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DESIGNING DEMOCRATIC INSTITUTIONS FOR COLLABORATIVE ECONOMIC DEVELOPMENT: A EUROPEAN PERSPECTIVE

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Abstract

Collaborative approaches to local economic development have developed in a number of European countries. However collaborative working presents a new problem for policy makers and public management researchers. The problem is to design an institutional framework for the governance of economic development that provides for anchorage in the democratic system without loosing the benefits of flexible policy design and delivery. This is particularly important in a European context. The European Union has recognised the need for citizens to be more engaged in the governance of public policy at all scales - from local neighbourhoods to the transnational level. This chapter addresses the problem by examining the basic questions that any form of democratic governance design needs to address, and relating this to the case of economic development. The core democratic design questions are: How can legitimacy be secured? In what ways can relevant publics give consent to decisions? Through what means can the institution be held to account? The chapter discusses these three democratic imperatives and shows that different responses to these produce three archetypical governance designs - club, agency and polity. We then explore the way in which the problems of democratic governance have been solved empirically through longitudinal case studies of the expansion of Mainport Rotterdam and the management of economic, environmental, residential and transportation agendas in the Ghent canal area of the Flanders region of Belgium. The analysis shows that although different national and regional political contexts matter, the typology of archetypes offers a way of understanding the overall democratic orientation of a particular governance design as well as offering a basis from which policy makers can create their own solutions.

1. INTRODUCTION

Collaborative approaches to local economic development have developed in a number of European countries. These take economic development from within public

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bureaucracies and relocate it to new organisational forms based on co-production between government and business, sometimes with the additional involvement of civil society associations and citizens. The resulting structures include quasi-autonomous public agencies, public-private partnership companies, multi-organisational boards, and community-based organisations for neighbourhood regeneration, often operating in a multi-level environment of overlapping jurisdictions (Ansell 2000; Heinelt and Kübler 2005; Sullivan and Skelcher 2002). The rationale for taking economic development out of the public bureaucracy is that it enables greater flexibility in approach because of the reduction of direct political oversight, and enhances policy design and implementation because of the engagement of non-state actors.

However collaborative working presents a new problem for policy makers and public management researchers. The problem is to design an institutional framework for the governance of economic development that provides for anchorage in the democratic system without loosing the benefits of flexible policy design and delivery. In other words, we need to find a way of ensuring that the public interest is represented in collaborative economic development but does not detract from the involvement of business and civil society actors.

This is particularly important in a European context. The European Union has recognised the need for citizens to be more engaged in the governance of public policy at all scales - from local neighbourhoods to the transnational level. This is reflected in the adoption of the partnership principal in EU structural fund programmes (Marshall 2005; Bache and Olsson 2001). In addition, central and eastern European states are emerging democracies and face a number of challenges in developing and sustaining a democratic infrastructure. Public-private partnerships and other forms of collaborative economic development have been imported from western European experience, but need to be tailored in ways that support the growth of democratic institutions.

This chapter addresses the problem by examining the basic questions that any form of democratic governance design needs to address, and relating this to the case of economic development. The core democratic design questions are:

1. How can legitimacy be secured?
2. In what ways can relevant publics give consent to decisions?
3. Through what means can the institution be held to account?

For decades, representative democracy was considered the best (or least undesirable) solution to these design problems. However the organisations being developed for collaborative local economic development operate at arm’s length to municipal or regional government, do not necessarily match a single governments’ jurisdiction, and include private actors and their interests. Other ways of resolving these issues need to be found.

The chapter starts by presenting an analytical framework. It presents the three democratic imperatives of legitimacy, consent and accountability, and shows that different responses to these produce three archetypical governance designs - club, agency and polity. The section shows how these can offer democratic governance in the case of collaborative economic development. We then explore the way in which the problems of democratic governance have been solved empirically. We report longitudinal case studies of the expansion of Mainport Rotterdam and the management of economic, environmental, residential and transportation agendas in the Ghent canal area of the Flanders region of Belgium. The cases demonstrate the evolution of democratic governance designs over more than a decade. The chapter concludes with a discussion of the implications of the analysis for policy makers and academic researchers.

