

## Chapter 4

### **Globalisation, New Public Services, Local Democracy: What's the Connection?**

by  
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*A feature of current trends is the breakdown of hierarchy as the instrument of collective problem solving and its replacement by institutions based on search networks: institutions that solve apparently intractable problems – designing and producing goods at long distance, defining and delivering bundles of services that work for particular individuals, families and groups – by finding others who are already solving aspects of it. The explosion of this new organisational form has deep implications for local democracy because it obligates different technical elites in the centre and the periphery to justify themselves to each other and to the public, not least by providing rich information on performance that allows citizen/clients to participate in new ways.*

## Two convergent developments

The future of local democracy is being crucially shaped by two, convergent tendencies so broad – nearly universal – as to count among the grand themes that dominate our epoch.<sup>1</sup> The first is globalisation of production: the increasing importance of long-distance collaboration in both the design and production of many of the goods and services on which we rely. So deep is the transformation wrought by this process that it uproots, as we will see, even economic forms, such as industrial clusters, that were already thought to be globalised in the sense that full participation in international competition was taken to be part of their very constitution. The second, perhaps less remarked, tendency is the slow shift from the social welfare state to service-based solidarity: a politically fraught move away from compensating market “losers” through redistribution towards providing all potential market participants the complex, often individualised bundles of services they need in order to mitigate the risks they face of “losing” out in economic competition in the first place.

A common feature of both tendencies is the breakdown of hierarchy as the instrument of collective problem solving and its replacement, as we will see, by institutions based on search networks: institutions that solve apparently intractable problems – designing and producing goods at long distance, defining and delivering bundles of services that work for particular individuals, families and groups – by finding others who are already solving aspects of it. The explosion of this new organisational form has deep implications for local democracy because it diminishes the directive authority of the “centre” – be it a national or even local bureaucracy or a corporate headquarters – in favour of more decentralised, “on-the-ground” decision making. More generally, it obligates different technical elites in the centre and the periphery to justify themselves to each other and to the public, not least by providing rich information on performance that allows citizen/clients to participate in new ways – but with uncertain implications for traditional, representative democracy.

But tendencies do not, of course, translate themselves directly into social, political and institutional realities. Take as one example likely to be familiar to readers of this volume the movement towards the formation of public-private local partnerships in distressed (parts of) municipalities or rural counties. In these partnerships representatives of local civil society and the operational

levels of government agencies collaborate to find solutions to problems of economic development, labour market participation, and social inclusion appropriate to the particular circumstances in which they arise. A decade ago such partnerships looked to be a natural bridge or transition between old and new forms of governance: a way of allowing local actors to consolidate their capacities while reducing the overtaxing burden on central authorities and suggesting new forms of public participation in decision making and even service delivery that might make government more accountable as it became more effective. In the event local partnerships and other local problem solving institutions, such as “regional platforms” that co-ordinate economic development efforts in at-risk areas, have come to supplement and perhaps enable the slow reform of traditional decision-making processes. But even though the new entities often continue to evolve in useful ways, and their example sparks still other interventions with the same general aims, this generation of innovations is manifestly not on the verge of replacing traditional methods of delivering public services anytime soon.

Why change has gone so far and no further is unclear. Certainly there has been no resurgence or regeneration of the traditional centre. Confidence in the directive capacities of central or apex institutions continues to ebb. The Dutch government, with the concordance of leading figures in the civil service, has made it a matter of policy to govern “from the second line”: by means of framework objectives rather than detailed rules. In responding to questionnaires about their activities, Danish municipal officials and politicians take it for granted that they operate in a system of “networked governance” that cuts across departmental boundaries and hierarchical levels as well as the boundary between government and civil society. But it is equally clear that, for complex and still poorly understood reasons, the partnerships and other such institutions have failed to win through incontrovertible accomplishments the combination of local and supra-local allies that could make them the beachhead of a broader transformation “from below”.

