

T15P01 / How Do Governance Arrangements Change?

Topic : T15 / Democracy, Political Regime and Policy Process

Chair : Murray Fulton (Johnson Shoyama Graduate School of Public Policy, University of Saskatchewan)

Second Chair : Jeremy Rayner (University of Saskatchewan)

GENERAL OBJECTIVES, RESEARCH QUESTIONS AND SCIENTIFIC RELEVANCE

All definitions of governance refer, directly or indirectly, to formal and informal rules that determine the exercise of authority in the taking of collective decisions. Any given governance arrangement stipulates, more or less precisely, how various voices are heard, how decisions are made and how accounts are rendered; in short, who has the power to determine what. The working hypothesis of governance research is that some governance arrangements are better than others at solving the problems facing a society.

Given the emphasis on power and authority, the literature on governance contains a strong thread to the effect that changing governance arrangements is very difficult. Entrenched interests are created by and embedded in existing distributions of authority. Stability can be an advantage, but when governance arrangements are socially inefficient, foster corruption, impede economic growth and create permanent losers, all of which are currently on display in a wide range of countries around the world, how to make change becomes a pressing social and political question.

This panel will explore theoretically and empirically the mechanisms by which governance arrangements change. Papers will explore four themes.

First, can governance be changed by design to improve the quality of decision-making? Democracy has been defended on the grounds that it provides epistemic advantages, but the governance literature has yet to confront the question of why policy intelligence is lacking and in what ways, and whether improving intelligence should be as important a concern as say avoiding corruption.

Second, governance changes when the winners and losers of public policy unite to defend and attack the rules of competition and the distribution of decision-making authority. The relationships between governance and policy outcomes, which are often assumed, need to be explored to understand if and how policy has a lasting effect on governance. Are policy changes sufficient to bring about governance changes, or is something else needed?

Third, the stress given to rules and formal constitutional arrangements has deprived governance research of a full appreciation of how informal norms develop to support or undermine the prevailing structure. A case in point is the recent popularity of the concept of social licence, which its defenders argue is as important a requirement to meet as the satisfaction of legal rules and regulations. Another important area is that of identity, whether it is based on religion, class, or socio-economic status, which is increasingly being seen as a critical factor in determining who in society has the legitimacy to set the rules and to make change.

Fourth, no governance arrangement is entirely secure from the effects of exogenous change. Technologies, in particular, have disrupted not only industries but also the political interests that support them. Vested interests may be able to sustain counterclaims and critiques but yield to new technical solutions to persistent public policy problems. What is required for technological shocks to result in governance changes? Why are some shocks successful in this regard, while others are not? What is the mechanism by which technology changes result in governance changes?

CALL FOR PAPERS

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First, can governance be changed by design to improve the quality of decision-making? Democracy has been defended on the grounds that it provides epistemic advantages, but the governance literature has yet to examine why policy intelligence is lacking and in what ways, and whether improving intelligence should be as important a concern as say avoiding corruption.

Second, governance changes when the winners and losers of public policy unite to defend and attack the rules of competition and the distribution of decision-making authority. But the relationship between policy change and governance change is more complex than this. What is the nature of this relationship?

Third, the stress given to rules and formal constitutional arrangements has deprived governance research of a full appreciation of the role of informal norms. How, for example, do racial and religious identity, and the idea of social licence, support or undermine the prevailing governance structure, and how do changes in these norms come about?

Fourth, no governance arrangement, along with the political interests that support it, are secure from the effects of exogenous change. What is required for technological shocks to result in governance changes? Why are some shocks successful, while others are not? What is the mechanism by which governance changes?

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Session 1 Governance, Institutions and Change

Wednesday, June 28th 14:00 to 16:00 (Block B 5 - 5)

Discussants

Jeremy Rayner (University of Saskatchewan)

The Political Economy of Good Governance

Murray Fulton (Johnson Shoyama Graduate School of Public Policy, University of Saskatchewan)

The Political Economy of Good Governance

To a remarkable degree one question has persistently divided public opinion since the advent of the nation state: is government a constructive force for good in society or does it represent unjustified encroachment on personal freedom? Only the most ideologically driven are prepared to answer this question unequivocally, but most observers of government are attracted to one or the other of these two options.