2. DESIGNING DEMOCRATIC INSTITUTIONS: A FRAMEWORK

The development of new forms of governance to tackle societal problems like economic development has generated renewed interest in the field of institutional design for the democratic governance of public policy (Klijn and Koppenjan 2006; Skelcher, Mathur and Smith 2005). In this section we elaborate the main principles to which the design of democratic governance has to respond.

Principles for democratic governance of local economic development

The analysis of governance designs for economic development start from the *a priori* position that public institutions in a democratic context have to resolve three basic problems (Skelcher 2005). These are:

- How to provide legitimacy for the institution and its jurisdiction
- How to enable *ex ante* consent for its policies and expenditure, and
- How to ensure *ex post* accountability for its actions.

These three design problems are fundamental to the field of economic development, as they are to other spheres of policy, by virtue of the 'publicness' of the activity. In other words, economic development involves the state (often acting in concert with other parties) undertaking actions that have positive (and sometimes negative) distributional impacts on society as a whole, or on groups or individuals within it. This activity is legitimated, consented to, and held account by democratic processes to the extent that it takes place through public bureaucracies directly subject to representative democracy.

However the features of this policy domain mean that reliance on representative democracy is not sufficient. This is because local economic development activity crosses the boundaries between state, business and civil society and involves inter-agency cooperation between levels and departments within government. The changing global economy also makes it more complex, requiring new ways to organize and stimulate local economic development. The governance of this dynamic collaborative space requires new democratic institutions and new ways of managing, such as collaborative public management (Agranoff and McGuire 2003). For example, cooperation between government and business to finance and deliver major infrastructure projects requires institutions that are able to accommodate the imperatives for public accountability as well as the constraints of commercial confidentiality that apply in the commercial sector. Designing the democratic governance of economic development requires the questions of legitimacy, consent and accountability to be resolved in ways that complement or substitute the representative democracy model. These three aspects of governance design are connected: consent cannot be assumed or tested without accountability, and both in turn rest on the question of legitimacy.

Legitimacy, consent and accountability as design criteria

Legitimacy

The first issue to be resolved in governance design is legitimacy – the politically authorised capacity to act in a given jurisdiction (similar to 'input-legitimacy' as defined by Scharpf 1999).[2] Legitimacy can be understood in both formal and informal ways. The formal authorisation to act is inherent in the mandate of the institution, arising from the decision of a governmental body and the subsequent delegation of that authority to the new institution. This delegation may take a more legal form in states ordered through Rechtsstaat or Code Napoleon systems (for example Germany and France), than in the more pragmatic and dejuridified nations (such as the UK and Denmark). Here, authorisation may be more likely in the form of a decision by political office-holders or managers within a public bureaucracy.

Formal legitimacy through delegation from elected government is necessary, but often not sufficient. This is for several reasons. Policy development, decision-making and implementation in economic development frequently involve a collaborative endeavour between government and business or civil society stakeholders. It is necessary to establish legitimacy in relation to these other stakeholders in the initiative. This will be particularly important in situations where government is seeking voluntarily to engage such actors, rather than legally requiring their participation. There are a number of reasons for reluctance by business and civil society actors to become involved, including the perception that the initiative is not salient for their agendas or that it is tokenistic. Legitimation by a high level business or civil society organisation (for example, a chamber of commerce or city-wide coalition of community organisations) is one way through which these constraints can be overcome. Individual business and community leaders may also be mobilised by government to build support within their own constituencies. Gaining legitimation by other parties may be reflected in a joint statement announcing their support for the new institution, the use of multiple logos on publicity material and the commitment of political, financial or human resources.

Usually one can find some evidence of formal legitimacy in most of the governance forms, as we will see later in the case studies. However because most governance forms for economic development are rather complex in the sense that they involve many actors, complex interaction patterns and complex institutional regimes (Koppenjan and Klijn 2004) this formal legitimacy is only of relative importance and mainly at a limited number of moments in decision-making. That makes the two other principles for democratic governance more important than in more classical decision-making processes.

