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Chapter 10: Policy Formulation and EGT: Making Governance Work

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Abstract: In this chapter we briefly outline a number of domains of application for EGT, some preliminary insights in each domain, and methodological considerations. We conclude with a reflection on the value of EGT in mapping out the middle ground between libertarian and socialist ideologies.

The prime domain of application of EGT is the analysis of governance as evolving governance. This might sound trivial, but we mention it again because in much of the academic literature on governance, the lack of an evolutionary perspective leads to a series of entwined problems. We mention it explicitly because in neighbouring literatures, too often problems are analysed in technical terms and then dumped in the black box of governance, where the scientific results are supposed to lead to implementation (Beunen, 2010). In other words, problems are not always recognized as governance problems, while they should (Fischer, 1990). Thus, the non- recognition of problems as governance problems and the non- recognition of governance problems as evolutionary, led to the production of a variety of smokescreens of pretending social utility and societal relevance, behind which scientists can do their work. It led to precepts that are doomed to fail, to a bewildering amount of pointless modelling exercises and decision-support systems (Smith & Stirling, 2010; Voß & Bornemann, 2011). Moreover it led to public and political disappointment with science as a bringer of collective goods (Beunen & Opdam, 2011; Mcnie, 2007; Nowotny, Scott, & Gibbons, 2001). EGT makes things less predictable, yet can help in rendering more transparent what can be made transparent, while pointing at uncertainty and opacity in a precise manner (Cf. Fuchs, 2001; Luhmann, 1989). The general mixing up of wish and reality that has plagued many studies of governance led to an unfortunate politicization of a set of disciplines and to a specific confusion of wish and reality (Duineveld, Beunen, Van Assche, During, & Ark, 2009; Van Assche &

Verschraegen, 2008). This presented an additional obstacle for constructing and using evolutionary perspectives: the perceived need for single models of governance. For some, the need for conceptual clarity drove the building of transparent and stable models of governance, models that were detailed enough to be immediately recognizable in reality and structured enough to be amenable to (statistic) analysis. For others, the need to contribute something to society was a reason to build ideal models and criticize existing governance arrangements for not living up to the standards set by the model. We do acknowledge that each society and each community has narratives and concepts on the ideal society and community, and that these are interwoven with theoretical constructs. How and why they are interwoven, is a process that requires analysis. The presence of 'ideal models' cannot lead to the conclusion that there is such thing as a singular ideal model of governance. The circulating narratives and concepts cannot be used as theoretical models in governance analysis. They ought to be considered self-ascriptions of communities, and/or aspirations that might introduce goal dependencies in the governance path. The five models of democracy we distinguished earlier, for example, ought not to be used as final categorizations, as essences or anchor points of analysis, but as contingent recombinations of discursive elements that acquired longevity in western history since the renaissance. They are useless for analysing the middle ages, useless in many developing countries, and also in a current western community they cannot be used to grasp all complexity of governance. They represent one layer of structure, not the unicity of a governance path. It is precisely that unique pattern of self-transformation of governance, the identity of its autopoiesis, what gives insight in *transformation options*. These transformation options are what many disciplines are interested in. Solving many social problems, or creating new qualities implies in many cases changing governance. Sometimes, scientific observers are aware of this, sometimes not. If they are aware of it, the proposed solutions are often inspired by ideology rather than science.

10.1 Formal institutions & citizen participation

Changes in governance are presented with a high frequency. Regularly one can read that new laws are needed to solve problem a or b, or better politicians, or direct participation by citizens, or a better plan, or more plans. In each case, it might be true or untrue, but very often, authors, schools, and whole disciplines have standard assumptions regarding transformation of governance and society. This presents a problem, since the transformation options are always a result of specific governance evolutions, of the interplay between path dependence, goal dependence and interdependence, and the various discursive mechanisms described. These options should be studied, not be assumed.

