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FROM BIG GOVERNMENT TO BIG GOVERNANCE ?

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From Big Government to Big Governance ?

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Abstract: This paper explores the origins and various meanings of the concept of governance. It discusses governance as an interdisciplinary research agenda on order and disorder, efficiency and legitimacy all in the context of the hybridization of modes of control that allow the production of fragmented and multidimensional order *within* the state, *by* the state, *without* the state and *beyond* the state. The plurality of the modes of control reflect and reshape new ways of making politics, new understanding of institutions of the state and beyond the state and allow us to explore new ways for the control of risks, empower citizens and promote new and experimentalist forms of democratic decision making. It presents three prevalent approaches for the study of the relations between government and governance and suggest a fourth one which build on the regulation literature and emphasize the expansion of regulation both by government and by civil and business actors.

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From Big Government to Big Governance ?

Governance is said to be many things, including a buzz-word, a fad, a framing device, a bridging concept, an umbrella concept, a descriptive concept, a slippery concept, an empty signifier, a weasel word, a fetish, a field, an approach, a theory and a perspective. In this handbook, Governance is an interdisciplinary research agenda on order and disorder, efficiency and legitimacy all in the context of the hybridization of modes of control that allow the production of fragmented and multidimensional order *within* the state, *by* the state, *without* the state and *beyond* the state. The plurality of the modes of control reflect and reshape new ways of making politics, new understanding of institutions of the state and beyond the state and allow us to explore new ways for the control of risks, empower citizens and promote new and experimentalist forms of democratic decision making. As the Oxford Handbook of Governance intends to demonstrate, governance is increasingly becoming a broad concept that is central to the study of political, economic, spatial and social order in general and the understanding of the dynamics of change of capitalist democracies in particular.

While the origins, meanings, significance and implications of the concept of governance are often disputed, governance has become an important concept and indeed probably one of the most important manifestations of the rise of neo-institutionalism in the social sciences (March and Olsen, 1984). Paradoxically, it is almost as popular to lament the multiple, and sometimes ambiguous, meanings of governance, as it is to employ the term in creative ways. The literature on governance contains narratives and analysis of democratic controls and challenges beyond the traditional institutional literature. In the spirit of Karl Deutsch's classic *Nerves of Government*, it reflects an understanding that "it might be profitable to look upon government somewhat less as a problem of power and somewhat more as a problem

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of steering" (1963, p. xxvii). Institutional technocrats (that is, people who preach the advantages of governance as the technology of control rather than an instrument of power) are often happy to endorse Deutsch's recommendation. Sometime they are successful in convincing even highly suspicious governments to adopt the approach, at least on the surface (Burns, 2010).¹ Yet, putting the political use of the concept aside for the moment, the scholarly value of the approach as a bridging concept is promising (Kersbergen & Waarden, 2004, 143). Building on the various manifestations of neo-institutionalism in the social sciences the governance approach to politics, institutions and policy offers an exciting and fruitful integrative theme for the ever more fragmented and decentered social sciences, with their disciplinary division of labor that is increasingly being called into question (Braithwaite, 2005; Hall, 2007).

Why, and to what extent, governance can play out its scholarly, intellectual and normative missions is an issue that will be discussed here and throughout the Handbook's chapters. Let me start, however, by noting that it was not always the case. Governance, while not novel in the sense that it does not entirely reflect new practices and institutions, was for a long time marginal to the scholarly discourse of the social sciences (Pierre and Peters, 2000, 1; Kersbergen & Waarden, 2004, 143). It is still in the process of being translated (and in this process transformed) into different languages. In most languages, I suspect, it is awaiting official translation. In Hebrew, for example, the term does not have yet an agreed translation. The Chinese academic community had by 2000 agreed that governance should be translated as *zhili* (Burns, 2010).² While still being adapted to new cultural and institutional contexts, governance is no longer marginal, neither in the policy arenas nor in scholarly discourse, as will be elaborated in this chapter, for good reasons. Consequently, it became a research agenda that unites scholars across the social sciences, many of whom recognize the growing gaps between the formal constitutional order and the way order is produced and reproduced in everyday life.