Formal legitimation thus is only one part of the equation. Informal legitimation is subtler, and reflects the willingness or commitment of individuals, groups and organisations to engage with the initiative once high-level decision-makers have announced its creation. Implementation theory demonstrates that legitimacy is more

[2] Jurisdiction is used in the North American sense of a public institution having authority to undertake given policy functions within a defined geographical space. Europeans refer to the authority to act as the institution's 'competence'.

dependent on sustaining a regime of support from relevant actors than formal authorisation by high-level actors. The initiative will need to be seen as legitimate by actors at the operational level, for example civil society organisations invited to contract to deliver aspects of the economic development programme, and by target groups, for example small-business entrepreneurs or unemployed people to whom the programmes are directed. Informal legitimisation may be gained through the application of incentives such as grants-in-aid or externally recognised awards.

Formal legitimation is most significant in terms of democratic considerations. This is the decision that government and other stakeholders will be held accountable for by their constituencies. Informal legitimation is more to do with the operational implementation of the programme, and the capacity to deliver the expected results (similar to 'output-legitimacy' as defined by Scharpf 1999). Such legitimation is instrumental; it is only relevant to the extent that it enables delivery agents or recipients to fulfil the functions expected of them by the programme.

Consent

The second element in governance design is consent. Consent focuses on the processes through which citizens (and the constituents of other partner agencies) are able to exercise voice and judgement on the proposals, policies and decisions of the institution. It is a measure of both the procedural quality of the governance of the institution and the substantive distributional consequences of its decisions. The distinction between legitimacy and consent is that the former is about authorising a general capacity to act, while the latter concerns the specific actions proposed by the institution, so is more of a process-oriented nature.

Local economic development institutions need to answer three design questions: (a) which issues they will offer for consent, (b) the processes by which consent will be sought and (c) the status accorded to citizen and stakeholder voices in relation to those of the institution's own board.

The first question concerns what issues will be offered for consent. There can be an assumption that consent is not required, because local economic development institutions are established precisely to by-pass political processes of decision-taking in government because they are perceived to be cumbersome and time consuming. However this is to privilege a managerial view over the need for effective democratic safeguards at both the input and output stages of the policy process. Economic development institutions are undertaking a public purpose, and thus it is important that relevant stakeholders are engaged in a process of consent giving on key policy and implementation choices.

The second question is the mechanisms for consent. Consent in a representative democracy is indirectly affected by citizens, through the judgements of those they elect to the legislature or (in presidential systems) the executive. The basis of such a system of democracy is that the popular will is only expressed intermittently in the election of representatives, and is not engaged in relation to specific policy proposals unless there are provisions for referenda. The rethinking of modes of democracy in recent years has opened up new possibilities for the process of consent. These include various schemes for deliberative democracy (for example citizens juries and deliberative conferences), participative democracy (for example through direct citizen engagement in policy making), and interactive decision-making (including the use of e-democracy).

Finally, there is the question of the status of views obtained. Choices need to be made about the extent to which consent giving is in relation to general principles to be followed by the institution (for example, to ensure its programmes reach all sections of the community) and more detailed decisions. A choice may be made to require stakeholder consent to the former to be mandatory, but for the board to retain the right of decision on the latter. Alternatively, the nature of the economic development programmes may lead to a judgement that detailed decisions need to be open to acceptance or rejection by stakeholders, in order to assist with effective implementation. These are the questions of veto power familiar in constitutional design.

Accountability

Accountability, the final component of governance design, has two dimensions: holding to account and giving an account. The first dimension is the process of explaining the decisions and performance of the institution to relevant audiences. Typically, this will include those bodies that authorised the institution’s capacity to act in its given jurisdiction. It may also include wider constituencies, for example users of its services or local business or civic associations.

This process of accountability says something about how the institution understands its relationship to its constituencies. Accountability expressed through a report by the board to a meeting of business members conveys one notion of community. Accountability through report to a public meeting says something else. The dramaturgy of accountability – where report is given, by whom, whether questions can be asked, how the event is promoted and recorded, what impact it has on operations –are all part of the governance design (Hajer 2005).

