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SMART GOVERNANCE

Governing the Global Knowledge Society

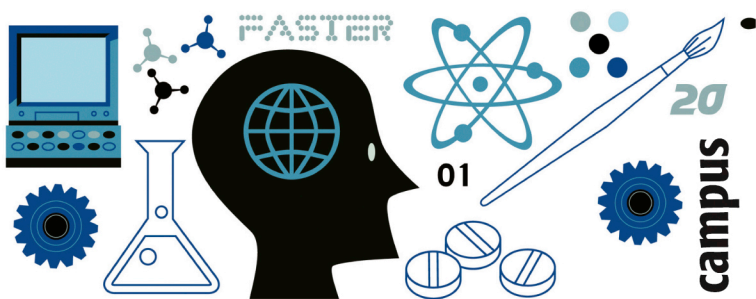


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The question is not whether there should be more or less government. Most arguments about "big government" versus "small government" are misleading and miss the point. The point is how to make the indispensable forms of government and governance more intelligent. Smart governance is, therefore, the foremost challenge for the theory and practice of governing complex societies and global functional contexts like the global financial system.

This book attempts to tackle the basic questions and propositions about smart governance. It is mainly concerned with global governance since at this most complex and encompassing level the strengths and weaknesses of present regimes of governance can be studied most fruitfully. Obviously, there are severe shortcomings of present regimes of global governance, particularly concerning the asymmetries between the advanced "rich" nations and the "Third World", between North and South or between regions rich and "poor" in natural resources. Protest and taking to the streets may be indispensable in rare cases but neither provide sustainable solutions for the underlying problems. More sustainable solutions need thorough analysis and bold ideas for extending governance regimes beyond the classic realm of politics and beyond the classic designs of formal democracy.

Global governance is a unique test bed for probing the exigencies, predicaments, limits and possibilities of smart governance. Global governance regimes evolve in different forms in various fields - i.e. the economy, finance, health, science, the mass media, sports, education, development. These global contexts experiment with different models, modes and means of governance. Above all, the respective governance regimes evolve with-out the guidance of an overarching political system since there is no system of global politics. Governance regimes, therefore, develop as decentered and distributed systems of a "disaggregated world order" (Anne-Marie Slaughter). They are bound to produce their own means of organizing some sort of ordered rule, and to create their own sources of legitimacy and accountability, in order to arrive at sustainable forms of governance in a world without global government.

This ambivalent setting calls for the infusion of intelligence to compensate for the lack of formal legitimacy and formal democratic structures. Knowledge and expertise become the most important resources for decision-making and collective action. The foundational concept of competence shifts from formal (for example hierarchic or democratic) competence to competence through superior expertise. Needless to say that expertise is always contested, provisional and open to revision. Fortunately, knowledge discourses have some important procedural similarities with the procedural rationality (Herbert Simon) of democratic deliberation. So, in spite of some remaining categorical differences there is no unbridgeable gulf between formal legitimacy and derivative forms of legitimacy through expertise.

When governance loses its historical connection with the nation state by extending into global contexts, the equally strong attachment of democracy to the nation state becomes unbundled. There seems to be a need for reconstructing governance and democracy outside and beyond the confines of the nation state. This is not to denigrate the nation state. It remains a most important actor in global governance. It does however become part of a more complex constellation of actors, including global institutions, transnational corporations, transnational NGOs, foundations, social movements, global policy networks, imbedded knowledge networks (Tim Sinclair) and single-issue action groups. Again, the relevant question is not whether or not we are witnessing "the end of the nation state" because, obviously, the nation state is enjoying very stable health. The question is rather how to organize an exceedingly complex array of actors and institutions in forms of distributed and disaggregated governance.

At this point the problem of governance is exacerbated by the advent of the knowledge society. Governing the knowledge society presumably calls for different capabilities, processes and rules than governing industrial society (not to mention pre-modern forms of society). Consequently, in chapter three the book provides a basic outline of the defining traits of the knowledge society as they relate to the challenges of governance. This approach reiterates the more general observation that the boundaries between public and private sectors, between public and private authority (Claire Cutler) become blurred. Hybrid forms of governance that combine diverse resources for creating order and coping with disorder evolve in the global arena - and they are even beginning to have an impact on the national and regional level of governance.

The book uses two venues to provide an empirical grounding of its theoretical framework. Chapter five looks at a variety of global governance regimes in different fields as they have evolved around global institutions like the WTO (a market regime), global law (a normative regime), transnational NGOs and social movements (a moral regime), and global knowledge networks (a knowledge regime). In this section the aim is to describe "ideal types" of governance regimes as frameworks and building blocks for developing "real type" governance regimes which are complex, hybrid, fuzzy and untidy. This means that many intricacies and details are omitted in order to see the wood for the trees.

In chapter six, on the other hand a case study of governance aspects of the global financial system fills in quite a few of those intricacies and details, at least for one area that is of particular political and economic importance: global finance. This can be seen as a paradigmatic case of self-organization and self-governance in a field where the market is important but not sufficient to provide the indispensable order, rules, regulations, self-limitations and capabilities for collective action and decision-making. Many actors and institutions, from the Basel Committee to the Financial Stability Forum, therefore, collaborate in order to create the necessary "collective intelligence" for a global system which is no longer regulated by a national polity and its regulatory agencies.

These considerations lead to the more general question of the constituent elements of smart governance. Chapter seven addresses four components which shed a new light on the necessary achievements of (smart) governance but which are far from being new for example in the context of management excellence. In particular, the elements of capacity building and of achieving resilience point to a basic assumption of the entire book. The demand for smart governance is not driven by globalization alone but by the combined effects of two major traits: A powerful, multi-level drive towards globalization on the one hand, and a concurrent transformation of industrial society to a (fledgling) knowledge society. The interplay of these two mega-trends makes things fuzzy and complex. It prevents simple solutions, and it carries the risk of falling prey to all kinds of fallacies. But then, that is the way social science discourses precede.