Section A

I. Governance – A Political Science Perspective

Ia. Governance in Connected Arenas – Political Science Analysis of Coordination and Control in Complex Rule Systems

Arthur Benz

1. Governance as analytical perspective

For decades, the term "governance" has been a key concept in political science. It was introduced in the field of international politics to describe structures and practices of coordination and control without a sovereign power, i.e., an institution competent to make and enforce binding decisions ("governance without government"; Rosenau and Czempiel 1992; Rosenau 1998). Later, the term was transferred to other areas of politics inside and outside the state. Research on policy-making and implementation revealed that public authorities cannot cope with complicated societal issues by relying on the power of the state, that responsible governments and administrations regularly have to negotiate and cooperate with private actors from the public sector, and that many collectively binding rules are set and implemented beyond the state, in various forms of societal self-regulation (Mayntz 1998). Since the 1980s, public sector reforms have led to the privatization of services and application of new patterns of regulation and service delivery in the public sector, and political scientists have described these developments as changes from „government" to „governance" (Rhodes 1997).

In fact, the scientific concept of governance is far from clearly de-ined. In political science, governance means the coordination and control of autonomous but interdependent actors either by an external authority or by internal mechanism of self-regulation or self-control (Mayntz and Scharpf 1995: 16). Different forms of coordination and control are covered by the term: unilateral regulation in hierarchies, mutual adjustment in the market, agreement in negotiations or trust and consensus in networks and social communities.

In addition to this broad conception of governance as the coordination and control of interdependent actions of societal actors, a narrower concept has emerged as scholars have regarded government and governance as two distinct forms of governing. "Government" refers to the institutionalized power to make and

implement decisions in a state, whereas "governance" – in this meaning – stands for network-like, "horizontal structures of cooperation between public and private actors. Thus the term refers to the reality of the 'cooperative state'" (Mayntz 2002: 21) or to self-regulation of private actors beyond the state or in the "shadow" of the state:

> "... governance implies that private actors are involved in decision-making in order to provide common goods and that non-hierarchical means of guidance are employed [...] Where there is governance, private actors may be independently engaged in self-regulation, or a regulatory task may have been delegated to them by a public authority, or they may be regulating jointly with a public actor. This interaction may occur across levels (vertically) or across arenas (horizontally)" (Héritier 2002a: 3).

In political science, the term governance is subject to disputes. Many scholars criticize the vagueness of the concept. Even protagonists agree that it is "notoriously slippery" (Pierre and Peters 2000: 7), and besides those mentioned above, the literature reveals additional definitions (see Kooiman 2002; Pierre 2000; Rhodes 1997: 46-60). However, the broadness of the meaning is typical for several accepted concepts in social science which, like government, state, administration or society, cover complex phenomena.

In fact those who reject the term governance often expect too much. Governance does not stand for a new reality or a new understanding of the reality. Moreover, it does not imply a new theory. The term designates a certain analytical perspective determined to make apparently opaque and over-complicated structures and processes of collective action in the state, economy and society comprehensible. As an analytical tool, the term can be used to describe or evaluate reality. In political science, it is relevant both as an empirical and a normative concept. As regards its application in a normative way, it needs to be emphasized that governance should not be identified with existing definitions of "Good Governance", rather it points out the need for criteria for determining the effectiveness or efficiency of policies and the democratic legitimacy of politics and institutions.

Thus, the term governance can be made fruitful for the analysis of complex patterns of collective action. When it is applied to different realities, we are confronted with the task of clarifying the particular features that characterize governance, and we have to combine the analytical perspective with adequate theories and methods for empirical research. Statements with theoretical or practical relevance cannot be derived from the term governance as such. Only if we apply the governance perspective to particular structures and processes of collective action are such statements possible. Thus, talking about governance in social science, in general, and in political science, in particular, marks the beginning rather than the end of scientific research work (Pierre and Peters 2000: 37).

Governance research in political science has been influenced by theories and concepts developed in institutional economics. Moreover, it has taken up elements of sociological approaches like the theory of differentiation, network theory or system theory. In contrast to economic and sociological approaches which focus on comparing distinct types of governance (Lütz 2003; Lange and Schimank

2004), political scientists mostly deal with the interplay of governance in connected structures of policy-making ("arenas") with different sets of actors, different rule systems and different modes of functioning. It goes without saying that this perspective aims at typologies and comparative research, too. One should not overestimate the differences between scientific disciplines, particularly since governance provides a concept designed to bridge the boundaries between disciplines (Van Kersbergen and Van Waarden 2004: 165). Nevertheless, the following sections focus on governance in connected arenas and assume that this is the most important issue political scientists are dealing with in governance research.

2. Governance in connected arenas

In the political science literature, the term governance usually refers to collective action without the authority to make final decisions. Moreover governance is mostly associated with policy-making beyond the state, with cooperation between public and private actors, or cooperative private self-regulation. Such definitions are not incorrect, but they fail to take into account the important aspects and problems of governance. In fact, we speak of governance, if coordination and control occur in horizontal relations between actors. This, however, does not exclude the existence and effectiveness of hierarchical structures. What is decisive is that the notion of actors does not mean individuals, but organizations or other types of collective units, and those individuals who really influence policies stand for a group or organization. Therefore, politics and policy-making among actors in governance is not only shaped by rules of interaction, action orientations, conflicts of interests or the distribution of power, but also by the rules entrenched in the organizational context actors come from. Hence governance usually links different "arenas" of collective actions, and governance research in political science implicitly or explicitly focuses on governance in "connected arenas" (Héritier 2002a).

The term "arena" was introduced in policy analysis to designate areas of collective actions that are defined by specific functions and rules. Usually functions and rules are entrenched in institutions, even if not only formal charters but emergent rule systems are crucial. Boundaries of arenas are determined by functions. If they correspond to territorially defined jurisdictions, we can us the term "level". Following Lange and Schimank (2004: 23), I will call a combination of governance mechanisms in different arenas or levels a "governance regime".

In connected arenas, actors are subject to various factors determining behavior that follow from the particular functions, interests, power structures and rules that characterize the particular arenas. More often than not, these factors imply contra-dictory expectations and prevent effective or democratic policy-making. How actors cope with these "incompatibilities" depends on the constraints actors are exposed to in the different arenas, the way arenas are linked (loose or tight coupling), or the strategies actors can apply. Arenas are tightly coupled if institu-tional rules strictly determine how actors make policies in governance. In loosely

coupled governance regimes, actors profit from sufficient leeway, which they can exploit to deal with different expectations. In both types of governance regimes, strategies of collective actions emerging in political practice influence the success or failure of governance. From this, it follows that governance is usually characterized by dynamic developments of processes and structures.

2.1 Arenas and governance regimes

Essential categories of governance research concern the modes of coordination and control based on a particular social structure. They describe rules or rule systems contributing to the transformation of individual actions into collective action. In policy science, we find typologies of policy-making (König and Dose 1993) or institutionalized rule systems, while researchers of political economy refer to typologies developed in institutional economics (Lütz 2003). Usually these typologies include four types of rule systems. While in a narrow sense governance is defined as policy-making in networks ("network governance" Kohler-Koch and Eising 1999; Sørensen 2002), analyses of governance in connected arenas have to apply a broader concept and include hierarchy, competition and negotiations.