The second aspect of accountability deals with the ways in which the mandate of the decision-makers is reconfirmed, amended or ended. Representative government is a design that solves this problem through a regular electoral process. The entity may or may not have elections to their board. If they do have elections, the ways in which the constituency is defined may be inclusive or it may exclude certain stakeholders. More common methods of determining board membership for non-majoritarian institutions are nomination or appointment by a stakeholder organisation (for example, a chamber of commerce or community organisation), or selection by the board itself. Each method has different implications for the process by which the civic community and the institution’s ‘members’ can hold the board collectively and individually to account.

A typology of democratic governance designs

We can develop a typology based on different responses to the three challenges for democratic governance design. This draws on research on collaborative public governance in England (Skelcher, Mathur and Smith 2005). In this research we identified three institutional archetypes. Archetypes are ‘compositions of structures and systems given coherence by an underlying set of ideas, values and beliefs’ (Hinings and Greenwood 1993: 4). They provide basic institutional designs, reflecting different choices in terms of the relevant underlying values. In the case of local economic development, the archetypes give expression to different choices in terms of legitimacy, consent and accountability.

The three archetypes are termed ‘agency’, ‘club’ and ‘polity’ (figure 1). The agency archetype is a managerialist instrument for the delivery of government policy. It reflects the broader trend in public governance to create quasi-governmental bodies, executive agencies and special purpose boards in order to enhance credible commitment for policy delivery. It is managerialist in the sense that the institutional design accords maximum discretion to managers over the design and implementation of policy instruments. This produces a ‘black box’ with respect to democratic safeguards.

In the club archetype, democracy tends to be focused within the member organisations. This neo-corporatist design privileges the leadership of constituent organisations over their memberships. Leaders reach agreement through negotiation around the boardroom table, and their actions are influenced by and accountable to their memberships to the extent that there is a democratic process within each organisation or sector.

The community participation archetype is based on values that promote significant democratic involvement in the institution’s governance. This may include elections for board members and other developmental activity designed to create a political community around the institution. Legitimacy, consent and accountability to citizens, beneficiaries and other stakeholders are integral to the institutional design. There may also be separate legitimacy, consent and accountability mechanisms linking the institution to government where it public funding is involved.

We now turn to the empirical cases, which we discuss in terms of the framework set out in this section of the chapter.

3. DEMOCRATIC GOVERNANCE IN COLLABORATIVE ECONOMIC DEVELOPMENT: TWO CASE STUDIES

The experience of institutional design for the local governance of economic development varies across Europe. France has a long tradition of public–private cooperation at the municipal level, while the UK has faced major challenges in transforming its substantial local public bureaucracies to a mixed economy of public and private actors. The Netherlands has made considerable use of public-private partnerships for delivering local public infrastructure projects, in contrast to the predominantly public sector approach in Denmark. Central and Eastern European states are having to manage the transitions from state socialism to a more plural political economy, and in the process develop a range of local public institutions in the context of pressures for democratisation, private actor participation in public services, and the consequences of EU membership (Brenner 2004; Hodge and Greve 2005; Loughlin 2005; Marcussen and Torfing 2006; Osborne 2000; Pollitt and Bouckaert 2004)

The framework set out above can be applied to the empirical cases of governance institutions. For illustrative purposes, the chapter briefly examines case studies from in the Flanders region of Belgium and the Netherlands. These two cases were selected because they provide longitudinal analysis of the evolution of governance for economic development. Longitudinal analysis is particularly important for this field of study, because governance forms beyond representative government tend to operate within a more flexible and adaptive institutional context (Lowndes and Skelcher 1998). Their design is subject to negotiation between relevant stakeholders to a greater extent than is the case in the more deeply embedded structures of legitimacy, consent and accountability found in the institutions of elected government. Longitudinal analysis provides an opportunity to understand the way in which governance is constructed by actors in terms of both institutional hardware (formal rules and structures) and institutional software (the practices taking place around and within the hardware) (Skelcher, Mathur and Smith 2005).