The notion of governance, which was rarely used and nearly incomprehensible before the 1980s, appears now in countless book and article titles, in the names of academic journals, educational and research institutions, and academic networks (Offe, 2009, 554). It is the subject of handbooks and a recognized focus of teaching programs, research, and institutional and public policy reform (Lynn, 2012). One could go on, and expose more evidence on the growth of the scholarly interest in governance across major fields and note its relative absence from others. Yet the most important issue that this chapter takes upon itself - especially given the countless useful contributions that already exist in the field - is to contextualize the study of governance in a more general framework of understanding of the processes of institutionalization and of a shift towards poly-centered polities, politics and policy making. The chapter identifies four major ways of thinking about governance as complementary to or an alternative to states and governments. It then asserts the theoretical potential of one of these approaches in particular, that is to say, the one which emphasizes the parallel growth of state-centered and society-centered governance. This approach is grounded in arguments about the rise of the regulatory state and of the global diffusion of regulatory capitalism and brings the literatures of governance and regulation together.

I. The Scholarly Origins and Growth of Governance

The concept of governance probably stems from the Greek *kybernan* meaning to pilot, steer or direct, which was translated into Latin as *gubernare*. Our modern concepts of “government” and “governance” are indirectly related to this basic idea (Schneider & Hyner, 2006, 155).³ In the 1950s and the 1960s, the topic of governance was marginal to the production of knowledge in the social sciences and humanities (as reflected in the ISI Web of Knowledge databases). The small number of papers that were classified under this topic concentrated mainly on higher education and urban governance most probably demonstrating that hierarchical modes of control do not capture much of the politics of either universities or local government

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While the notion of governance was always there, it played a limited role in shaping the discourse of the social sciences. The influence of the papers that were classified under this topic, until the end of the mid 1970s, is low when assessed by their impact.⁴ The situation changed radically with the publication of Oliver Williamson's *Transaction Costs Economics: Governance of Contractual Relations* [1979] and with the growing interest in Law and Economics in corporate governance. Williamson's paper had a strong impact. It not only accounted for about 83 percent of the citations of papers on the topic of governance in the period 1975-1980 but it is also one of most cited papers in the literature so far. The period 1981-1985 is characterized by the dominance of issues of corporate governance both generally and within the narrower population of highly cited papers. Urban and higher education governance issues are still there but with low volume and with low number of citations. The ten highly cited papers that were published between 1981 and 1985 received 74 percent of the citations and 8 of these 10 dealt with corporate governance in one form or another. The following five years (1986-1990) suggested a further spread of the concept. Yet it is only in the 1990s that governance became a buzz-concept. In the 1980s only 349 papers were classified as dealing with the topic and these papers were cited altogether 3609 times; in the 1990s, the number of papers and the number of citations both grew more than ten times (3773 papers and 70,157 citations). Many more papers were influential in this period. Thus, the share of the 10 most cited ones in the total number of citations dropped to 25 percent in the first half of the 1990s and to 14 percent for the second half.

The first decade of the second millennium saw further acceleration in the interest of the scholarly community in governance. The number of papers on the topic grew to 18,648 and they drew 104,928 citations. The share of the most cited papers in the overall pie of citation declined even further, to less than 5 percent. The gradual flattening of the influence of a small number of papers may suggest a healthy development in the field. An analysis of 9366 papers on the topic of governance that were published between 2006 and 2009 reveals that they came from economic journals (1312), management (1121), political science (1086), business (1061), environmental studies (993) public administration (911), planning & development

(788), geography (758), business and finance (733), international relations (642), law (578), urban studies (436), sociology (383) and over 50 other fields. By comparison, the 158 papers that were published in the years 1981-1985 were published mainly in Law Journals (44 papers) followed by Political Science (22), Economics (13) & Public administration (10).