The terms used in the following sections stand for simple governance regimes. It should be noted that governance is neither a structure nor a procedure, but a combination of both. Therefore when I use the notions of hierarchy or network, they imply a particular structure, but also the way actors interact in these structures, and the way structures are formed and changed. With competition and negotiation, I do not merely describe a process, but a certain way of coordination and interaction of actors guided by rules that structure the relationships among actors. What is essential is comprehending the mechanism that determines the interplay of structures and processes as well as how these modes of coordination and control work. Mechanisms are frequently recurring causal relations that explain human action and interaction (Elster 1989: viii; Hedstrom and Swedberg 1998; Mayntz 2003; Scharpf 1997).

Hierarchy designates a mode of governance characterized by the leadership or subordination of actors. It constitutes a structure with asymmetric social relations that normally exists permanently and allows for repeated interactions ("iterated games"). Leaders and subordinated actors pursue their own interests even if they represent an organization and work for the goals of this organization. In principle, these egoistic actors are coordinated by the decisions of a "ruling" actor and the unilateral adjustment of those to whom the decision is addressed. Beyond this feature, hierarchies imply a functional differentiation between positions and actors holding positions, an aspect indicated by the categorization of actors as "principals" and "agents" (Miller and Moe 1986). Leaders are neither capable of, nor responsible for making all decisions; they concentrate on guiding and controlling the agents. This aspect of hierarchies is underscored in institutional economics as well as in the literature on the management and modernization of public administration.

By pointing out the relevance of the strategic control of managers and the autonomy of decentralized units, hierarchy and leadership are not called into question, but emphasized. In accordance with these theories, political scientists have shown that the power of leaders and central units in a governance regime usually become effective merely as a „shadow of hierarchy" (Scharpf 1997: 198-205). Thus, both normative concepts and analytical categories of governance research provide no reason to underestimate the relevance of hierarchy.

Networks include actors in relationships that are more or less symmetric. With regard to their structure, networks should not be contrasted with hierarchies because the term does not stand for a particular social relationship between actors (Jansen 1999). Networks can incorporate actors on an equal basis, but they often include leaders and are differentiated between actors in the core and in the periphery. Moreover, network relations exist permanently although they are more flexible than formal organizations. In contrast to hierarchies, actors are motivated to join networks not primarily according to individual interests but by the adherence to norms or collective orientations. Without being subject to formal rules and incentives, they follow cooperative orientations, which they want to stabilize. These orientations do not eliminate conflicts of interests. The coordination of actions nevertheless works on the basis of adjustment or influence. Actors are willing to adjust their behavior if they can trust in others, i.e., if they can rely on reciprocal actions at least in the long run. Coordination works by mutual influence if actors adhere to shared values or knowledge. Strong commitments to values and common knowledge can stabilize networks without mutual trust. Value based networks turn into "policy communities" (Atkinson and Coleman 1992; March and Rhodes 1992; Wilks and Wright 1987), and in a similar way knowledge based integration creates what in international relations is labeled "epistemic communities" (Haas 1992).

In many typologies, markets are regarded as a third mode of governance. However, markets constitute complex rule systems. Actors coordinate their actions in the shadow of the law (hierarchy) and in the shadow of competition among consumers and producers of goods in more or less explicit negotiations over contracts. For an analysis of political processes, which become relevant when markets fail to solve problems, it is *competition* among actors that may provide coordination. Actors compete in symmetrical relationships. These can permanently exist (which, e.g. is the case in parliamentary democracies with competing parties), but permanence is not a condition for governance to work. In many cases coordination by competition is focused on specific issues and aims at temporary relations. Actors who compete follow their individual interests, but they compare policies of their rivals and are motivated by comparative advantage. Comparative orientations (Nullmeier 2000) and efforts to perform better than others provide for the coordination of individual, egoistic actions towards a collective outcome. What drives actors in this direction is not only their interest in profits or resources, but also their aim to get approval by their clients or citizens for their performance in policy-making. Parties in democratic systems compete in order to attain the majority of votes, and they seek votes by promoting persons and programs they declare to

be better than those of other parties. Governments, legislatures or administrations may gain approval from citizens and the media if they can convincingly claim that their policies or institutional reforms are better than those of governments in other regions or countries. This motivation by comparison and competition is increasingly used in hierarchical relations by principals in order to control their agents and better implement their goals without costly intervention into decentralized policy-making. Among the „new modes of governance" in the EU, comparison and competition is of particular importance (Héritier 2002b; Hodson and Maher 2001). In public administration, competition for better qualities and „benchmarking" have contributed to push reforms and improve efficiency (Bandemer 2001; Kuhlmann 2003). In regional, agricultural and research policies, competition among regions is fostered by ministries that increasingly provide less grants to regions with structural deficits but more to those regions with potential and promising development concepts (Benz 2004a).

Finally, individual actors can be coordinated by *negotiation*. As with competition, relationships are symmetric, and they do not require permanence. Negotiations aim at issue-specific agreements among actors that pursue individual interests but are willing to come to an accord with other actors. There is no need for consent since actors can make deals by making concessions on less important points in order to gain in those areas that they regard to be more important for them. Usually, such exchanges are achieved by linking different issues in one negotiation process ("package deals"). Thus, coordination is made effective via mutual adjustment, either though incremental concessions by the parties or by deals; and actors join this process because they are motivated by both egoistic and cooperative orientations (mixed motive situation). Negotiations can be institutionalized with the consequence that actors are compelled to come to an agreement. In this case, they are prevented from acting autonomously if they fail to find a compromise. Compulsory negotiation systems (or "joint-decision systems"; Scharpf 1997: 143-146) are prone to deadlock in policy-making, while in voluntary negotiations, actors can resort to the exit-option and, depending on the institutional setting, to collective action by unilateral or mutual adjustment.

Figure 1: Types of governance

	Hierarchy	Networks	Competition	Negotiation
Relationships	asymmetrical permanent	asymmetrical or symmetrical permanent	symmetrical temporary; issue-specific	symmetrical temporary; issue-specific
Motivation; orientation	egoistic	cooperative	egoistic (comparative advantage)	mixed motives
Coordination of individual actions	unilateral adjustment	unilateral and mutual adjustment/trust and consent	mutual adjustment	agreement

These types of governance can be used to describe arenas of policy-making and to understand the specific mechanisms working in them. In reality, more complex governance regimes exist composed of different arenas. Mostly, we find combinations of hierarchies with networks, competition and negotiation. The reason is that hierarchical coordination and control is typical for many formal organizations, and other modes emerge when policies transgress the boundaries of formal organizations. However, other combinations have their practical relevance, too, especially when hierarchies reach their limits in the face of increasing social and institutional differentiation, globalization or Europeanization, and turbulent developments. The following figure gives examples for different composite governance regimes in Germany and the EU. Needless to say, similar examples can be found in other political systems, and more complex combinations are possible.

Figure 2: "Composite" governance regimes

	Negotiation	Competition	Network	Hierarchy
Hierarchy	negotiations in the administrative implementation of laws ("co-operative administration")	benchmarking in regional and local policy	"policy communities" in public administration or between government and private corporations	multilevel hierarchies in public administration
Network	administrative networks in the German co-operative federal system	networks among firms; research networks	multilevel networks (networks in networks)	
Competition	party competition in the German „cooperative" federal system	competition among regions in political systems with strong party competition		
Negotiation	negotiations in multilevel polities			

2.2 Problems of effective and democratic policy-making in governance regimes

Coordination and control aim at effectively solving collective problems with decisions that are approved as legitimate by at least a majority of the affected citizens. Effectiveness is a necessary condition for approval, but it is not sufficient to guarantee legitimacy. As a rule, politics has to deal with collective action problems in society. They arise when actors pursuing their individual interests end up with a collective result, which they regard as negative even from an individual point of view, but which they cannot change without running the risk of degrading their own situation. In this case, those that profit more from the status quo relative

to the alternatives will not agree to a policy even if this may improve the general social situation.