EGT is therefore eminently useful in understanding the effects of laws, policies, plans, as formal institutions. After a study of these effects in a community, the insight in newly introduced formalities can be gaged more precisely. As said, comprehensive path

mapping is usually not necessary and in applied research it is usually not possible. But especially when application of insights and real-world influence is expected, it is useful at least to take a look at the effects of previous formalities. For that, one cannot rely entirely on existing policy documents or assessments (think performing success, think power/knowledge), neither on existing scientific reports (think scientific identity politics, constraining latent assumptions) nor the portrayals by locals (think problems of self-observation and narrative extrication). A wide variety of sources will be useful, as well as conversations with a wide variety of players, including ones that do not have much at stake (anymore). As far as possible, personal observation should complement the written sources.

Along the same lines, one can argue that EGT is useful for analysing existing forms of citizen participation in governance as well as proposals and the potential for new forms. If citizen participation is formalized, or will be formalized, we refer back to the need for an analysis of other, older, formal institutions. The step of formalization itself can be studied, against the background of a governance path where similar steps might have been taken. It is e.g. possible that the new formality can reinforce less desirable informal coordination forms or power/knowledge configurations (think marginalization, corruption, exploitation) and it is possible that the step towards formality is likely to destabilize local governance, e.g. by introducing new uncertainty (Domingo & Beunen, 2013). Indeed, in some context, formalization can increase rather than reduce uncertainty, and thus make transactions more difficult. If the main argument for more citizen participation is 'local knowledge', one can analyse first of all what is meant by that in the specific context and what is expected from it. Secondly one can analyse which forms of knowledge, local or otherwise, played a role in local governance, and what the accepted channels for introducing and playing out new forms of knowledge or expertise are. It is certainly possible that the current situation reveals an undue influence of a few expert groups keeping an elite in place with de-politicizing scientific arguments. It is just as possible that introducing new forms of local knowledge has similarly marginalizing effects.

The effects of formal institutions and of participation forms become more understandable in the context of an evolution, marked by dependencies and embodied in specific patterns of discursive dynamics, of configurations of actors/ institutions and power/knowledge. One cannot rely on a standard formula or instrument for enhanced democracy or for solving social problems. Even if one omits most of the conceptual frame of EGT and only studies formal/informal dialectics, this becomes clear. Another immediate implication is that policy transfer and copying of best practices is unlikely to work, unless these policies and practices are tailor-made, in a way that is informed by understanding of the governance path in the receiving community.

10.2 Social engineering

EGT is useful in exposing social engineering ambitions, in revealing what the limits of steering can be (Van Assche & Verschraegen, 2008). Simultaneously it can show what

effects policies, laws and plans could have in society, including their steering effects. EGT illustrates that steering powers are structurally overestimated by governmental and other organizations. The forms of steering that might work are, again, dependent on the properties of the governance path. If people are used to being planned or used to follow the law, this can constitute a simple informality that makes steering more realistic, that will give more effects to laws and plans. If social engineering takes place in a very centralized society and is led by the ruling elite, it will probably have effects. If on the other hand, localism, individualism and legalism dominate the governance path, it is unlikely that a plan does much outside the planner's office.

The performance of social engineering has a variety of performative effects. This can be studied, not necessarily to expose steering as fiction, but also to discern steering options that might work and that might be desirable. If a community agrees with the idea of strong central planning, the scientific observer should accept that as well. Especially in such case, it might be useful to show and understand which aspects of steering worked well, what the results where. It might also be useful for EGT to figure out *when* the steering worked best. If we understand every element of governance as changing, then strong steering ambitions might work at one point in time, but not later, or in fewer areas of policy. In the other direction, EGT can study cases of professed decentralization and democratization, of supposedly reduced steering and increased reliance on self-organization, where de facto steering is just as substantial, but under a different name, in a different configuration of actors, initiated from a different level of governance. EGT can study the rhetorics of regimes fully embracing social engineering and reinventing over and over again after every disappointment, and of regimes totally rejecting any government intervention as socialist and despicable. A study of the discursive mechanics, the causes and effects of these ideologies, and the transformation options in each case can be interesting theoretically, but also practically. It can help to see the effects of polarizing histories of coordination on power/knowledge configurations and on the possibilities to grasp (versions of) the middle ground, and to articulate and implement policies assuming such middle ground.