Our position is as follows: government can be a force for good, by which we mean significant improvement in the human condition, as long as two key conditions are met. These key conditions involve the adoption of governing norms that privilege intelligent collective decision-making, and a distribution of power that allows for advantageous change and the adoption of beneficial norms.

Norms are sometimes firm and fixed rules, other times moral habits and practices. They are the product of rational belief tutored by experience. As such the adoption and following of governing norms is rooted in our individual and collective cognitive capacities. The stronger these capacities, the less susceptible we are to biases that erode rationality and lead to confusion regarding which norms contribute to human flourishing.

The idea of governing norms has given rise to a second question which has divided academic opinion: are governing norms universal principles that apply across space and time, or are they culturally coded and rooted entirely in local experience? The universal principles position finds expression in economic and political reforms such as the Washington Consensus and New Public Management and in pronouncements such as “the end of history.” The local experience position is chronicled in historical studies in which path dependency creates unique challenges and opportunities that constantly frustrate efforts to impose uniform policy solutions.

Our position is as follows: certain governing norms are demonstrably better than others in generating improvements in the human condition, but their adoption depends on a combination of power and knowledge that is always the product of local circumstance. Governing norms often compete with one another; they point in different directions and oblige choices in the absence of certainty. The distribution of power in society creates a built-in preference for the status quo and for adopting and interpreting norms that are congenial to groups that hold political power. The result is that the allocation of power and authority plays a critical role in determining well-being.

The purpose of this paper is to chart a course between the extremes on these two issues—the potential of government and the prospect for positive change. In broad terms we seek to specify the conditions for intelligent governance in the presence of political power.

Evaluating Social Development Policies: an institutional interpretation of the Bolsa Familia Program in Brazil

Aline Hellmann (Federal University of Rio Grande do Sul - UFRGS)

This paper aims at providing a preliminary interpretative analysis regarding the role of monitoring and evaluation systems (M&A) in the development process. By one hand, sustainable expansion of entitlements and provisions does not produce itself spontaneously. On the other hand, governmental programs tend to have many interfaces and highly complex operational mechanisms. Therefore, the M&A systems' norms (values), organizations, regulations, capabilities, and incentives tend to be overlooked whenever one discusses policy results and impacts. Using an Institutional Economics theoretical framework, a qualitative research was conducted to interpret the respective roles of the Bolsa Família Program (PBF) and the National Secretariat for Evaluation and Information Management (SAGI) from 2003 to 2014, both institutions under the Ministry of Social Development and Fight Against Hungry (MDS). As the largest Conditional Cash Transfer Program in the world, PBF has helped to change habits of thought and behaviors across the beneficiaries' families, and the general public. The M&A system was also relevant to solve interpretative disputes (helping to build legitimacy), as well as to adapt its goals and its public (Brazil without Extreme Poverty Plan). The main findings of this research on the institutional features of Bolsa Familia evaluation are: 1) the more complex and controversial a governmental program is, the more necessary a strong M&A system is; and 2) the better the M&A system, the more development goals are likely to be achieved.

Multiple accountabilities, institutional legacies and policy disruption: territorial governance controversies

Ania (Anna) Ankowska (Leeds Beckett University)

Pugalis Lee (Institute for Public Policy and Governance, University of Technology Sydney (UTS))

Fiscal purging, austerity urbanism and 'push' politics are altering the nature, form and contours of territorial governance. Of central concern to this paper are the interconnected issues of democratic engagement, accountability and legitimacy. The renegotiation of systems of territorial governance are challenging traditional normative principles and engendering their reinvention.

From an English perspective, important concerns have been expressed by a variety of actors concerning the accountability of subnational systems of territorial governance, with evidence disseminated in the popular media in late 2016 highlighting widespread conflicts of interests, and the severity of potential abuses of power and misappropriation of public resources.