When policies are made in connected arenas, decisions that are both effective and approved turn out to be more difficult. More often than not, effectiveness depends on policy-making in one arena, whereas results have to get approval in another. A minister, for instance, needs the support of the cabinet or of a majority in parliament. However, effectiveness of his policies depends on its relations to public or private actors to whom the decisions are addressed. In multilevel political systems, interdependent policies have to be coordinated among governments or administrations across jurisdictions even if decisions have to be passed or ratified in parliaments. Requests for approval are unproblematic, if the responsible agent of the executive has the power to enforce the will of his cabinet or of the parliament against other actors. This, however, is unrealistic even in hierarchical structures. Decisions are the result of strategic interactions, and the outcome of these processes cannot be guaranteed at the outset. If the result achieved in one arena does not coincide with the scope of acceptable decisions in another arena, decisions have to be changed, or policy-making ends in a stalemate.

In principle, this problem of making effective and legitimate decisions in connected arenas has much in common with decision-making problems in governments as described by the veto-player theory (Tsebelis 2000). This institutionalist approach shows that a change of the status quo by political decisions requires that the corporate actors, whose assent is necessary, have at least minimally concurrent interests in altering the status quo. What this theory ignores is the fact that actors are embedded in rule systems, either entrenched in institutions or emerging from ongoing interactions, and that the particular rules shape the way actors use their veto power. Rules that determine how institutions make decisions can facilitate the coordination of decisions in different arenas, making the strategies of actors transparent and the outcome assessable. If this is not the case, several sequences of incremental adjustment of decisions may become necessary, and only if these sequences are possible, can the stalemate of policy-making be avoided. Aside from this complication, decision can be impeded if actors are committed to rules in an arena that influences his strategic action in a way that impedes him in finding a common basis with veto-players in another arena.

In order to understand the consequences of governance in connected arenas, we have to consider the institutional and emergent rules and analyze the mechanisms determining or influencing policy-making. The typology of governance modes provides a basis for clarifying the problem of connected arenas.

2.3 Rule systems, mechanisms of collective action and coordination between arenas

On a very general level of reasoning, we can assume that rules prevailing in a particular arena induce actors to pursue the interests or goals of an organization or

group they stand for. If the policy agreed upon in an arena is clearly defined and well-known by partners in other arenas, they can calculate the strategies that an actor committed to these policies will apply. Some rule systems enable reliable assessments of policies to be expected in an arena while others make results uncertain not only for external observers, but also for insiders.

Other things are being equal, the outcome of decision-making in an arena, and hence the strategic action of actors representing the relevant organization or group in an other arena, is better assessable in networks and competition than in hierarchies and negotiation. A network incorporates actors with a common goal, guided by shared values, professional standards, knowledge or interests. If an actor is identified as a member of a network (which can be difficult) and if his or her attachment to a network predominates (which is not sure if he or she is at the same time member of a formal organization), the policies he or she makes are relatively clear. The same holds for actors competing with other actors, since the subject of competition as well as the interests of the actors are obvious. Whereas networks are often not easily visible, competition contributes to transparency of policy-making.

Less reliable are actors committed to policies that are made in hierarchies or negotiations. In the first case, the goal of an organization may be well-known, but when it comes to decisions on specific issues, agents and outsiders cannot be sure about how leaders in a hierarchical governance regime will decide. The situation in negotiation systems is much more open, at least if no stable coalitions and predominating majorities exist. In negotiations aiming not at majority decisions but at unanimity, the great number of individual veto-players causes uncertainty about the policy.

Beyond the reliability or assessability of the policy process and its outcome, the strategic actions in connected arenas depend on whether rules strictly determine actors' behavior or whether they provide more room to maneuver. Therefore, we have to distinguish between strong and weak ties created by rules. Again, only a few rather general reflections on the effects of governance regimes are possible since the leeway of actors is determined by particular rules. Nevertheless, we have good reason to assume that – other things being equal – hierarchies and competition produce stricter ties than networks or negotiations. As a rule, actors in networks and negotiations can end the relationship without creating excessive costs. The exit option is generally available in networks where coordination rests much more on informal rules than on binding commitments. The same applies to negotiations except if they are institutionalized as joint-decision systems, i.e., if unilateral action is prohibited. In this case, we have to assume the strong commitment of actors to a policy formulated in negotiations. Hierarchies imply strong ties since they are usually grounded on formal organizations. Rules of competition include the exit-option; however, actors not participating have to bear high costs and cannot achieve their aims. Therefore, exit is unattractive and often impossible in competition, and the rules of the game are rather strict.

Figure 3: Consequences of rule systems in different governance structures

	Hierarchy	Networks	Competition	Negotiation
Outcome of policy-making in an arena	uncertain	certain	certain	uncertain
Commitment to policies in an arena	strong (for agents)	weak	strong	weak

If policies are made in the connected arenas of a complex governance regime, actors are subject to these different rules. This can cause serious problems for coordination. If actors cannot be relied upon to stick to a policy or identify the policy they in fact pursue, governance can fail simply due to a lack of stability and/or indeterminate strategies. If actors are strictly bound to rules and policies in an arena, they act in an inflexible, egoistic or even competitive way in other arenas with the consequence that conflicts intensify, and compromise or cooperation is unlikely.

Examples for the second pattern of governance can be found in intergovernmental or corporatist policy-making in parliamentary systems with strong party competition. Here, a government needs the support of a majority in parliament. If it negotiates an agreement with other governments or interest groups, it must take into consideration that opposition parties in parliament might blame this policy for not being in accordance with the interests of citizens. In the competition for votes, the majority party cannot fully ignore such arguments and has to see to it that the government follows the will of the parliament. For this reason, the government is constrained in negotiations. Either committed to a substantial mandate or subject to controls in the parliamentary arena, governments tend to bargain and stick to a position in the arenas of intergovernmental or corporatist negotiation (Lehmbruch 1999, 2000). Leaders of democratic associations who must get their policy approved by an assembly of members with competing groups are in a similar situation and must strictly pursue the genuine interests of their membership (Offe and Wiesenthal 1980). This is why effective intergovernmental negotiations and corporatist policy-making depend on a certain hierarchization in parliaments and associations so that governments and leaders of associations have sufficient leeway in negotiations (Mayntz 1992). Strong party competition can also prevent governments from entering into policy competition with other governments because parties are more interested in an ("internal") comparisons with other parties than in comparing policies of the government with "externally" produced examples of best practices.

On the other hand, competition in politics as well as in the market makes interests and positions visible. When governments of parliamentary democracies or representatives of private corporations negotiate, their partners can calculate their interests and their strategies. Although bargaining on fixed positions may not leave a wide scope for agreement, the common knowledge of the situation and the

expected behavior of actors allows an outcome at least at the "lowest common denominator".

In public administration, actors have to observe the rules of hierarchy or are integrated in professional or clientist networks. If agents of a hierarchic administration negotiate with private addressees of administrative decisions, they usually benefit from discretion but have to reckon with potential interventions by a controlling authority. Given the strictness of rules and supervision, they can resort to strategic self-commitment (Schelling 1960), by exploiting the fact that external actors have no sufficient information about the exact policy of the organization. Pretending to have only limited discretionary power, they can induce negotiation partners to make more concessions than necessary from a neutral point of view. Actors committed to networks can act relatively free but tend to "localist" definitions of issues and interests. This reduces the flexibility they need to find agreement in negotiations outside of their network.