One way to understand the growing interest in governance and the popularity of the concept better is to look at the tipping points, that is, in influential publications that set the tone for further expansion of the concept. It is tempting to focus in this regard on papers and manuscripts in the field of political science, my own discipline. Nonetheless if the social sciences at large are considered as a reference point, Williamson's paper (1979) is probably the best representative. The paper examines the preoccupation of the new institutional economics with the origins, incidence and ramifications of the notion of 'transaction costs' and *only* indirectly with the concept of 'governance'. To explain how actors try to minimize transaction costs he links the characteristics of investment and the frequency of transactions and distinguishes four types of governance: market, unilateral, bilateral, and trilateral. The three non-market governance structures (or institutional frameworks as he defines them) require some form of hierarchical governance (for him the internalization of production in "firms"). Yet his typology of various forms of governance was not adopted widely in the rest of the social sciences. The term governance was more popular than any particular method and definition that was applied by any scholar or scholarly approach. What was also probably taken most from Williamson was his distinction between market and hierarchies (see also Williamson, 1975). While Lindblom and Dhal (1953) had for long used the distinction to disaggregate government and to explore other sources of authority, with Williamson the distinction became entrenched in the scholarly imagination. It is *vis-a-vis* these two modes of governance - markets and hierarchies - that the notion of network attracted more and more attention. Woody Powell "*Neither Markets Nor Hierarchy: Networks Forms of Organization*" [1990] and Rod Rhodes "*Policy Networks: A British Perspective*" [1990] served most probably as the earliest and most influential papers in setting the agenda and pointing out the direction of research. The notion of a network, as a governance structure and an institutional

arrangement, as well as the recognition of the importance of informal spheres of authority, was quick to spread out. This was not least because political scientists had studied governance beyond government for long time without calling it so. For example, growing interests in corporatist and alternative modes of interest intermediation (Schmitter, 1974; van Waarden, 1992), in private interest government (Heclo and Wildavsky, 1974; Streeck & Schmitter, 1985), issue networks (Heclo, 1978) and policy styles (Richardson, 1982; 2012). All laid the foundation for the study of governance as a research agenda that looked beyond the constitutional arrangements and formal aspects of the polity, politics and policy.

II. Governance as a Signifier of Change: The Science of Shiftology

One reason that made governance such an important concept in the social sciences is that it carries images and meanings of change. This happens of course in a period of turbulence and therefore it is not surprising that scholars started to devote more and more attention to the study of change. Within this process also they became more open to new ways, new concepts and new issues for research. This "newness", and its relation to "change", is reflected in the following quotation from Rhodes:

Governance signifies a change in the meaning of government, referring to new processes of governing; or changed conditions of ordered rule; or new methods by which society is governed" (Rhodes, 2012, x; also Rhodes, 1996, pp. 652).

The rise of governance coincided with the widespread consensus that ours is (again) an era of change, of shifts, and even of transformation and paradigm change. In the governance literature this was best captured in the observation of "shifts" in governance and controversies about their directions and implications. These shifts suggest that authority is institutionalized, or at least can be institutionalized in different spheres, and by implication these arenas can compete, bargain, or coordinate

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among themselves or ignore each other. The shifts are conceptualized in three different directions: upward (to the regional, transnational, intergovernmental and global), downward (to the local, regional, and the metropolitan) and horizontally (to private and civil spheres of authority). Some of the most dominant ways to think about shifts in governance include a shift from politics to markets, from community to markets, from politicians to experts, from political, economic and social hierarchies to de-centered markets, partnerships and networks; from bureaucracy to regulocracy, from service provision to regulation; from the positive state to the regulatory state; from big government to small government; from the national to the regional; from the national to the global; from hard power to soft power and from public authority to private authority.