Investigating recent English practice, including the introduction of both soft and hard spaces of governance (e.g. Local Enterprise Partnerships and Combined Authorities, respectively), we trace the evolution of territorial governance and accountability mechanisms in Greater Manchester and Greater Birmingham. The former can be characterized as benefiting from a legacy of institutional memory, embedded patterns of working and cross-party and cross-sector collaboration, whereas the latter has been prone to fractured political relationships, policy disruption and more fluid territorial configurations. Empirical insights are analyzed through a post-positivist interpretive framework, which draws upon the collation and analysis of case specific documents and 47 semi-structured, face-to-face interviews with a broad range of state and non-state actors over the period May to November 2016. The study sheds new light on intersects between formal and informal systems of governance and multiple accountabilities, and the ensuing policy controversies and dilemmas.

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Session 2 Governance, Institutions and Change in Practice

Wednesday, June 28th 16:15 to 18:15 (Block B 5 - 5)

Discussants

Murray Fulton (Johnson Shoyama Graduate School of Public Policy, University of Saskatchewan)

Did the Asian Financial Crisis 1997-98 make East Asia's growth more Reliant on Rule-based Institution? Evidence from Country Panel Data Analysis

Kee Hoon Chung (Korea University)

Contrary to the conventional wisdom that good institutions are necessary for economic growth, East Asian states have achieved high growth without strong rule of law. Drawing from the East Asian experience, while many scholars now accept different institutional paths for growth, there is less consensus as to whether these paths would eventually converge, or remain different. Surprisingly, existing literatures on institutions have not devoted much effort testing such trajectories.

Therefore, this research tests whether convergence has taken place in East Asia. Specifically, this research tests whether Asian Financial Crisis 1997-98 has made East Asia more reliant on rule-based institutions to achieve growth. Theory on institution maintains exogenous shocks such as financial crisis can alter path-dependent institutions (North, 1990). As a result, East Asia offers a perfect laboratory to test whether convergence took place.

As for method and data, this research will use panel data analysis with fixed effect for years of data from 1990 to 2007. Although years beyond 2007 are available, adding years beyond 2007 would subject to effects from recent global financial crisis that started in 2008. Since this research is intended to examine only the effects of the Asian Financial Crisis, years beyond 2007 are excluded.

Since effects of the Asian Financial Crisis differ by countries, our analysis will categorize East Asian states into three groups: countries most severely affected, countries severely affected, and lastly, countries that have achieved East Asian Miracle. The group of most severely affected refers to countries the International Monetary Fund (IMF) intervened due to the severity of the crisis – South Korea, Thailand, and Indonesia. Severely affected include countries reported by IMF and other media outlets – Hong Kong, Malaysia, Philippines, Singapore, and Taiwan – as less severely affected than aforementioned three countries. Finally, countries of East Asian Miracle are countries defined by the World Bank report for achieving rapid growth during 80s and 90s despite lacking strong rule based institutions. The purpose of adding this group is to test whether the crisis had a regional effect, transforming region's overall institution.

We hypothesize that while institutional transformation has taken place in three severely affected countries – South Korea, Thailand, and Indonesia – not much change has taken place for other groups.

Governance change: innovation as a risky task and the need of safely breaking the chain of routine

Mattos Miguel (University of Brasília)

Governance is about how collective decision-making is taken. There is always the temptation, when dealing with governance in the public sector, to identify it strictly with the rule of law or an hierarchical structure. Specially under the Romano-Germanic tradition of law, codes describe the structure of the government and what each branch must perform. From this point of view, the rule of law describes everything and the solution of good governance is simply follow the rules and obey superior orders.

Governance is being considered as a practice undertaken by super beings that are all-seeing and

all-knowing, rejecting the idea of bounded rationality. But like real people, even the best state agencies are either omnipotent nor omnipresent. In the words of Eugen Ehrlich, “the art of regulating rivers does not consist in digging a new bed for the river all the way down to its mouth, but in directing the current so that it self-actively creates a new bed for itself. Likewise statutes fulfil their functions only where the great majority of the people obey them in obedience to the promptings of an inner impulse.” More than conforming practices, like a machine perform a programmed movement, rules and other incentives must motivate agents to find good solutions by their own knowledge and good impulses.

In other words, law and command are not sufficient if not aligned with incentives to produce innovation. Governance is a set of incentives for decision-making, including those ones that allow changes when the status quo support inefficient or unfair equilibria. Like achieving Nash equilibria or Lewis conventions doesn't mean that a good result have been taken, the stability achieved in a repetition of practices doesn't mean that it is good by itself.