2.4 Governance failures

As the examples outlined in the preceding paragraph show, rules in arenas can restrict actors and prevent them from adjusting their behavior to requirements in other arenas, or they can have the effect that actors make policies without knowing what they can deliver. In these cases, rule systems in connected arenas are incompatible and governance is doomed to fail because coordination and control can be obstructed by contradicting activities. Failures can appear in different outcomes:

First, policy-making can end in a stalemate, if it is blocked in one of the connected arenas. In this case the status quo remains intact despite the fact that an issue is set on the agenda. This kind of failure is assumed to appear most likely in negotiations between competitive actors, as it is the case, e.g., in joint policy-making in the German federal system (Scharpf et al. 1976). In fact, blockades are rare events even in these structures consisting of incompatible rule systems since actors can find ways to avoid non-decision-making. Therefore, it is not the looming stalemate but rather the particular "escape routes" (Héritier 1999) actors resort to that may be problematic.

Second, governance in composed regimes can produce decisions that are not approved in all arenas. This is to be expected if one arena de facto predominates due to either a shift in power or a sequence of decision-making that gives the first or the last movers advantages to shape the policy outcome. In this case, a deficit of democratic legitimacy arises provided that the approval in all connected arenas is required. Corporatist decision-systems, intergovernmental relations in federal systems ("executive federalism") and clientelist networks are said to be prone to this kind of governance failure. Multilevel governance regimes in the EU, e.g., have turned out to be rather effective in terms of decision-making and changing the status quo, but suffer from accountability deficits in national parliaments or interest groups (Scharpf 1999; Smismans 2006).

Third, deficits in the effectiveness of problem-solving or in democratic legitimacy can accumulate if they are not compensated in processes of policy-learning or institutional adjustment. In complex political structures, governance failure is often realized only in the long run, and real problems arise with a time lag. Such a delayed realization of governance failure affects not only particular policies or individual arenas; it may lead to a crisis of the whole governance regime.

Governance failure is possible in all kind of regimes. However, it is more likely if arenas are tightly coupled, because the effects of mechanisms that work in one arena have immediate and strong impacts on other arenas. And if rule systems of connected arenas are incompatible, policy-making is likely to end in deadlock. Incompatible rules have fewer negative repercussions in loosely coupled structures, i.e., if they do not determine actors' behavior but leave them sufficient freedom to deal with contradictory obligations.

Networks are loosely coupled arenas because they are based on trust among autonomous actors and not on binding rules. Deviant behavior may be sanctioned by distrust, but usually this does not imply that actors are immediately excluded. Voluntary negotiations integrate actors in a rather loose manner, too. If they are linked with other arenas, tight coupling is unlikely. Hierarchy and competition reduce the autonomy of actors, the former by setting formal rules and mechanisms of supervision, and the latter de facto since actors are strongly motivated to achieve relative gains and follow the rules of competition. Beyond such general statements, hypotheses on which type of coupling of connected arenas prevails are problematic. On the one hand, the effects of rules depend on specific modes of governance; on the other hand, it is the combination of governance regimes that is decisive. We know, e.g., that the combination of party competition and intergovernmental negotiations in the German federal system implies tightly coupled arenas (Lehmbruch 2000; Benz 1998). Whether this applies to a governance structure in research systems, in which departments of corporations cooperate while the corporations compete in the market remains an open question particularly because researchers regularly form networks of experts that gain autonomy. Generally, the combination of hierarchy or competition and networks are more loosely coupled than other regimes. But such general assessments have to be made more precise and further theoretical and empirical research is needed to improve typologies of complex governance regimes.

2.5 Strategies of actors

Incompatible rules as well as the tight coupling of arenas increase the probability of governance failure. However, stalemate, deficits in legitimacy, or a regime crisis do not necessarily result from these structural conditions. In governance in multiple arenas, actors are confronted by "traps" of collective decision-making, but they are not caught in these traps, and they do not blindly walk into them. In

practical policy-making, actors who are willing to solve problems, or come to decisions, search for ways out of dilemma situations. They have to find out how to cooperate with competitors or to compete with partners in networks or negotiations, to negotiate an agreement under tight constraints by their organization and to find approval for the outcome of policy-making in external arenas in their own organization or group they represent. And based on experiences and by applying heuristics, they are often able to detect adequate strategies to cope with these challenges (Ostrom 1998; Héritier 1999), either by anticipating difficulties or by adjusting to them ex-post during the sequence of policy-making.

Particular studies on policy-making in multilevel governance have revealed that strategies can aim at defining issues in a way that they can be dealt with in connected arenas, they can relate to procedures of coordination between arenas, and they can be directed to the manipulation of rules and structures (Scharpf et al. 1976; Benz 2003). In order to become effective, strategic actions of individual actors have to be coordinated since unilateral strategies do not meet the requirements of complex governance regimes. In general, iterated interaction between actors in governance allows for collective learning and for the incremental adjustment of individual strategies. And more often than not, there are a limited number of actors in decisive positions who are able to influence how issues, processes and structures are dealt with. Therefore, even in complicated structures of governance we can assume that governance failure can be avoided.

A first set of strategies concerns the *framing of policies*, i.e., the definition of issues and interests that are at stake. They aim at reducing the substantial level of conflicts in order to avoid having divergent rule systems intensify a conflict to an unmanageable level. Such strategies have been found in particular in government negotiations where members of political parties compete in the parliamentary arena. They tend to shape policies in such a way that an agreement on the "lowest common denominator" appears acceptable (conflict-avoiding decisions). As a rule, this manner of framing creates frustration among the participants in negotiations or those who have to approve decisions in other arenas. In the long-term this can jeopardize a governance regime. More promising are strategies aiming at package deals in negotiations or at reciprocal concessions in different policy fields. However, in order to take advantage of such strategies, actors have to be able to influence different policies or arenas, which is unlikely if they are engaged in networks or bound to departments in a hierarchical organization. Policies can also be framed as contributing to the public interest, e.g., if they are propagated as issue of social justice or as being essential for the stability of a political system. In this case, the frame of reference is determined mainly by actors' interests, and rules of the different arenas are shifted to the rear, while a different normative framework becomes crucial for policy-making. We can observe such a strategy in German research policy where influential policy-makers emphasize the international competitiveness of universities and research institutions with the consequence that routines of intergovernmental negotiations among *Länder* executives and strategies to maintain existing allocation of resources can no longer justified. Despite their commitments to majorities in their parliaments and party competition,

governments now have to accept a distribution of resources more according to the criteria of best practices than to equality.

Strategies related to procedures make policies in connected arenas feasible by dividing issues of conflict into manageable parts. They can be dealt with incrementally in a sequence of policy-making, actors can leave out or postpone unsolvable matters of conflict or turn complicated issues into less challenging ones. Moreover, procedures can be changed so that, e.g., coordination by competition is prepared by negotiations of principles or standards, and communication among actors can be intensified so that incentives to compete actually lose their impact. One way of achieving this result involves the participation of committees of experts. Another strategy aims at breaking up conservative policy networks or effects of "group think" in institutionalized negotiation systems, e.g., by organizing competition for best practices. The strategic use of power in hierarchies („management by exception") may shape processes as well, it can promote competition and stimulate innovation, induce cooperative behavior among negotiating actors or manage interactions in networks.