Case 1: Development of Ghent Canal, Flanders

The first case analyses the long-term evolution of a governance network engaged with economic development, environmental management and spatial planning in the Ghent canal area of the Flanders region of Belgium (ROM-Ghent[3]) (De Rynck and Voets 2006; Voets and De Rynck 2006). The spatial development of the area had evolved in an uncoordinated way. This highlighted the tensions between the different uses of the area – as a major industrial centre, residential zone, environmentally sensitive landscape, and transport route - and by the early 1990s it was clear that a more unified approach was required.

The project grew from the bottom-up: ‘It began as a relatively informal, inter-personal relational framework that expanded over the years.’ (De Rynck and Voets 2006: 66). It gained legitimacy from its origins in initiatives by these local actors to address a series of interlinked and highly significant problems that existing governance mechanisms had failed to resolve, and where there was no prospect of further progress. From its start in 1993 until 1996, the network consisted of a small group of public officials and planners who operated on an informal basis. Consent was dealt with through building shared commitment by their agencies, and after 1997 by the introduction of other actors with a shared interest in the strategic plans that were developed. De Rynck and Voets show that this was reinforced by two factors. First, the high degree of interdependency between the actors in this crowded institutional space where all levels of government are automatically involved. Secondly, they regularly interact in different governance arenas on different issues.

From 1997 to 2003 the network used a more formalised Steering Committee to provide explicit consent and accountability mechanisms and to coordinate the projects implemented by partner agencies and a specially created public company. In 2003 the governance design was changed to create more effective ways of making decisions and coordinating implementation. The Steering Committee was replaced by a Sub-Regional Network, which operated through a number of working groups. In addition,

[3] ROM (Ruimtelijke Ordening en Milieu – Spatial Planning and Environmental Policy) is the term used to describe both the Ghent case study process and part of the Rotterdam case study described later in this paper. A suffix has been added to avoid confusion between the two cases.

greater civil society participation in the governance of the initiative was gradually introduced, by setting up and supporting citizen groups that also have representatives in the Sub-Regional Network. This gradual formalisation of ROM-Ghent had developed in response to the increasing role of the initiative. The revised design offers enhanced legitimacy, consent and accountability mechanisms at the general level, as well as strengthening those within the policy sectors covered by ROM-Ghent.

There are some important features of the context for ROM-Ghent that impact on legitimacy, consent and accountability. The first point concerns the role of elected politicians. De Rynck and Voets report that the whole process has been steered by a small group that includes key local government executive politicians and the Provincial Governor. These politicians and a small staff of civil servants operate as 'central network brokers' (De Rynck and Voets 2006: 67) and provide a point for legitimating the endeavour and enabling consent and accountability, even though as a group they are not recognised within the formal governance structure of ROM-Ghent.

Secondly, political parties are important in securing consent to decisions by institutions of representative government associated with ROM-Ghent. Political parties in Belgium play a key role in oiling the wheels of public policy making, especially where it involves lobbying the various tiers of government. They are often highly competitive. However De Rynck and Voets report that in the case of ROM-Ghent there was cross-party support, enabling those steering the ROM-Ghent decision process to undertake lobbying by utilising whichever political party was best suited to obtain the desired results. However this also enabled ROM to sustain its legitimacy with political parties.

Third, the organisation of government in Flanders is inadequate to resolve complex area-based problems that require multi-level solutions. De Rynck and Voets show that representative democracy has been unable to motivate the creation of effective governance arrangements, leaving a space that informal and semi-formal networks like ROM can fill without fear of being defined as non-legitimate.

Finally, the institutional complexity of Flanders and the informal interdependencies of the actors in ROM led to ambiguity about accountability. For example, the Provincial Governor and civil servants played an active role in ROM, while the Provincial Council as a political assembly was largely a passive participant. The high degree of project responsibility by individual actors also creates ambiguity about where accountability lies, in relation to the former Steering Committee or current Sub-Regional Network. This ambiguity can be seen as an unintended but positive feature of the design in terms of sustaining the governance network and enabling effective planning and implementation, and may also meet the requirements for democratic anchorage in the Belgian context.