Most of regulations give incentives to public agent to repeat the past. The protection of a routine is taken as a shield against corruption. Innovation is risky and most of the times, because governments in developing countries are increasing more and more the rules to avoid corruption, failure have been punished, not admitting that risky innovations must be encouraged to support good changes.

The rule of law must allow innovators to take some risk in favor of new and better levels of governance. The system of rules must protect agents of change from the danger of been sanctioned as corrupts or incompetent exactly because they are trying to change the routine to a new and better pattern.

The theoretical discussion about the ways of dissociating the simple non compliance with rules and the attempt to innovate, may admit, for example, pre-approved projects that allow levels of risks of failure and support the creation of decision-making bodies that protect innovators. In this sense, rules to support innovation inside governance may allow change without inducing people to repeat the past just to protect themselves, instead of innovating, admitting failures and successes, to benefit to the public.

Governance Systems and Science: Engaging Across Disciplines and Sectors

Peggy Schmeiser (Johnson Shoyama Graduate School of Public Policy, University of Saskatchewan)

Governance systems supporting science and innovation are multifaceted and complex. Within these arrangements, academic and research institutions play a key role in identifying and advancing critical priorities of scientific interest. But when it comes to authority and decision-making, whose voices and whose research matter most? Is science alone sufficiently equipped to respond to pressing global issues or are there opportunities for multiple collaborators to work effectively together across disciplines and beyond the academy?

This presentation will build on a study conducted at multiple universities that examines potential collaboration opportunities and challenges for supporting science and innovation. Key findings will be discussed as well as recommendations for improving current governance arrangements in support of stronger public policy.

Innovating the governance of drought and flood to transform the governance of climate change

Margot Hurlbert (Johnson Shoyama Graduate School of Public Policy)

Experimental governance (iterative, multi-level architecture, broad framework goals and metrics to measure achievement (Sabel and Zeitlin, 2012) is required to solve the difficult problem of climate change. Traditional frames and approaches of policy evaluation and innovation assessment are not suited for a world of experimental governance. The focus of traditional evaluation is cost / benefit, management by objectives, and program evaluation based on measuring results against program objectives, effects and implementation.

This paper is based on research that interrogated and analyzed the policy response to climate change, drought, and flood, in relation to agricultural producers in four case studies in river basins in Chile, Argentina, and Canada. Based on this research and analysis, the findings were made regarding governance practices to advance social learning, the framing of policies, how policy problems can be analyzed, what policy gaps exist, how behaviour might be changed and how experimental governance might be implemented. For instance:

- This exercise illustrates policy gaps, and failure to holistically consider policies responding to impacts of climate change (e.g. the inclusion of drought and flood in climate change policies and vice versa). This failure stymies transformative change;
- A deep definition of social learning is required that involves public participation in experimental governance

(including forms of adaptive management) such that the iterative process of setting goals, data collection, and stakeholder and public input are continuous (Pahl-Wostl et al. 2007; Mostert et al. 2007; Tabara et al. 2010);

- An evaluation must be made that interrogates if a policy or program has changed practices of actors, and which actors (Reed et al. 2006). A meaningful, iterative participation of multiple disciplines and stakeholders is required (Hachman and St. Clair 2012);

These findings can be illustrated through examples of transformative social learning, policy development and implementation from the four case studies. For instance, Argentina is the site of the most fundamental transformative social learning where a Glacier Protection Law was passed with deep public and civil society engagement. This was a decision to protect glaciers that are threatened by climate change and prevent mining development at the headwaters of the Mendoza river that would detract from the water source of the community and irrigated agricultural producers downstream. Another example in Canada is the creation of a Special Areas Board to cooperatively manage drylands for ranching in an especially drought prone area. After conception, framing, public discussion, iterative review, measures such as these become embedded and new issues inhabit the 'unstructured' wicked problem space requiring attention.

The study found that holistic consideration of climate change along with drought and flood as an unstructured policy problem was lacking within the study areas. The governments were apt to create policies and instruments responding to emergency events of drought and flood reactively. It is the authors' conclusion that effective resolution of climate change will require its full consideration (both mitigation, adaptation, and the reduction of impacts) for a truly transformative and reflexive engagement that is necessary for its resolution.