

The Problem-Solving Capacity of the Modern State: Governance Challenges and Administrative Capacities

Chapter Abstracts

1. Introduction: Governance Innovation, Administrative Capacities, and Policy Instruments

Martin Lodge and Kai Wegrich

The state is said to be in crisis. The early 2010s have witnessed considerable crises that highlighted the limited problem-solving capacity of contemporary states. How, then, can governance innovation be considered to overcome these challenges? This chapter introduces the notion of administrative capacity within bureaucracy and suggests that administrative capacities have to be understood in terms of four sub-types, namely delivery, coordination, regulatory, and analytical capacities. This chapter further argues that governance innovation could be fruitfully explored by looking at generic policy instruments. Various instruments, however, have distinct implications for public administration in terms of administrative prerequisites.

Part I Administrative Capacities

2. Delivery Capacity

Peter Hupe and Michael Hill

The chapter begins with a look at what is meant by delivery, delivery capacity, and delegated delivery. The distinction between rules and discretion is used to outline factors that may affect delivery capacity. In addition, to address the empirical reality of the modern world 'beyond the Weberian model', the factors influencing forms of delegation in the context of the increasing importance of contracting processes, especially privatisation and the 'personalisation agenda', are examined. It is important to regard delivery capacity as contingent upon the policy issues involved and influenced by institutional arrangements and ideology. To highlight delivery complexities, two examples are presented. The chapter ends by emphasising the importance of seeing delivery capacity issues as political as much as technocratic.

3. Coordination Capacity

Kai Wegrich and Vid Štimac

Coordination capacity is a key precondition for governments to address complex governance challenges. While governments have attempted to improve their coordination capacity in various reform waves since the 1970s, this capacity is challenged by the fundamental changes in the 'habitat' of governance, in particular the dispersion of power and the increasing complexity in policy-making. This chapter explores two key tensions of coordination, namely the different types of coordination problems ('overlap' and 'underlap') and the different means

(or modes) to address these coordination problems (hierarchical and non-hierarchical modes). Survey results are used to explore the relevance of different modes of coordination in government, and to discuss what drives coordination capacity. These results suggest that reform efforts to enhance coordination capacity have only limited effects on the quality of coordination. Instead, the underlying 'coordination culture' is more important, leading to questions about the scholarly focus on coordination instruments and modes.

4. Regulatory Capacity

Martin Lodge

The contemporary context of regulation is characterised by an intellectual crisis. Despite the experience of the financial crisis, which was accompanied by regulatory problems in other areas such as in the food, energy, and health care sectors, little attention has been paid to revitalising administrative capacity through regulatory reform, thus enabling governments to handle such crises. This chapter illustrates how contemporary regulation is perceived as failing, and then considers a number of 'better regulation' approaches to improve regulatory capacity. When considering these efforts through the lens of a reputation-based approach, the contemporary 'better regulation' agenda has failed to sufficiently consider the prerequisites necessary to achieve its intended effects.

5. Analytical Capacity

Salvador Parrado

Recently the demand for evidence-based policy-making and therefore analytical capacity in administration resurged. Beginning by defining different types of analytical capacity, and considering who within executive government can perform analytical tasks, this chapter discusses the main challenges governments face in exerting analytical skills. The discussion then moves to institutional and methodological constraints in the use of analytical capacity. However, this is not the only challenge for governments. The questions of quality assessment and how analytical capacity can be measured need to be raised. Any such discussion will have to consider the institutional background of the given polity, and the different vulnerabilities and levers that influence the transfer of analytical knowledge into real executive politics. Finally, the chapter offers some innovative examples of how to improve the analytical capacity of government.