Case study 2: Expansion of Mainport Rotterdam

The second case analyses the decision-making processes involved in determining plans for the expansion of Rotterdam harbour during the period 1990-2004 (Klijn and Koppenjan 2000; Teisman and Klijn 2002; Gils van and Klijn 2007). Rotterdam is one of the major European ports, and is also of significant economic importance to the

Netherlands. Plans for its expansion emerged in the 1980s, and developed through three decision-making rounds from 1990 to the early 2000s. The issues connected to the expansion of the port have a regional dimension, crossing several municipal jurisdictions. They also involve conflicting values, for example because economic and environmental demands. As a result, several democratic governance designs were used over the time to cope with the complexity of the decision-making process:

1. ROM-Rijnmond design during the period 1990-1995: The ROM arrangement was a loosely coupled cooperation between several public actors in the region (two ministries, the province, 15 mayors and some regional authorities). Its purpose was to develop integrated economic and environmental plans for the region.

2. VERM design during the period 1996-1997: This was a project group that was created by national government to organise an interactive decision-making process about the necessity of the expansion of the harbour and how the wide variety of stakeholders should be included.

3. The PMR design during the period 1998-2004: This was a formal project organisation created by national government to realise the expansion of the harbour, undertake the necessary environmental compensations, and involve private actors to achieve that expansion.

The initial process – ROM-Rijnmond – commenced in 1990 and involved the development of an integrated spatial plan for the Rijnmond region within which Rotterdam is located. It had a particular focus on ways of accommodating the need to expand the port. The activity was legitimated by an agreement signed by the participating local governments, provincial government, national ministries, public authorities and regional economic agencies. The approach to integrated area spatial planning was also legitimated by national government, which applied the concept in eleven regions including Rijnmond. A project organisation was created to undertake this task, accountable to the participating organisations, which would also give consent to decisions on how the harbour would expand.

The consent mechanisms involved reporting the results of the ROM- Rijnmond process to the participating organisations, including a recommendation that a new polder (Maasvlakte II) would be required in order to provide space for the expansion of Mainport Rotterdam. Consent was expressed through a new agreement by the partners, signed in 1993. A project team was delegated to prepare a report on the implementation of Mainport expansion through the development of the new polder. They reported in 1995.

The significance of the proposed development led to a change in the governance arrangements. The Provincial Council decided that the debate about developing Mainport would need to be conducted at national level, and in 1996 the Cabinet instigated an analysis in the context of its work on the governance of large-scale infrastructure projects. The exercise had the aim of reconciling the demand to solve the spatial needs of Mainport with the requirement to improve the surrounding environment. This legitimised the involvement of national government, but changed the scope of the debate as far as local actors were concerned. It also widened the number of actors involved, because the Cabinet adopted an interactive decision-making process termed VERM.[4]

VERM was undertaken by a project group of officials from four national ministries. They initiated a wide range of interactive processes to search out public views on the options. Klijn and Koppenjan (2000) comment on the lack of involvement by elected politicians in the interactive process, which instead proceeded largely as a relationship between officials and civil society and business organisations. They suggest that this went against the principles of shared commitment to a course of action that might be expected from an interactive process. Thus, consent mechanisms within VERM were partial. This becomes clear from Klijn and Koppenjan's observation that the interactive arena had little connection with what they call the administrative-political arena where decisions were reached. They comment:

> If we consider the final project decision it is especially striking to see how little of the argumentation and information from the interactive decision-making process can be traced in the project decision. It hardly deviates from the initial decision and the proposals of the project group (originally) set up by the Rotterdam municipality. (op cit: 372)