Finally, strategic collective actions in governance regimes can *change structures* with the intention of preventing incompatible rules from becoming effective. This is the case if actors agree on the predominance of one arena either for setting an agenda that is not altered or for making final decisions. The continuous establishment of committees of experts or the use of informal networks also may result from strategic structuring. We often observe the centralization of policy-making in arenas, with the consequence that actors in linkage positions are freed from commitments and constraints. This is not unlikely in parliamentary systems or in associations where those who have to formulate mandates or approve policies are often cut off from policy-making. However, changing the structure is the most problematic strategy since it regularly is met with intense resistance by those losing power. Countervailing power may also be employed in a strategic way because it would otherwise cause a crisis of the governance regime (see, e.g., the reaction of national parliaments to the evolution of multilevel governance in the EU; Benz 2004b).

3. Conclusions: dynamics of governance and the problem of legitimacy

We can conclude from the arguments outlined in the previous section that despite the difficulties inherent in connected arenas, effective and democratic policy-making is not impossible. An essential condition is that leading actors find adequate collective strategies in governance. Therefore, the success or failure of governance cannot be guaranteed by institutions or formal procedures (Jessop 1998, 2002: 236), they depend on the way actors deal with the often incompatible rules and the conflicts intensified through the movement of policies between different arenas. From an analytical point of view, we have to regard governance as a

highly dynamic pattern of politics; from a normative point of view, the issue of democratic legitimacy arises again concerning the legitimacy of actors in crucial positions and the management of rules and structures. The following consideration explains these aspects of governance and provides very preliminary ideas of the problems and solutions raised with them.

3.1 Dynamics of governance

The governance perspective focuses on control and coordination in complex rule systems. In many cases governance regimes emerge in interorganizational or intergovernmental policy-making between territorial units, levels of governments, states or public and private actors. Thus, they cut across boundaries of institutions and link different rule systems without establishing rules to manage incompatibilities or deciding which rule applies in the event of conflict. For this reason, when speaking about governance we have to realize that the stabilizing or regulating effect of institutions is limited.

The dynamics of governance should not be equated with the continual change or flexibility of structures. Actors may be caught in the traps of connected arenas with structures that cannot be changed easily. The sheer complexity can cause path-dependence (Pierson 2004) with only limited room to move. Networks, competition and negotiation systems can generate "lock-in" effects in ongoing evolutionary trends and can foster conservative behavior. Institutionalized negotiations or networks support the power of veto-players against policy-changes and institutional development. Thus, even without the constraining effects of formal institutions, governance regimes can attain high stability. A famous example of this was described by Fritz W. Scharpf with his concept of the "joint-decision trap" (Scharpf 1988), which he used to characterize German federalism and the EU of the 1980s. In the institutionalized negotiation systems between federal and *Länder* governments, and in the face of party competition strongly influencing negotiation strategies of governments, policies regularly end with inadequate compromises, but actors are not able to reform the institutional framework since redistributive decisions on competencies and resources cannot be achieved under the existing governance regime.

However, beyond these stabilizing effects of structures, governance is shaped by dynamic processes induced by the strategic actions of participants. Less so than with long-term changes, these dynamics are revealed in policy cycles. This results from actors' ongoing endeavor to cope with governance problems and to find working collective strategies in situations of contradictory rules, action orientations and expectations by represented communities. The choice of these strategies is determined neither by institutions, nor by problems to be dealt with. Presumably actors start by trying to reduce the intensity of conflicts by framing policies before they manipulate the processes of structures, but in many situations they cannot find approval for conflict-avoiding decisions. Moreover, policy framing depends

much more than procedural and structural changes on the agreement of individual actors. While the latter strategies can exclude an actor not conforming to a collective strategy from policy-making, the definition of policies does not work if one agenda-setter does not agree to it. In contrast, procedures and structures often can be altered by a single powerful actor who compels other actors to follow suit.

Hence, we have to regard governance as a dynamic strategic game between autonomous actors. For this reason, it is not astonishing that in the research on governance, actor-centered approaches prevail over system theory or structuralist approaches.

3.2 Legitimacy of actors and strategies

If it is true that the success of policy-making in governance is, at least to a considerable degree, influenced by the strategies of actors, if governance often includes private actors in policy-making, and if the power of actors and procedures of policy-making are not fixed by rules but subject to manipulation, then the issue of democratic legitimacy arises anew. This being correct, it is doubtful whether legitimacy can be based alone on approval in connected arenas. Decisions may be achieved by setting the agendas of policy-making, by using exclusive networks or informal negotiations or by shifting power in governance structures. Strategies of actors can be essential for making governance effective, but they can also exclude feasible and even more accepted alternatives. Moreover, policy-making in governance can depend on private actors, who are not accountable to any group of affected citizens but simply stand for particular private interests.

Principally, actors from the public sector are, in one way or another, accountable to democratic institutions, and even if they can act in connected arenas without taking into account the will of parliaments or their principals in government or administration, they can afford this only in particular cases, such as when they produce effective policy outputs, but not by de facto changing the rules of democratic institutions. The same is true for representatives of associations, who risk a loss in power if they make policies detached from their membership. However, many private actors in governance, in particular experts and members from private corporations are independent of any approval to their decisions as long as they are accepted as participants in governance. While public actors can derive their legitimacy from the norms of a democratic political system, private actors' involvement can merely be justified by functionalist arguments.

Scholars, working on international governance, where the role of private actors is of particular relevance, proposed several criteria that private actors have to fulfill as prerequisite for legitimate participation in governance. Since there is no consensus on the definition of legitimacy, different standards are proposed in this discussion. The following reasoning can be summarized in a nutshell (see Wolf 2006):

- Some scholars argue that private actors can only claim legitimacy if they are bound to democratic communities and are elected or accountable to an elected body. This implies that private firms, many associations and non-governmental organizations (NGOs) (and in international governance also all representatives of non-democratic states) have to be excluded.

- Others assume that legitimacy should be derived from deliberation among actors, regardless of the kind of actors taking part. Deliberation is said to guarantee that only general interests and arguments play a crucial role in policy-making and support decisions. Like the first point, this argument is criticized as too demanding and hardly attainable in practical politics.

- According to a third line of reasoning, legitimacy can be justified by expertise. In this case, it is not the democratic principles of approval and accountability that are relevant, but the authority of professionals. Those supporting this argument assume that experts, due to their special knowledge, can contribute to making decisions more effective and improving policy-making in the public interest.

- Finally, private actors participating in governance must explicitly accept the public interest and general principles like human rights, the law or norms of distributive justice. In this way, the involvement of environmentalists, human rights groups or groups supporting the equality of women, disabled or minorities is approved on the assumption that they pursue morally acceptable values.

These thoughts are disputed in political science as well as in political discourses, and it is unlikely that an agreement can be found in short notice. Anyway, in the practice of governance, it is not a particular justification, but the explicit explanation of the criteria according to which actors are included or excluded that legitimize the allocation of competence and power. Making these reasons explicit allows the dynamics of governance regimes to be controlled for by democratic procedures, and in the last resort by citizens. And this is what is crucial for democratic legitimacy.

3.3 Meta-governance

If the legitimacy of actors, at least of private actors in governance is disputable, governance regimes require procedures for debating and deciding on the inclusion or exclusion of actors and about the structures of power. Such decisions can be left to legislatures making law that defines the institutional and normative framework for governance. This proposal is confronted with the argument that law is not adequate to control the dynamics of governance and that it is more a steady balancing of power ("collibration"; Dunsire 1996) between arenas that is essential. Hence, not the constitutionalization or institutionalization of governance, but the "governance of governance" or meta-governance is the issue: "Meta-governance involves managing the complexity, plurality and tangled hierarchies found in prevailing

modes of coordination. 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 viewpoints of those engaged in meta-governance" (Jessop 2002: 242).