But the – temporary? – difficulties of local partnerships and other deliberate strategies for a smooth transition from, roughly, centralised to decentralised governance mask profound changes in particular institutions such as public schools, police departments or child protective services (foster homes, protection against child abuse) that do reveal a deep break with hierarchical governance and the successes of alternatives to it. These specialised institutions are the service deliverers whose efforts partnerships and other local governance reforms aim to reform: effective social inclusion reforms the links among a reformed police department, a reformed social service agency, a reformed family protective system, a reformed public school system and a reformed training and placement service. Indeed, on reflection, it is perhaps not surprising that the new tendencies – which even in the most favourable circumstances face strong

opposition from traditional incumbents – are more conspicuous and easily observed in distinct pieces of what could become a new, well co-ordinated structure than in the shaky efforts to co-ordinate the separate and still fragile reforms of what are, from the perspective of the locale or region as a whole, specialist service providers. This situation is, moreover, not particular to the public sector. The break from hierarchy in private firms is more pronounced in operating units and even particular design and production teams than in overall corporate structures. As recent writing on the multinational corporation shows, in the private sector no less than in government, headquarters permits, even requires subordinate units to break with old practices while continuing in many ways to cling to them itself.

At any event, rather than rehash the now-familiar situation of local governance initiatives in relation to their democratic potential, it would be best to look beyond the current debate by looking in effect beneath it: to the current transformation in the problems institutions face and the new responses of the latter. These responses, it can be argued, are both the building blocks – the structural elements – of the new, co-ordinative governance and the setting in which the general principles informing the new kind of co-ordination are being elaborated. The next section of the chapter reviews the emergence of what can be called the search network or pragmatist alternative to hierarchy in the private sector, and indicates how this new form of problem solving disrupts even the form of contemporary economic organisation that seemed most securely rooted in the global economy: the industrial cluster. The following section shows how pragmatist organisations are becoming a key to the provision of social solidarity as the notion of security in a market economy shifts away from redistribution and towards the provision of risk-mitigating services. The final section explores the implications of these changes for our concept of democracy, and suggests some ways they can be democracy enhancing on any of the conceptions.

### From vertical integration to iterated co-design

The vertically integrated firm was centralised and closed. Headquarters and its specialised staff designed products from garments to cars to computers. The hierarchically ordered subunits of the organisation executed the design, or inspected the efforts at execution to make sure subordinates were following instructions and that output conformed to plan. This was efficient, but only in a world stable enough to allow the high design and development costs to be recouped over long production runs, and stable enough as well so that the inevitable ambiguities in even the most detailed rules could be accommodated by nearly invisible, “informal” action by subordinate actors. But stability, of course, is exactly what the world, and world markets, has not had for the last quarter-century.

A first reaction – circa 1990 – to this instability was often a geographic separation of design from execution. In this early version of vertical disintegration the design centre was in a rich country, the production facility and especially the assembly plant in a much poorer one. The goal was in effect to achieve even greater economies of scale – there was much talk of a world car – and thus to save the traditional system by making it more efficient. But the world market turned out to be composed of many, locally differentiated segments. Long-distance collaboration, with superiors far away from the subordinates who encountered problems but lacked the authority to resolve them, multiplied the problems of hierarchy. Physical disruption of supply chains was enormously costly; designs were arduously and expensively adjusted for manufacturability only when it came time to actually manufacture them; even the most responsive firms were tardy in responding to shifting markets.

As the shortcomings of this response were becoming manifest, it was also becoming clear that Japanese manufacturers, originally intent on improving the American manufacturing model of hierarchy and economies of scale, had in fact pioneered a profound alternative. This Toyota production model reintegrates conception and execution rather than separating them. Instead of starting in effect with a finished design and translating this into a production set-up, these methods establish a first idea of what to produce (and how) through benchmarking: an exacting survey of current products and processes, supplemented by assessments of new and unproved techniques that might become available for use. Once benchmarking provides a provisional starting point, design follows a disciplined, decentralised process known as simultaneous engineering. Each subunit responsible for a constituent component proposes modifications of the initial plan, while also considering the implication of like proposals from the other subunits for its own activities. Provisional designs are thus evaluated and refined, and the cost of each attribute is compared to its contribution to functionality using the techniques of value analysis/value engineering.