It is important to note that scholars of different aspects of the political order may have different shifts in mind when thinking about them. Scholars of international relations (or global governance) most often think about governance as denoting a shift from 'anarchy' to 'regulation' at the global level and have in mind more order and stronger institutions. Scholars of domestic politics by contrast often mean a 'softer order' that replaces stagnating bureaucracies and centralized state controls with softer and collaborative forms of policy making. Both however focus on the omnipresence of change. The multiplicity of shifts that can legitimately and usefully capture the notion of the rise of governance invites clarifications and opens a great window of opportunity for both ambiguity-bashers and the rise of "shiftology" as the study of change. For example, it is useful to consider and to define more precisely to what extent the shift away from government is also a shift away from the state and from public and private hierarchies. The choice of words here is significant: government, state and hierarchies are different signifiers. We can imagine for example a shift away from government that is not a shift away from the state, because the state itself is more than government and while governments may shrink, other parts of the state (e.g., courts) may expand. We can also imagine a shift away from hierarchy towards governance that does not signify a shift away from government, because government adapts or reorganizes itself in horizontal or decentered forms. A useful way to think about these shifts is provided by Lynn (2012), who conceptualizes them as schematic

trajectories of adaptation and transformations. The departure point is a particular division of tasks and responsibilities in the role of civil society, business and government in supplying or exerting governance. The movements are not only from different departure points but also in different directions and towards different degrees of division of tasks and responsibilities (see figure 1, Lynn, 2012).

III. Governance as Structure, Process, Mechanism & Strategy

Governance, much like government, has at least four meanings in the literature: a structure, a process, a mechanism and a strategy (cf. Börzel, 2010a; Risse, 2012, Pierre and Peters, 2000; Héritier and Rhodes, 2011, Jessop 2011, Kjær, 2004; Bartolini, 2011). While the distinction between these four meanings is often not clearly elaborated, it might be useful to clarify them for analytical and theoretical purposes. As a structure, governance signifies the architecture of formal and informal institutions; as a process it signifies the dynamics and steering functions involved in lengthy never ending processes of policy making; as a mechanism it signifies institutional procedures of decision-making, of compliance and of control (or instruments); finally, as a strategy it signifies the actors' efforts to govern and manipulate the design of institutions and mechanisms in order to shape choice and preferences.

Most governance literature focuses on governance as structure, probably as a reflection of the dominance of institutionalism in the social sciences. Structures are understood and conceptualized sometimes as "systems of rules" (Rosenau, 1995, 13), "regimes of laws, rules, judicial decisions, and administrative practices" (Lynn, Heinrich and Hill, 2001, 7), "institutionalized modes of social coordination" (Risse, 2012), a "set of multi-level, non-hierarchical and regulatory institutions" (Hix 1998: 39) and "the comparatively stable institutional, socio-economic and ideational parameters as well as the historically entrenched actor constellations" (Zürn et al., 2010, 3). The diverse range of ways in which governance structures are conceptualized is therefore broad enough to allow several approaches to the study of alternative institutions of government such as networks, markets and private standards.

The conceptualization of governance as a process aims to capture more dynamic interactive aspects than that of governance as structure. Thus, we can think about governance not as a stable or enduring set of institutions but as an ongoing process of steering, or enhancing the institutional capacity to steer and coordinate (Pierre and Peters, 2000, 14; Kooiman, 2003). The processes are evident in definitions that stress that governance is a "norm generating process" (Humrich and Zangl, 2010, 343) as well as from the conceptualization of governance as "practices of governing" (Bevir, 2011, 1) and the "exercise of authority, public" (Heinrich, 2011, 256).