VERM concluded in 1996, although a firm decision on the new polder had not been reached. The Cabinet decided to start a third round of decision-making to advance the project, although in practice the lead was taken by a project group constructed by relevant national ministries, Rotterdam municipality, and regional and provincial authorities – termed PMR. The core governance feature of this round was to attract private actors for the financing and realisation of the harbour expansion. This was legitimated by support at the national level for this type of arrangement, for instance from the Ministry of Finance. A study of public-private solutions was initiated, but the consent mechanism, which involved agreement by various parties, resulted in the adoption of traditional contracting-out rather than a partnering model. It appeared difficult to commit private partners before they were sure of getting the contract and difficult for public actors to loose their grip on the process. So a design was chosen that still left much of the initiative and power with public actors and that fitted in the judicial tradition of the ministry of Transport. This also enabled Rotterdam Municipality to maintain control of the harbour development, and the state committee responsible for spatial development agreements also wished to avoid too strong a private interest.

The problem of consent, however, was resolved by designing a process for negotiation between environmental groups, private actors and public actors on compensation for the environmental losses as result of the harbour expansion (Gils van and Klijn 2007). In that sense the institutional design was an ideal type Dutch arrangement for consensual decision-making. Afterwards, Parliament was highly positive about the negotiated result, showing that environmental and economic values could be reconciled.

The first point to be made from this case is how governance mechanisms for economic development change and evolve over time in response to the changing

[4] Verkenning Ruimtebehoefte Mainport – Exploring the spatial needs of Mainport.

framing of the problem and the political arena in which the issue is located. What started as a technical issue about harbour expansion became redefined as a matter of state spatial strategy for large developments. This framing then became changed again, in terms of a decision on the appropriate mechanism for engaging private actors in the development. At each stage the governance form was adapted to enable different forms of legitimacy, consent and accountability.

Secondly, the case illustrates how parallel governance structures may be created, with contradictory legitimacy, consent and accountability mechanisms. The interactive decision-making process within VERM was the public face of a dual governance arrangement whose private face was the administrative-political arena of representative decision-making. These two very different institutional designs co-existed. However the interactive process, which in theory would facilitate legitimacy and consent for a shared decision, was undermined by the absence of politicians and their veto power in the administrative-political arena.

Finally, the case shows that the underlying material interests of the municipality and other state actors, in relation to the income received from the harbour, constrained the form of public-private partnership used in the expansion project. Consequently the analysis of governance design needs also to incorporate the analysis of underlying interests and the interaction between the two. This two level analysis is also relevant for the examination of VERM, where political and administrative interests predominated despite attempts at an interactive process.

Club, agency or polity? Analysing the cases as democratic governance archetypes

The cases were presented through a discussion of the ways in which problems of legitimacy, consent and accountability were addressed. They illustrate that the construction of these democratic questions and their solution varied over time in response to the evolution of the framing of the problem, the interests of actors, and the choices that needed to be made.

Our framework also includes the idea of democratic design archetypes based on different combinations of approaches to legitimacy, consent and accountability. We can draw out a number of additional observations from the cases. Designs based on agency archetypes are evident in several stages, for example the project teams developing the initial Rotterdam harbour expansion and the formalised Steering Committee in the second stage of the Ghent process. These are task-based managerial devices to deliver technical outcomes. They may include politicians as members, but nevertheless are driven by implementation ethos. The club archetype is the basis of the initial informal and inter-personal network in Ghent at the start of the process, and the multi-agency network around the Rotterdam harbour expansion at the local level.

There are two examples of a polity archetype informing design. The first is in the ineffective creation of an interactive decision process in the VERM stage of the Rotterdam case. This was an attempt to open up technocratic and political decision-making to civil society actors, and thus create a political community around the issue. However its isolation for the real centres of elected political authority limited its emergence as an effective polity. The second example is the Sub-Regional Network in the Ghent case, in which all actors concerned participate directly, including citizen groups of the canal villages. The main problem is that the high degree of inclusiveness (over seventy actors) led to a hollowing-out of the Sub-Regional Network meetings because the group is too large to have in-depth debates on complex issues. The Network then became a platform used mainly for information exchange. Hence, while a polity archetype was a goal in the Ghent case, the unintended practical consequences of trying to achieve one seem to have pushed it back into the club archetype.