Stability and legitimacy of governance then depends on actors, procedures and institutions of meta-governance. Scholars focusing on this issue usually point to the state or, in international governance, to nation states. The "enabling state" is said to be responsible for ultimately guaranteeing that problems are solved in an effective way that all relevant interests are considered, and that policy-makings meets the standards of democratic legitimacy (Schuppert 2000: 934). The ways in which this guarantee can be realized are open to debate.

Bob Jessop points to another line of reasoning. He emphasizes the relevance of meta-governance, because governance can fail. In the event of failure, a governance regime has to be changed. But, so Jessop, meta-governance is doomed to failure as well: "[I]f every mode of governance fails, then so will meta-governance!" (Jessop 2002: 243). From this argument Jessop convincingly concludes that it is the reflexivity and capacity for learning that allows governance to fail "successfully". From this point of view dynamic governance regimes can be regarded as patterns of politics that can contribute to turning governments or organizations into learning institutions.

References

Atkinson, M.M. / W.D. Coleman, 1992: Policy Networks, Policy Communities and the Problem of Governance, in: Governance 5, 154-180.

Bandemer, S., 2001: Benchmarking, in: Blanke, B. et al. (eds.), Handbuch der Verwaltungsreform, Opladen, Leske + Budrich, 2nd. ed., 406-414.

Benz, A., 1998: Postparlamentarische Demokratie? Demokratische Legitimation im kooperativen Staat, in: Greven, M.Th. (ed.), Demokratie – Eine Kultur des Westens?, Opladen, Leske + Budrich, 201-222.

Benz, A., 2003: Konstruktive Vetospieler in Mehrebenensystemen, in: Mayntz, R. / W. Streeck (eds.), Die Reformierbarkeit der Demokratie. Innovationen und Blockaden, Frankfurt, New York, Campus, 205-236.

Benz, A., 2004a: Leistungswettbewerbe in der regionalen Raumentwicklungspolitik, in: DISP Dokumente und Informationen zur Schweizerischen Orts-, Regional- und Landesplanung, Zürich, 4-10; (DISP-online http://www.nsl.ethz.ch/index.php/de/content/view/full/875/).

Benz, A., 2004b: Path-dependent Institutions and Strategic Veto-Players. National Parliaments in the European Union, in: West European Politics 29(5), 875-900.

Dunsire, A., 1996: Tipping the balance. autopoiesis and governance, in: Administration and Society 28(3), 299-334.

Elster, J., 1989: Solomonic Judgements, Cambridge, Cambridge University Press.

Haas, P.M., 1992: Introduction. Epistemic Communities and International Policy Coordination, in: International Organization 1(1), 1-36.

Hedstrom, P. / R. Swedberg (eds.), 1998: Social Mechanisms. An Analytical Approach to Social Theory, New York, Cambridge University Press.

Héritier, A., 1999: Policy-Making and Diversity in Europe. Escaping Deadlock, Cambridge, Cambridge University Press.

Héritier, A., 2002a: Introduction, in: Héritier, A. (ed.), Common Goods. Reinventing European and International Governance, Lanham, Rowman and Littlefield, 1-12.

Héritier, A., 2002b: New Modes of Governance in Europe: Policy-Making without Legislating, in: idem (ed.), Common Goods. Reinventing European and International Governance, Lanham, Rowman and Littlefield, 185-206.

Hodson, D. / I. Maher, 2001: The Open Method as a New Mode of Governance. The Case of Soft Economic Policy Coordination, in: Journal of Common Market Studies 39, 719-746.

Jansen, D., 1999: Einführung in die Netzwerkanalyse. Grundlagen, Methoden, Anwendungen, Opladen, Leske + Budrich.

Jessop, B., 1998: The Rise of Governance and the Risks of Failure. the Case of Economic Development, in: International Social Science Journal, 155, 29-45.

Jessop, B., 2002: The Future of the Capitalist State, Cambridge, Polity Press.

Kohler-Koch, B. / R. Eising (eds.), 1999: The Transformation of Governance in the European Union, London, New York, Routledge.

König, K. / N. Dose, 1993: Instrumente und Formen staatlichen Handelns, Köln et al., Heymanns.

Kooiman, J., 2002: Governance. A Socio-Political Perspective, in: Grote, J.R. / B. Gbikpi (eds.), Participatory Governance. Political and Societal Implications, Opladen, Leske + Budrich, 71-96.

Kuhlmann, S., 2003: Benchmarking auf dem Prüfstand. Kosten, Nutzen und Wirkungen interkommunaler Leistungsvergleiche in Deutschland, in: Verwaltungsarchiv 94, 99-126.

Lange, S. / U. Schimank, 2004: Einführung, in: Lange, S. / U. Schimank (eds.), Governance und gesellschaftliche Integration, Wiesbaden, Verlag für Sozialwissenschaften, 9-44.

Lehmbruch, G., 1999: Verhandlungsdemokratie, Entscheidungsblockaden und Arenenverflechtung, in: Merkel, W. / A. Busch (eds.), Demokratie in Ost und West, Frankfurt, Suhrkamp, 402-424.

Lehmbruch, G., 2000: Parteienwettbewerb im Bundesstaat. Regelsysteme und Spannungslagen im Institutionengefüge der Bundesrepublik Deutschland, Opladen, Westdeutscher Verlag, 3rd edition.

Lütz, S., 2003: Governance in der politischen Ökonomie – zum Stand der Debatte, in: Politische Vierteljahresschrift 44, 231-243.

March, D. / R.W.A. Rhodes, 1992: Policy Networks in British Government, Oxford, Clarendon Press.

Mayntz, R., 1992: Interessenverbände und Gemeinwohl. Die Verbändestudie der Bertelsmann Stiftung, in: idem (ed.), Verbände zwischen Mitgliederinteressen und Gemeinwohl. Gütersloh, Verlag Bertelsmann Stiftung, 11-35.

Mayntz, R., 1998: New Challenges to Governance Theory. Jean Monnet Chair Paper 50, Robert Schuman Centre of the European University Institute, Florenz, European University Institute.

Mayntz, R., 2002: Common Goods and Governance, in: Héritier, A. (ed.), Common Goods. Reinventing European and International Governance, Lanham, Rowman and Littlefield, 15-27.

Mayntz, R., 2003: Zur Theoriefähigkeit makrosozialer Aussagen, in: idem (ed.), Akteure – Mechanismen – Modelle, Frankfurt / New York, Campus, 7-34.

Mayntz, R. / F.W. Scharpf, 1995: Steuerung und Selbstorganisation in staatsnahen Sektoren, in: idem (eds .), Gesellschaftliche Selbstregelung und politische Steuerung, Frankfurt a.M. / New York, Campus, 9-38.

Miller, G.J. / T.M. Moe, 1986: The Positive Theory of Hierarchies, in: Weisberg, H. (ed.), Political Science. The Science of Politics, New York, Agathon Press, 167-198.

Nullmeier, F., 2000: Politische Theorie des Sozialstaats, Frankfurt a.M., Suhrkamp.

Offe, C. / H. Wiesenthal, 1980: Two Logics of Collective Action. Theoretical Notes on Social Class and Organizational Form, in: Political Power and Social Theory 1, 67-115.

Pierre, J. (ed.), 2000: Debating Governance. Authority, Steering, and Democracy, Oxford, Oxford University Press.

Pierre, J. / B.G. Peters, 2000: Governance, Politics and the State, London, MacMillan.