Governance is also about the institutionalization and naturalization of procedures of decision making. We can also benefit from a distinction between five major mechanisms of decision-making via: monetized exchange, non-monetized exchange, command, persuasion and solidarity. Monetized exchanges are usually market exchanges and are characterized by minimal or moderate transaction costs. Non-material exchanges involve resources that are hard or impossible to monetize or otherwise assign value. In both cases of exchange - the monetized and the non-monetized – decision-making involves deciding whether to exchange or not, as well as where, when and how. Command is a decision-making mechanism that involves rule making with the expectation of compliance from the subject being commanded. It is an authoritative and hierarchical mechanism of decision-making which often is associated with the state but of course is not confined to it. Persuasion in decision-making involves the elaboration of values, preference and interest as well as the rationalization and framing of options for action and the exchange of ideas and information in a deliberative manner. Finally, solidarity is a mechanism that rests on loyalty rather than voice, love rather than interest, faith rather than critical thinking, and group identity rather than individualism.

Governance as strategy, or 'Governancing', is the design, creation and adaptation of governance systems. If governing is the act of government and the design of a hierarchy of governmental institutions, then governancing is about the

decentralization of power and the creation of decentralized, informal, and collaborative systems of governance. Governancing therefore refers to governance-in-action (Barkay 2009) and to the institutional designs by actors that go beyond the formal institutions of government. For example, I consider the set of strategies of the European Parliament, to extend its control of the system of comitology, as an example of governancing (Héritier and Moury, 2012). Another example of governance as strategy is the active design of soft architectures of governance such as networks (Levi-Faur, 2011), soft mechanisms of decision making such as the Open Method of Coordination () and hyper innovation and experimentalism as an art of governance (Sable and Zeitlin, 2012) .

It is also useful to define what governance is not. **First**, governance is not a unified, homogenous and hierarchical approach to the study of politics, economics and society. Indeed the very notion of homogeneity stands in contrast to the basic underlying belief of a large group of governance scholars who tend to see themselves as (neo)pluralists and pragmatists. **Second**, governance, so far, is not a theory of causal relations. There is no need to explain governance structures, processes, mechanism or strategies with new theories. Still governance and governancing can force and revitalize some explanatory strategies at the expense of others. Indeed, this is what Rhodes' (2012) third wave of governance studies is all about. **Third**, governance is not government. It may be considered as more than government or an alternative to government but it is not synonymous with it

IV. Governance and the Search for Theory of the State

It is useful to distinguish between four perspectives on the state in the age of governance. I will present the first three in this section and cover a fourth in the next section. The first perspective on the state in governance theory is that of "governance as the hollowing out of the state" (Jessop, 1994; Peters, 1994; Rhodes, 1994). This conceptualizes the shift from government to governance whereby power and authority drift away upwards toward transitional markets and political institutions and downward toward local or regional government, domestic business communities and Non-Governmental Organizations. There are different and interesting variations

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within this perspective. Yet one of the clearest and to some extent most provocative views was taken by Rod Rhodes, who used the phrase "the hollowing out of the state" to suggest, with some qualifications, that the British state, and by extension other states, is being eroded or eaten away (Rhodes, 1997, 100). "The state", he argued, "becomes a collection of inter-organizational networks made up of governmental and societal actors with no sovereign actor able to steer or regulate" (Rhodes, 1997, 57). Similarly, Sørensen and Torfing suggested that:

"Although the state still plays a key role in local, national and transnational policy processes, it is nevertheless to an increasing extent 'de-governmentalized' since it no longer monopolizes the governing of the general well-being of the population in the way that it used to do. The idea of a sovereign state that governs society top-down through laws, rules and detailed regulations has lost its grip and is being replaced by new ideas about a decentered governance based on interdependence, negotiation and trust" (2005, 195-196).