10.3 Sustainability & innovation

The potential and limits of environmental policy and planning, e.g. towards sustainability and adaptive governance is another rich terrain for EGT. The recognition of environmental problems introduced new steering ambitions and attempts to integrate various sorts of policies in environmental visions in many societies. The master signifier of sustainability encapsulated not only the impossible ideal of utter harmony with the ecological environment and eternal life for mankind, but also the impossible ideal of full policy integration targeting one goal (Gunder, 2006). EGT can serve to analyse what happened discursively and institutionally when green narratives started to permeate society and governance (Latour, 2004). It can analyse the effects on actor/institution and power/knowledge configurations, and the effects in society at large. It can study

discursive migration, boundary crossing and boundary formation processes accompanying the evolution and distribution of green narratives outside and inside governance, and the implications for the governance path. In addition, it can analyse which options might still be open to reduce unwanted side effects of green rhetoric and practice, and optimize the desirable effects.

The discourse on adaptive governance (towards sustainability) can be considered a more sophisticated version of sustainability thinking, but also this approach can be served with a side dish of EGT (Brunner, 2005; Brunner & Lynch, 2010; Armitage, 2010). While the ideas of adaptation to changing environments and learning from the results of previous policies and policy experiments elsewhere is certainly valuable, there are still issues with which EGT can help. Adaptive governance assumes an observation of external and internal environments that is clear and simple. Moreover, it requires a clear understanding of what worked in the past and elsewhere, and what did not work so well. While this might be easy enough for problems with one or two parameters, when dealing with environmental policies, problems and effects on many other policies and practices, one can expect not only technical difficulties, but more importantly, structural reasons for the performance of success or failure. The approach gives much power to green discourses, so the effect on power/knowledge configurations will be profound, and many things will now be couched in green rhetoric. New differences between public and private self- descriptions of actors will be introduced, new differences between formal and informal institutions. None of this needs to be dramatic or jeopardize the whole idea of adaptive governance, but EGT inspired analyses can warn for harmful fictions of full transparency and fictions of simple steering. Reflexivity is essential to grasp which external environments are constructed internally as a starting point for cycles of adaptation, which issues and parameters are singled, what the narrative conceptualization of the relations between these objects is, how performance and performativity entwine. 'Adaptation' then becomes adaptation also to continuously shifting internal environments of governance.

A similar line of reasoning can be followed regarding 'innovation' (Kooij et al., 2013; Van Assche, Salukvadze, & Duineveld, 2012b; Van Assche, Beunen, Holm, et al., 2013). Many countries try to stimulate innovation under the assumptions that there is a lack of innovation, that innovation is the key to economic growth, and that innovation can be stimulated by means of policy. Entrepreneurial scientists see funding possibilities and make various false promises, offering recipes for innovative regions, innovation clusters, innovation parks, creative cities, transition catalysts and so forth (Duineveld et al., 2009). Science and technology studies, actor network theory and the sociology and anthropology of science have shown many times that things do not work like that, that scientific innovation cannot be forced, that it requires autonomy, experiment and long-time horizons, and that scientific and economic innovation are not the same thing. Yet, the social engineering ambitions regarding innovation recur over and over again. EGT can help elucidating the discursive dynamics and power/knowledge configurations behind this, and offer advice on how to extricate oneself from the web of false promises and the

self-reinforcing network of smokescreen-producers. At that point, new analyses become possible of innovation and innovation potential; new forms of expertise might be integrated in governance, making it easier to observe the external environment of scientific and economic innovation anew, without immediate cries that something needs to be done, now, by government, following recipe X.

EGT can help in understanding the potential and limits of innovation policy, as in pushing for scientific innovation, demanding this to have economic effects, and forcing a combined role of politics and science in the whole process. Beyond the limits to political steering discussed earlier, we have to add for this topic that the function systems science and economy are opaque for each other, implying among other things that they cannot predict what the next innovation will be in the other function system, nor assess what is really innovative among the new knowledge and new practices in the other system. The economy system cannot assess what the scientific implications of economic changes will be, and neither can science predict the economic consequences of a specific scientific innovation. In addition, even within each function system, it is usually only post factum visible what was innovative, after an idea spurred many other ideas. EGT can start from these systems theoretical insights to analyse governance arrangements in their attempts to steer and couple science and economy. Path analyses can reveal de-politicizing effects of innovation policy and the disruptions it can cause in both markets and governance, while delineating spaces for a new reflexivity on innovation. Micro and macro analyses, path mapping and context mapping ought to be combined for that purpose.