Pierson, P., 2004: Politics in Time. History, Institutions and Social Analysis, Princeton, Oxford, Princeton University Press.

Rhodes, R.A.W., 1997: Understanding Governance. Policy Networks, Governance, Reflexivity and Accountability, Buckingham, Philadelphia, Open University Press.

Rosenau, J.N., 1998: Governance and Democracy in a Globalizing World, in: Held, D. / A. McGrew (eds.), 2000: The Global Transformation Reader. An Introduction to the Globalization Debate, Cambridge, Blackwell, 181-190.

Rosenau, J.N. / E.-O. Czempiel (eds.), 1992: Governance Without Government. Order and Change in World Politics, Cambridge, Cambridge University Press.

Scharpf, F.W., 1988: The Joint-Decision-Trap. Lessons from German Federalism and European Integration, in: Public Administration 66, 239-278.

Scharpf, F.W., 1997: Games Real Actors Play. Boulder / Col., Westview Press.

Scharpf, F.W., 1999: Governing in Europe. Efficient and Democratic?, Oxford, Oxford University Press.

Scharpf, F.W. / B. Reissert / F. Schnabel, 1976: Politikverflechtung. Theorie und Empirie des kooperativen Föderalismus in der Bundesrepublik Deutschland, Kronberg, Scriptor.

Schuppert, G.F., 2000: Verwaltungswissenschaft, Baden-Baden, Nomos.

Smismans, S., 2006: The Legitimacy of Functional Participation in European Risk Regulation: A Case Study of Occupational Health and Safety, in: Benz, A. / Y. Papadopoulis (eds.), Governance and Democracy. Comparing National, European and Transnational Experiences, London, Routledge, 115-137.

Sørensen, E., 2002: Democratic Theory and Network Governance, in: Administrative Theory and Praxis 24(4), 693-720.

Van Kersbergen, K. / F. van Waarden, 2004: "Governance" as a Bridge between Disciplines. Cross-disciplinary Inspiration Regarding Shifts in Governance and Problems of Governability, Accountability and Legitimacy, in: European Journal of Political Research 43, 143-171.

Wilks, S. / M. Wright, 1987: Conclusion: Comparing Government-Industry Relations: States, Sectors and Networks, in: idem (eds.), Comparative Government-Industry Relations, Oxford, Clarendon Press, 274-313.

Wolf, K.-D., 2006: Private Actors and the Legitimacy of Governance Beyond the State Conceptional Outlines and Empirical Explorations, in: Benz, A. / Y. Papadopoulis (eds.), Governance and Democracy. Comparing National, European and Transnational Experiences, London, Routledge, 200-227.

Ib. Governance of Research – Nine Comments on Arthur Benz

Stefan Kuhlmann

1. Governance has become a prominent, though still vague, concept in social and political science.[1] Arthur Benz conceives of governance in an analytical perspective, i.e., as heuristics guiding empirical research. Governance is not understood as normatively constructed "good governance". The emphasis on the heuristic function of the term is a useful contribution to the conceptual design of research into the governance of research systems.

2. Benz concentrates on governance as a mechanism for coordinating associated, but factually interdependent arenas (defined as functional areas of action). This mechanism is frequently and increasingly effective in research systems: corresponding arenas are found in faculties, universities, in the non-university research institutes, the research funding organizations, governmental bodies, and the trans- and international institutional framework.

3. Benz utilizes four governance modes of the interactions of organized actors: hierarchy; competition; network; community. In the German research system, all four modes of governance are relevant: we find hierarchies, competition, networks and communities in and between the arenas of university management, faculties, research institutes, research organizations, scientific expert associations, federal and *Länder* ministries, trans-national policy institutions, research promotion organizations, consulting bodies (German Science Council), industry, non-governmental organizations, the European Union and within the framework of the "European Research Area (ERA)" (Kuhlmann 2001). Obviously, there are governance mixes. Thereby, the picture for Germany is quite differentiated and currently changing, after years of relative stability; new modes and mixes of governance are forming.

4. Benz emphasizes that organized actors are confronted by competing rule requirements of the heterogeneous arenas and must develop strategies of reconciliation or rule-changing, starting with a "framing" of policies (i.e., the definition of issues and interests at stake) or with sequentialization. In research systems many current policy debates and arguments among the above mentioned arenas can be

---

[1] For a recent overview see von Blumenthal 2005.

depicted as such strategies. Here a large, till now barely explored empirical field opens up.

5. The governance perspective, as presented by Benz, helps to detect and analyze development processes: actors' strategies can cause disturbances or lock-in situations, but also kick off a dynamic of change ("ways out/solutions") for governance and institutions. This dynamic perspective is crucial for research on the governance of research. However, in order to understand governance disruptions, lock-ins and the dynamics of change, an additional concept is needed considering the influence of *institutions* on governance dynamics – institutions not only in the sense of formal but also normative and cognitive regulation structures (Scott 1995; Powell and Di Maggio 1991). This appears especially important for understanding the conditions for inter-institutional research cooperation across the formally regulated "pillars" of the German research system (see e.g., Heinze and Kuhlmann 2007). Normative orientation and cognitive patterns, understood as institutional forces – think e.g., of the influence of new ideas and concepts from an international perspective – may help to explain regime changes such as the diffusion of research assessment and evaluation procedures across the German research system since the 1990s. Benz's approach does not exclude this perspective, but it keeps it in the background.

6. Benz's governance concept is aimed, above all, at sounding out existing or dynamically developing opportunities for identifying and making use of actors' room for maneuvering. Research policy analysis can provide ample evidence for the relevance of this concept. Additionally though, an analysis of the possibilities and ways of *learning* by organized actors in research policy within the framework of their bounded rationality is also recommended (e.g., Braun and Benninghoff 2003; Kuhlmann 2003).

7. Benz's political science conception of governance as the coordination of associated arenas focuses on the level of "political steering", i.e. on a meso- and macro-level, less on the micro-level. An important part of the dynamics of changing conditions in knowledge production, nevertheless, also takes place on the micro-level in exchange with the macro-level – new forms of interdisciplinary cooperation in the international context spring to mind, which require changes in governance, other organizational forms and altered institutions. An example of this has been provided since 2004 by the European "Networks of Excellence" promoted by the European Commission: policy steering by the Commission and Parliament facilitated the emergence of these networks. In their practical work, they are now beginning to shape new forms and institutions of international research cooperation, which will possibly have relevant repercussions on the coordination and governance of traditional arenas (Edler and Kuhlmann 2005).

8. Benz hardly addresses the impacts and limits of individual steering instruments (law; finance; procedures; information; …), which could be applied within the framework of specific governance constellations. As to the governance of research systems, it would be interesting to analyze combinations of instruments

stimulating or hindering "attractive" or productive research (e.g., Hemlin et al. 2004; Hollingsworth 2002).

9. According to Benz, the stability and legitimacy of governance depends on actors, procedures and institutions of "meta-governance". How could the term meta-governance be empirically observed in the German science system? Since the mid-1970s, a specific meta-governance existed ("domain compromise", Hohn and Schimank 1990; Mayntz and Scharpf 1995), but since the late 1990s this appears to be crumbling (Heinze and Kuhlmann 2007) – triggering a growing interest on the part of political and social science in the dynamics of governance of research in Germany and Europe; the present book may serve as proof of this.

References

Benz, A., 2007: Governance in Connected Arenas. Political Science Analysis of Coordination and Control in Complex Rule Systems, Chapter A Ia in this volume.