In the same vein Klijn and Koppenjan (2000, 135) wrote that an "apparently broad consensus has developed around the idea that government is actually not the cockpit from which society is governed and that policy making processes rather are generally an interplay among various actors". It is hard however to identify a positive theory of the state in the writings of the proponents of the "hollowing of the state approach" and instead the emphasis is on state failure and a criticism of "reified concepts of the state as a monolithic entity, interest, or actor" (Bevir, 2011, 2). This is quite understandable since most efforts were focused on theory and empirical research on policy networks. Still, there is a more important and illuminating point here, this perspective is strongly connected with pluralists and neo-pluralist theories of the state which tend to see the state as a broker or even a weather-vane. The autonomy of the state is constrained and it reflects the preferences of most of the strongest groups in society. While normative, empirical and constructivist pluralists seems to set the tone in this interpretation of the state, this view is often shared by neo-Marxists (Jessop, 1994). In short, this governance approach is a society-centered analysis and despite Rhodes's (1997, 29-32; 2007, 7-8) effort to draw lines between his perspective on governance and

pluralism, they belong to the same intellectual and scholarly family. Thus, Rhodes (2007) "*Understanding Governance: Ten Years On*" continues to asserts the thesis of the hollowing out of the state, to ignore the notion of the regulatory state and to equate states and governance with core-executive:

"The 'hollowing out of the state' means simply that the growth of governance reduced the ability of the core executive to act effectively, making it less reliant on a command operating code and more reliant on diplomacy." (Rhodes, 2007, 6)

The second perspective may best be described as that of "de-governancing". Like the concepts of deregulation and debureaucratization, it is about the intended and unintended outcomes of limiting the ability to govern via centralized administrative and political mechanisms. De-governancing is about the hollowing out of the state but also the hollowing out of alternative spheres of authority such as 'business-to-business' regulation, civil regulation and transnational regulation. Good governance in this approach is "no governance" or "minimal governance" and the preferred mode of control is that of the market. If the first perspective is about the 'hollowing out of the state' then this perspective is about the 'hollowing out of politics' altogether. It is often associated with the effort to devise market-forms of governance as alternatives to political forms. While, it is hard to find scholars who explicitly and consistently favor market mechanisms over all other forms of control, including civil and business-to-business regulation. Yet, there are enough preferences for "*lite*" modes of regulation in issues such as climate change and carbon markets and enough opposition to hierarchical and statist modes of governance for this perspective to be considered here, along with the other three.

The third perspective, "state-centered governance", combines a recognition of the shift and transformation in the organization of the state, the limitations of its policy capacities and the importance of private actors in the policy process and in global

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governance more generally, with the suggestion that the state is still the most important and central actor in politics and policy. Thus Pierre and Peters suggest that

"... although governance relates to changing relationships between state and society and a growing reliance on less coercive policy instruments, the state is still the centre of considerable political power. Furthermore, emerging forms of governance departing from a model of democratic government where the state was the undisputed locus of power and control, hence we cannot think of any better 'benchmark' than the image of the state as portrayed in liberal-democratic theory. For these reasons mainly we look at governance as processes in which the state plays a leading role, making priorities and defining objectives" (Pierre and Peters, 2000, 12)

Claus Offe nicely identified two important aspects of this version of governance that together point to the resilience of the state:

"..one finds the notion that *governance* can increase the intervention capacity of the state by bringing non-state actors into the making and implementation of public policy, thus making the latter more efficient and less fallible. ... The catchphrase of this doctrine is that the state should limit itself to *steering* and leave the *rowing* to other actors. One could also speak of auxiliary forces within civil society who, through appropriate means and according to their specific competences and resources, are being recruited for cooperation in the fulfillment of public tasks, become subject to regulatory oversight and economic incentives, and are thus licensed to privately exercise (previously exclusively) public functions. The core intuition is that of a *state-organized unburdening of the state*. ...Underlying this shift in emphasis is the vision of a "leaner" and at the same time more "capable" state" (Offe, 2009, 555).