6. Management Capacity and Performance in European Public Administrations

Gerhard Hammerschmid, Vid Štimac, and Kai Wegrich

While governance indicators and ranking studies are increasingly popular, few attempt to develop cross-national indicator sets that systematically take into account the effects of management on government performance and go beyond a broad whole-of-country perspective. Linking the idea of a cross-country indicator set to the growing body of literature on the effects of management capacity on performance, this chapter develops an administrative management capacity (AMC) index covering six dimensions (strategic capacity,

human resources, organisational culture, performance measurement, leadership, and coordination). It does so by drawing on the data generated by a large-scale survey of executives from ministries and agencies in 15 European countries. The AMC index allows for a cross-national ranking of government capacity from a management perspective that confirms a number of expected results but also reveals several surprises. The AMC index also enables exploration of the role of internal, managerial and more external, governance-related factors for public administration.

Part II Challenges and capacities in key policy areas

7. Demographic Change and Welfare State Restructuring

Michaela Kreyenfeld and Anika Rasner

This chapter examines policy responses to demographic change in the areas of family and pension policies. While many countries have enacted policy measures to address challenges related to population ageing and low fertility, the pace and degree of the policy responses vary greatly across Europe. In the realm of family policies, reconciliation policies have been regarded as an efficient means of achieving both high maternal employment and increasing fertility rates. In the realm of pension policies, the 'activation' of elderly respondents has been one of the chief mechanisms many governments have adopted. However, countries vary in their abilities to increase the statutory retirement age and integrate the elderly into the labour market. Even though most policymakers see the need for a higher retirement age, it is still one of the most contested issues in the realm of pension policies that also depend on the political system.

8. Sustainability: Innovations through Sector Integration and New Instruments

Andrea Lenschow

This contribution addresses three themes in the governance discussion on meeting sustainable development objectives. First, the inter-sectoral coordination challenge is addressed, highlighting policy and administrative innovations for environmental policy integration. Second, the promise of new environmental policy instruments and possible capacity bottlenecks are outlined. Using new means of finance, information, and organisation, the attitudinal changes, behavioural changes, and capacity-building necessary to make sustainable development operational may finally be achieved. Third, the EU air quality case study is discussed to illustrate the multi-level governance challenges of sustainable development, and the implications of shifting responsibility to the local level. On the whole, this chapter cautions against grand organisational and procedural designs as panaceas, especially in the absence of political commitment. The contribution concludes that sustainable development is a dynamic and innovative field of governance despite serious obstacles to achieving effective it.

9. Governance Dilemmas of the Contemporary State: The Politics of Infrastructure Policy
Jacint Jordana

In this age of multi-level governance, regulatory policy and regulatory instruments promise to solve recurrent problems of infrastructure provision, offering more resources for infrastructure investments—mainly from private sources; stable regulatory oversight—involving better knowledge on the part of experts and scientists; and more efficiently designed infrastructure policies with long-term perspectives. However, after decades of reform, the doubts about whether these promises have been fulfilled are great. This chapter identifies three main challenges to the governance of infrastructure—finding the most appropriate combination of public and private involvement (e.g., public-private partnerships), identifying the proper level for infrastructure provision, and designing decision-making processes that ensure democratic legitimacy. The chapter also considers how regulatory strategies have sought to offer viable solutions.

Part III Capacities and innovations beyond the state

10. Wicked Problems, Clumsy Solutions, and Messy Institutions in Transnational Governance
Marco Verweij

Using the cultural theory pioneered by Dame Mary Douglas, this chapter argues that ‘wicked’ transboundary problems can best be addressed with ‘clumsy’ or ‘polyrational’ solutions, i.e. policies and strategies that combine a variety of perspectives on what the issue at hand is, and how it should be resolved. It also discusses the ‘messy’ institutional settings in which such creative solutions can be expected to emerge, and explains why relatively little polyrationality abounds in international governance. After contrasting the disastrous impact that the WHO’s Health for All by the Year 2000 strategy had on the battle against malaria with the successful 2008 Global Malaria Action Plan, the chapter concludes by spelling out how international organisations can contribute to the emergence of clumsy solutions and messy institutions.

