step would allow for the citizens to decide directly between the negotiated alternative solutions.

Whether these parliamentary, negotiation, democratic, and plebiscitary components can be combined in that way is an open question. One effect could be that the position of the parliament, then jammed between bargaining networks and direct-democratic proceedings, would be further undermined. In my view, the only reasonable solution to overcoming the democracy problem in our complex society is the strengthening of the parliament as a last bastion of control which is committed to the public interest. This would serve to increase both its capacity to process information as well as its autonomy. Despite the view that many “unofficial” actors have a say in the content of political decisions, a competent “end-of-pipe” surveillance
must exist that is able to examine the pre-negotiated solutions and discard them after weighing their advantages and disadvantages for the common good. Even if one is sceptical towards the cognitive abilities of members of parliament, much less can be expected from plebiscitary processes due to the discussed limitations of individual rationality.

References