10.4 The autonomy & rationality of markets

In the perspective of EGT, markets are autonomous and rational, in the sense that the function system of economy operates under its own logic based on the distinction profit/loss, that it has boundaries and is operationally closed (Luhmann, 1988). This is a different understanding of autonomy and rationality than one can find in neo-classical economics and in libertarian philosophies often associated with it. For EGT, markets are autonomous in the sense explained, but at the same time shaped in and by internal evolution and co-evolution with the other function systems and with the organizations and institutions that are conducting and enabling economic transactions (cf. North, 2005; Eichholz, Van Assche, Oberkircher, & Hornidge, 2013). Markets for EGT are not the product of governance and not entirely their own product. They are not more rational or efficient when left alone, but develop their own rationality, their own structures and elements in a co-evolution with governance. Because people and organizations participate in economic communication and because the economy is still part of society, the market is sensitive to discursive dynamics that affects governance as well. Boundary crossing can occur and object formation can bear similarities in governance and the markets it tries to regulate. What looks desirable to voters or actors in participatory governance can look desirable to consumers too. Images and narratives of the good life that are exploited and partly produced in the economy, have effects in governance, and

these effects can be altered after further discursive transformation in governance and continued discursive migration in and out of governance. Discursive dynamics and social organization create the values that markets calculate and move around.

EGT can be used to study the development of different markets in their co-evolution with unique governance paths. It can reveal the desired and actual results of economic steering attempts, the variety in market forms in their linkage with governance and the embedding of both in societies that are changing themselves. It can look for similarities in formal/informal dialectics in a specific market evolution and a specific governance path.

EGT can provide insight in the history of mutual influence of markets and governance in a co- evolution: market players influencing rule making and rules shaping markets.

Power/knowledge dialectics in society at large can affect the sharing and not- sharing of institutions by market and governance, and the responses of markets to governance.

Analyses of this sort, inspired by EGT or fully within the frame of EGT, can improve the understanding of the position of markets in society. Understanding the variety of markets and the diversity of evolutionary mechanisms affecting that variety, can help actors in governance to see that there is a middle road between neo- classical economics and its free market idea and social engineering models. In fact, it shows that there are many roads in between, and that some are more feasible than others starting from the current position in unique governance paths and market evolutions. Grasping the uniqueness of these paths appears once again as essential.

10.5 Development

For EGT, every community and society is in development (Cf. Greif, 2006; Mosse, 2005).

Development cannot be understood as one final state, or a process that is similar for all societies. Development is visible in a path of governance and a market evolution.

Interventions aiming at 'development' (as discursive construct) ought to take into account these evolutions and the transformation options they reveal. Similarities between paths are possible of course, and one source is the similarity between goal dependencies that can be introduced by means of policy and planning. Introducing the same goals and policies in different paths will however produce mostly different outcomes and can just as well contribute to a divergence than to a convergence of paths. If policy import for development purposes is considered, EGT would draw the attention to fit with informal institutions and power/knowledge configuration. It would, in addition, point at the importance of timing: EGT in this respect is a theory of windows of opportunities. These windows are not always visible for outside observers and it is not always opportune to reveal their existence and to make them transparent before the deal is done.

We agree with William Easterly and his distinction between searchers and planners (Easterly, 2006). If one decides to see 'development' as an overarching goal of governance, despite all the problems associated with overarching goals, and if one decides to import policies from somewhere else for that purpose, despite the sorry track

record of this approach, then at least one should be extremely cautious with grand strategy and comprehensive planning. Only under rare conditions this might work - indeed, China, and only after a complete reorganization of society in early communism laid the groundwork for economic planning. As a general maxim, it seems wise follow the searchers, to cultivate reflexivity, awareness of the reproductive modes of governance and its underlying configurations, and to embrace institutional experimentalism. It is important to foster local experiment with different market and governance forms, and see whether certain policy imports, after their reinterpretation and modification in local configurations, have desirable effects.

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