Braun, D. / M. Benninghoff, 2003: Policy Learning in Swiss Research Policy. The Case of the National Centres of Competence in Research, in: Research Policy 32(10), 1849-1863.

Edler, J. / S. Kuhlmann, 2005: Towards One System? The European Research Area Initiative, the Integration of Research Systems and the Changing Leeway of National Policies, in: Technikfolgenabschätzung - Theorie und Praxis 14(1), 59-68.

Heinze, T. / S. Kuhlmann, 2007: Analysis of Heterogeneous Collaboration in the German Research System with a Focus on Nanotechnology, Chapter B IV in this volume.

Hemlin, S. / C.M. Allwood / B. Martin (eds.), 2004: Creative Knowledge Environment. The Influences on Creativity in Research and Innovation, Cheltenham, UK, Elgar.

Hohn, H.W. / U. Schimank, 1990: Konflikte und Gleichgewichte im Forschungssystem. Akteurkonstellationen und Entwicklungspfade in der staatlich finanzierten außeruniversitären Forschung, Frankfurt/M., Campus.

Hollingsworth, R., 2002: Research Organizations and Major Discoveries in Twenthieth-century Science. A Case of Excellence in Biomedical Research, Berlin, WZB Discussion Paper, 2-3.

Kuhlmann, S., 2003: Evaluation as a Source of "Strategic Intelligence", in: Shapira, Ph. / S. Kuhlmann (eds.), Learning from Science and Technology Policy Evaluation. Experiences from the United States and Europe, Cheltenham, UK, Elgar, 352-379.

Kuhlmann, S., 2001: Governance of Innovation Policy in Europe. Three Scenarios, in: Research Policy 30, issue 6/01, 953-976.

Mayntz, R. / F.W. Scharpf, 1995: Der Ansatz des akteurzentrierten Institutionalismus, in: idem (ed.), Gesellschaftliche Selbstregelung und politische Steuerung, Frankfurt / New York, Campus, 39-72.

Powell, W.W. / P.J. DiMaggio (eds.), 1991: The New Institutionalism in Organizational Analysis, Chicago / London, The University of Chicago Press.

Scott, R., 1995: Institutions and Organizations, London, Sage.

Von Blumenthal, J., 2005: Governance. Eine kritische Zwischenbilanz, in: Zeitschrift für Politikwissenschaft 15(4), 1149-1180.

Ic. Comment – An Organizational Economics View

Dieter Sadowski

In order to give precise meaning to the vague term "governance" from a political science point of view, Arthur Benz elaborates the idea of "connected arenas", but pays scant explicit attention to the particularities of research policies and politics. Being modest, he does not pretend to present a theory, but rather an analytical perspective. He admits to the preliminary nature of his general assessments and pleads for more precise and further theoretical empirical research (Benz 2007: 14). Still, one is inclined to ask for implications and for a better understanding of the still neglected, but well-known, problems.

Looking at his categories through an economist's eyes, I must ask if it is productive to view governance as a "strategic game between interdependent actors" and to distinguish between four governance regimes: hierarchy, networks (including value-based networks, i.e., policy communities), competition and negotiation? Do we better understand the recent introduction of new governance instruments with his typology or with the one proposed e.g., by Schimank et al. (1999) or by Wittek (2007)?

The use of incentive contracts between ministries and universities, but also between presidents and departments, deans, sub-departments or chairs is the new instrument in question. Would it be surprising to learn that even after striking such a contract between university presidents and deans, deans still have to negotiate with their presidents, and that their negotiation power or legitimacy is dependent on their acceptance within their own department?

> "Leaders of democratic associations who must get their policy approved by an assembly of members with competing groups are in a similar situation and must strictly pursue the genuine interests of their membership…" (Benz 2007: 12).

It also seems evident that "within negotiation systems or in hierarchical control structures, actors are very often competitors", e.g., in evaluating curricula or research projects. In the same vein, looking at public private partnership regimes, what do we learn by describing such obviously competitive partnerships as a loosely coupled combination of hierarchical governance and competition between networks?

I do not at all contest the importance of framing policies as a major strategy of political actors. Framing research policy these days in terms of international competitiveness of universities and research institutions instead of stressing their basic equality is most likely an effective way of legitimizing budget reallocations and reductions (Benz 2007: 15f). There are many examples of current framing strategies, e.g., wrapping-up budget consolidations in "quality partnerships" or the closing-down of departmental units as part of "profile sharpening" activities. In both cases, these frames serve well for external as well as internal debate and negotiation.

It is also a convincing warning to stress the difference between deliberation, which should center on general interests, and arguments and negotiations or bargaining where actors pursue their partial interests. In economic theory, in any case, both bureaucrats and university professors or deans are conceptualized as strongly following their special interests (Benz 2007: 19).

Looking from "the frog's perspective" of an organizational economist, Benz's argument appears rather abstract; it is not clear to me whether his reformulation of governance problems in multi-level systems is more than just a subsumption exercise. The proof of the pudding is in the eating: It would be helpful, for instance, to see how the new institution of "Hochschulräte" in German universities can and does change the inner working of universities and their competitiveness. Not all changes are only symbolic in nature, as is well demonstrated by the impressive development of the Humboldt University in Berlin, where within just one decade, external incentives and an entrepreneurial spirit within the university have boosted the quality of recruitment efforts and research activities to such a degree that quite a few departments now rank among the best in Germany. In what ways did which governance regimes contribute to this success?

Another promising path for probing the usefulness of different typologies could lie in drawing the analogy to multinational corporations and identifying the political means used to solve inner conflicts of interest. Even in proprietary organizations it is not only hierarchy that solves problems: Negotiation and competition coexist in networks to solve inherent conflicts of interest – there are certainly many "connected arenas".

It is true, the cart should not be put before the horse, and Arthur Benz essentially wants to enlighten the research group's future empirical efforts, so the potential of his suggestions will be recognized only when that work is done.

What are economic alternatives for characterizing governance regimes? On the level of abstract concepts, an economist would first propose rational choice theories of organizations: agency theory (a version of game theoretic approaches), broader contract theories and property rights theories. Today, there are developments beyond the simple high-powered monetary incentive mechanisms that take into account the difficulties in controlling professional work and do not regard

normative peer pressure as principally ineffective.[1] These new approaches also use the concept of legitimacy, thus establishing a link with neo-institutional sociological approaches. Wittek (2007) elaborates on the blending of rationalistic and neo-institutional approaches to understanding the working of universities, so I refrain from doing the same here, and refer instead to his reading of the functioning of research schools in the Netherlands. In his description, he unfolds many of the ingredients of a specific analysis based on general sociological concepts. Surely, economists would prefer to model the different concepts; it also remains a desideratum to statistically prove the impact of different governance principles that make research in these schools flourish.

References

Benz, A., 2007: Governance in Connected Arenas. Political Science Analysis of Coordination and Control in Complex Rule Systems, Chapter A Ia in this volume.

Schimank, U. / B.M. Kehm / J. Enders, 1999: Institutional Mechanisms of Problem Processing of the German University System. Status Quo and New Developments, in : Braun, D. / F.-X. Merrien (eds.), Towards a New Model of Governance for Universities? A Comparative View, London et al., 179-194.

Schneider, M. / D. Sadowski, 2004: Performancemanagement in der öffentlichen Verwaltung. Eine unlösbare Aufgabe?, in: Die Verwaltung 37, 377-399.

Wittek, R., 2007: Governance from a Sociological Perspective, Chapter A IIIa in this volume.

---

[1] Focusing on judges and professors, cf. Schneider and Sadowski 2004.