CONCLUSIONS

The democratic governance of economic development is a rapidly evolving field. It is a highly complex policy sector with a wide range of actors. The necessity of working in complex governance networks that bring together government, business and civil society actors produces considerable variety in governance designs. In addition, the governance forms evolve over time as policy agendas are framed and reframed, and contingencies motivate responses. Questions of democracy are central to these governance networks for economic development because they shape, decide and implement public policy.

However it is clear from the case studies and other research cited above that the primacy of politics cannot be taken for granted. These institutions are sometimes tightly coupled to representative democracy, but at other times operate with a high degree of autonomy. This creates an important question for academic research and for the practical design and management of economic development institutions: what is there relationship to representative government (Klijn and Skelcher forthcoming)? The analysis of real-life democratic designs provides a more informed guide to action. In this context, the typology of archetypes offers a way of understanding the overall democratic orientation of a particular governance design as well as offering a basis from which policy makers can create their own solutions. The growth of networks, quangos, and other governance forms beyond the traditional model of representative democracy places demands on policy makers to create the best possible instruments in terms of the problems to be solved. Archetypes draw out the taken-for-granted assumptions of policy makers and offer them a broader range of choices. They offer a menu and a consideration of the likely impact of different design in different contexts. Research can help here, for example by elaborating the way in which similar archetypes may perform differently in different countries depending on the ‘politics of space’ within governmental and democratic cultures (Healey 1997).

However it is important that designers of democratic governance for economic development test the assumptions they make. Collaborative working in arenas outside public bureaucracies does not mean that democratic principles can be ignored. Legitimacy, consent and accountability are about ensuring that the public interest is reflected in the complex, multi-actor decision process. The governance design may change over time, as the cases illustrate, but these basic questions need to be addressed at all stages. This will ensure that local economic development policies and decisions are not dominated by special interests and the pressure for private profit.

The significance of cross-national research such as that described above is that it can contextualise these relationships, and enable researchers and policy makers in different countries to establish more sensitive institutional designs. Democracy means different things in different countries, and there is a danger that governance designs can be taken from one context and transplanted into another with little thought to their relationship on the democratic milieu. Researchers can help to establish the relevant conditions prevailing in countries and assist policy-makers to engage in effective and reflexive transfer of institutional designs. This will assist governance designs to become embedded in the local context and supportive to relevant democratic norms. [5]

[5] This is an agenda the authors are developing with Sørensen at Roskilde University, Denmark; Kübler at University of Zurich, Switzerland; and Justice at University of Delaware, USA (www.inlogov.bham.ac.uk/research/esrcdemoc.htm)

Figure 1: Agency, Club and Polity Archetypes

Archetype	Agency	Club	Polity
Discursive orientation to democracy	Managerialist: Democratic involvement by government constrained to setting broad policy goals, with substantial delegation to managers for the design and implementation of policy instruments	Elite co-decision: Neo-corporatist structure in which government, business and civil society leaders of stakeholder organisations reach agreements in behalf of their memberships; the democratic involvement of members is only within their own organisation, not at the level of the governance institution	Community participation: Extensive democratic involvement by stakeholders, beneficiaries and citizens in policy formulation, decision-making and implementation
Focus	Implementation of government policy top down	Mutual benefits for participating government, business and civil society organisations	Creation of political community that can authoritatively allocate values
Legitimacy	From government through political or administrative authorisation, and occasionally legal sanction	From member organisations	From citizens, community organisations, beneficiaries and other stakeholders
Consent	Focus on strategic consent by partners/ government. Limited operational consent opportunities in line with managerialist design	By the leaders of member organisations, including government, who are themselves members of the entity	By member organisations, citizens, beneficiaries, community organisations, etc.; by government especially where public financing involved
Accountability	To government through performance management systems	To member organisations, including government, in terms of self-interested benefits of decisions	To member organisations, citizens, beneficiaries, community organisations, etc. in terms of procedural as well as substantive outcomes; by government in relation to auditability of public spending

Source: Adapted from Skelcher, Mathur and Smith (2005)

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