My own work on the EU regulatory regimes suggested that in order to understand the institutional gaps between the EU electricity and telecoms regimes one needs to develop “a state centered multi-level governance” approach (Levi-Faur, 1999, 201). This was later reasserted in the portrayal of the leaner and meaner state (Jordana and Levi-Faur, 2004). The work of Hérítier emphasized the critical importance of the “shadow of hierarchy” (i.e. the state) in the effective and legitimate application of new modes of governance (Hérítier and Lehmkuhl, 2008; Börzel, 2010b). Börzel (2010a) emphasizes the paradox that the lower the effectiveness of government, the greater the need for governance, whose effectiveness (and legitimacy) depends, however, on the presence of government. Schout, Jordan and Twena (2010) similarly observed that new (and old) instruments in EU governance are highly reliant on administrative capacities. Risse (2012) extended the state-centered governance perspective to areas of ‘limited statehood’. Börzel and Risse discussed the possibility of Governance without the State (Börzel and Risse, 2010). Bell and Hindmoor (2009) claim to go somewhat beyond Pierre and Peters (2000) to develop what they call a “state-centered relational approach”, arguing that states have enhanced their capacity to govern by strengthening their own institutional and legal capacities at the same time as developing closer relations with non-state actors. They reject the notion that there has been any general loss of governing capacity and emphasize that governments rely upon hierarchical authority to implement their policies because even when governments *choose* to govern in alternative ways, the state remains the pivotal player in establishing and operating governance strategies and partnerships (Bell and Hindmoor, 2009, 2-3; Matthews, 2012).

“State-centered (multilevel) governance” denotes the high autonomy of the state when the state is not dependent directly or instrumentally on society or capitalists and can shape its preferences both in the context of privatization and liberalization and in the context of globalization and the creation of transnational and intergovernmental institutions in the regional and global arenas (Hooghe and Marks, 2001; Bache, 2012). Taken to the extreme, this view would suggest that polities worldwide are and should be structured around states; governance is either a marginal or temporary solution to state failures. Scholars need to bring the state back in order to tune their theories of politics and policy to the realities out there. Much of the literature of governance, probably most, would be easily classified as belonging to this perspective.

V. From Big Government to Big Governance

A fourth perspective on the state in the literature of governance is emerging. This is best referred to as big governance, and may help to take the literature in this field forward in a significant manner while at the same time providing a better understanding of the role of the state in the age of governance. This perspective explores the relations between governments and governance from the perspective of regulation and with regard to the consolidation of what might best be called regulatory capitalism (Braithwaite, 2000; 2008; Braithwaite et al., 2007; Jordana & Levi-Faur, 2004; Levi-Faur, 2005; Lobel, 2012; Döhler, 2011, Lehmkuhl, 2008). It suggests that both governance and regulation are major signifiers of the structure of politics, the processes of politics and of policy outcomes. The approach draws on the governance literature in order to denote the decentralization and diversification of politics and policy beyond the state and draws on the regulation literature in order to denote the expansion of regulatory governance and especially the notion of the regulatory state. By bringing the regulation and governance perspectives together an important aspect of the current capitalist order is becoming clearer: the growth and indeed explosion in the demand and supply of rules and regulation via hybrid modes of governance.

Big Government, that is, a powerful if leaner government which controls, distributes and redistributes large amounts of the national domestic product, is still with us but it is becoming even bigger mainly via regulation. If the expanding part of the Big Government program for most of the twentieth century was “taxing and spending”, in the last three decades the expanding part of the Big Government program is regulation. Still, this is not only about Big Government via regulation and thus not only about the return of the state via regulatory means and in the form of the regulatory state. It is also about the growth and expansion of alternative modes of governance via increasing reliance on regulation. Growth of regulatory functions of public institutions, alongside the growth in the regulatory functions of the other four modes of governance, denotes a shift from "Big Government" to "Big (regulatory) Governance".