11. Capacity and Constraint: Governance through International and Transnational Law
Nico Krisch

Transboundary problems have long posed serious challenges to states’ governance capacities. As a result, the modern state has become increasingly reliant on effective institutional structures for cooperation and governance on a regional and global scale. However, since international law can only provide governance structures under certain conditions and within strict limits, many governments have turned to alternative forms of transnational ordering and global governance, key among them formal international institutions, informal government networks, extraterritorial regulation, and links with global private regulation. Yet these tools come with drawbacks – some are more effective than others, and the more effective they are, the more they tend to entail a loss of control for national governments, regulators and

administrators. This chapter analyses the different forms of transnational law- and rule-making with respect to their varying impacts on, and links with, domestic governance institutions and their capacity.

12. Administrative Capacities in the EU: Consequences of Multi-level Policy-Making

Eva G. Heidbreder

Do supranational actors influence the demand for and promotion of specific administrative capacities? And to what degree do national administrations adapt to such external demands? To answer these queries, the chapter focuses on the role of administrative capacities in the European Union as a multi-level administration that includes supranational, national, and various subnational administrative layers. Short of any comprehensive strategic approach, distinct demands for capacity-building can be observed: general capacities for ‘good administration’, and specific capacities to manage supranational funds and policies. Even though different approaches have been added incrementally in the EU’s policy practice, the chapter argues that they reflect a generalizable underlying logic, namely specific administrative capacities that are indispensable for a functioning multi-level polity such as the EU—or for that matter effective transnational policy-making.

13. Collaborative Innovation and Governance Capacity

Eva Sørensen and Jacob Torfing

The fiscal crisis, the proliferation of wicked problems, persistent problems with policy execution, and pressure from the globalisation of governance processes have prompted attempts to enhance public innovation in most advanced industrialised countries. While hierarchies and markets can stimulate public innovation, multi-actor collaboration is increasingly highlighted as a key driver of innovation in public policies, organisations, and services. Public sector reform programmes and governance researchers praise the innovative potential of collaborative forms of governance in networks, partnerships, and inter-organisational arenas. Collaborative governance can help to better understand the problems and challenges at hand, generate new and promising ideas, and create a sense of ownership for bold and disruptive solutions. However, the research on collaborative innovation is still in its infancy. Further exploration is necessary to identify barriers to collaborative innovation, as well as the institutional capacities and administrative skills needed to overcome these barriers and enhance collaborative innovation in the public sector.

14. Capacity, Innovation, and their Interaction in Multi-stakeholder Sustainability Initiatives

Kira Matus

Voluntary multi-stakeholder sustainability initiatives (MSIs), including standards, certifications, and labelling programmes, are potential replacements for state-based regulations in places where local administrative capacity has struggled to regulate natural resources, the environment, and sustainable development. This chapter explores the interactions between

state-based regulation and MSIs by examining the relationship between MSIs and regulatory capacity, and the role of MSIs as drivers of policy and technological innovation. While MSIs have been most effective where state administrative capacity exists, such voluntary regulation schemes can act as complements to existing state programmes by providing technical capacity and developing standards. MSIs can also promote innovation by creating venues for the demonstration of 'green' technologies and new methods of governance. Over time, MSIs may change underlying norms in such a way as to support regulatory efforts by governments, ultimately improving the effectiveness of public governance.

15. Conclusion: Problem-Solving Capacity and the Modern State

Martin Lodge and Kai Wegrich

The state has remained central to our understanding of governance. However, too little attention has been paid to the importance of administrative capacities of the state in the various literatures on governance. This chapter points to the continued centrality of the state. It also takes stock of three governance-related debates, namely those regarding the hollowed-out state, those regarding legitimacy, and those regarding the nature of public sector reform. It argues that an emphasis on administrative capacity adds an important dimension to these debates—although accounts differ as to where administrative capacities should be centrally located. The chapter suggests that in order to meaningfully address governance challenges, it is essential to focus on administrative capacities that underpin innovative governance practices.