The Big Governance perspective, like the state-centered governance perspective, suggests that the shift to governance is potentially about leaner and in many respects more capable states. But unlike the state-centered governance perspective, it suggests that both 'governance' and 'government' can expand. This impression of co-expansion rests largely on observing the co-expansion of civil, business and public forms of regulation and the diversification in the instruments of regulation towards standards, best practices, ranking and shaming. A growing demand for governance is mostly being supplied via regulation. The suppliers of regulation are not only public actors but also civil and business actors who collaborate and compete with each other. Unlike state-centered governance, this co-expansion perspective has a positive theory of controls - the theory of the regulatory state and more generally also with reference to growth in the role, capacities and demand for civil and business regulation - the theory of regulatory capitalism (Levi-Faur, 2005). In short, we are in the heyday of "Big Governance" and the major question of governancing, that is, the strategy of governance designs and control, is to determine not which pure mode of governance is more effective or more legitimate but which hybrids are. We need to conceptualize a world order where governance is increasingly a hybrid of different systems of regulatory control; where statist regulation co-evolves with civil regulation; national regulation expands with international and global regulation; private regulation co-evolves and expands with public regulation; business regulation co-evolves with social regulation; voluntary regulations expand with coercive ones; and the market itself is used or mobilized as a regulatory mechanism.

To understand 'big governance' better we will probably need to bring back some of the issues that were dealt with by the now neglected and unfashionable theories of "political development" and bureaucratic and political "modernization". The "Big Governance" approach draws on the regulatory innovations, experimental governance and learning literatures in order to examine governance development as a feature not only of the economically underdeveloped and politically authoritarian countries but mainly with regards to the developed and democratic countries. The expansion of the

demand and supply of legitimate and effective governance is at the same time the **problématique** and the moral compass of this approach.

VI. Conclusions

To grasp the added value of the agenda of governance better, in today's social science discourse, we need to consider the bad reputation of governments and hierarchies; the frustration of reformers and revolutionaries; the statelessness of Anglo-American political theory; the rise of neo-liberalism; the transformation of the so-called Weberian hierarchical model of bureaucracy, the end of the Westphalian order; the efforts to reform, update and extend democratic theory via participation and deliberation; the transnationalization of civil politics; the emergence of new transnational risks; the rise of the European Union as a new, surprising and intriguing transnational order. At the same time we need to consider experimental designs in democracy and governance more generally and the innovative tools that allow the creation of alternative modes of regulation in the private and public sphere and as hybrids of at least five pure modes of governance. Much of this development rests on the steering functions and their promotion via information-gathering, rule making, monitoring and enforcement. Rowing via tax collection, distribution, redistribution and service provision by the government is still here and will most probably stay with us. Yet in order to meet the challenges of complex society, transnationalization, and new democratic expectations, governments and other spheres of authority will need to develop their steering capacities and do it in horizontal rather than hierarchical ways. The following chapters in this handbook shed light on the challenges we face and how governance and governancing can help meet them.

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¹ Burns (2010) offers a fascinating story of the "selling" of the notion of Governance to suspicious government officials of China. The ideas about governance which were interpreted as associated with a strong civil society and the rule of law were of course adapted (and marginalized) to keep the Chinese power structure and state ideology intact. Officials use it differently than scholars. It can be interpreted as a supplementary rather than collaborative relationship pattern in Chinese official language context, but scholars may stress on its partnership collaboration between state and society.

² In traditional Chinese *Zhili* is a word including two Chinese characters. "Zhi" means to rule, govern or put something under control, "Li" means management, regulation or put something in order. Therefore, it has a combinative meaning of rule and administration. Generally *Zhili* means government should manage and handle social affairs with comprehensive manner taking into account political, economic, educational and cultural considerations. It differs significantly from the traditional command and control mode of government. In some political contexts, *Zhili* also means a government's comprehensive control mode which builds on the socialist legacy, for example, *Shehui Zhi'an Zonghe Zhili* (Social Security Comprehensive Administration). In other words, the notion of governance was diffused but then transformed and adapted to the local political context. I am grateful to Liu Peng for his help and clarifying and helping me with the issue.

³ In fourteenth century France *Gouvernance* signified royal officers and in the England of the Elizabethan Age people talked about the governance of the family (Pierre & Peters, 2000, 1-2; Bell & Hindmoor, 2009, 1).

⁴ All citations and impact data refer to the ISI's Humanities and Social Sciences databases and were updated to March 2011.