Once production begins, systems of error detection and correction use breakdowns in the new routines to trigger searches for weaknesses of the design or production process that escaped earlier examination.<sup>2</sup> Just-in-time production, for example, requires at the limit the elimination of all in-plant inventories, so that parts are supplied to machines only as they are about to be processed. In case of a breakdown anywhere in the system, therefore, there are no reserves from which to supply downstream operations. All production halts until the cause of the breakdown is identified. Errors have to be corrected when they occur. This restriction goes hand and hand with the creation of a whole series of problem identification disciplines generally called root-cause analysis. In root-cause analysis, disruption is traced back to its original source,

which is frequently not linked palpably to the proximate cause of the breakdown. Thus, in a form of root-cause analysis called the five why's, actors ask "why" a problem is occurring until they locate the cause that "causes" all the preceding ones. Why is a machine jamming? Because it is not being maintained. Why is the maintenance faulty? Because the repair crew is overtaxed by failures at another machine. Why is that other machine failing? Because of a defect in the part it cuts, which points, finally, to a design flaw. We can think of these disciplines as pragmatist, in the sense that they oblige firms routinely to question whether their own routines – habits gone hard, into dogma – are still good guides to current problem solving, and if not, to readjust their ends and means to one another in light of the results of such questioning.<sup>3</sup>

Taken together, these new pragmatist disciplines play an important part in mitigating the cognitive limits – the limits of our ability to grasp and respond to the information flooding upon us – that become especially burdensome in volatile times, and thereby in shaping the links that connect firms in the new economy to each other. Most directly the new disciplines increase the mutual transparency of the actors to each other by revealing to each how widely and rigorously the others scan for solutions in addressing joint problems of design or quality. In the form of benchmarking or root-cause analysis, for example, they require the actors to undertake searches that are unbounded *ex ante* (consider all the products "like" the one you want to build; assume that the root cause of a problem will have no direct connection to the proximate cause), yet sufficiently informative to produce a serviceable map of the available solution space. As each party monitors the others' search process, tacit knowledge is rendered at least partly explicit, easing long-range collaboration (by reducing the chances that the parties take incompatible things for granted) and reducing the chance that all the parties cling to the same dangerously limited assumption (by routinely disrupting the disposition to take the same things for granted). Put another way, these disciplines point towards a form of flexible or continuously corrigible formalisation that blurs the distinction between fully explicit knowledge at the heart of traditional hierarchy, with its supposedly exhaustive specification of tasks, and the tacit informal knowledge that comes with the craftsman's mastery of particular materials and tools, the clinician's experience of patients, or the assembly line worker's easy familiarity with the quirks of various machines and co-workers.

On another, still deeper level, the new pragmatist disciplines associated with the Toyota production model transform the way we respond to the inherent bounds on our cognitive ability. Hierarchies solve superhumanly complex problems by decomposing them into simple tasks, each well within human reach. Instead of decomposing tasks, pragmatist organisations respond to the problem of superhuman complexity by creating search

networks: networks that allow you to rapidly identify people or institutions that are *already* solving (part of) a problem closely related to the one you are trying to solve. Search networks arise, for example, from the first round of benchmarking – finding solutions that inform your provisional design – and enable subsequent rounds to improve on the first. And, as we will see in more detail with regard to public sector institutions, search networks are also key to disentrenching faulty strategies, in that they make it possible to demonstrate that others in your situation are doing better than your own efforts suggest is possible. Though we will not pursue these themes here, this capacity routinely pieces together new solutions; new solutions make the new organisation robust in the face of disruptions that would cripple hierarchies, which must, after all, solve problems whole before they can reduce them to pieces. Moreover, such robustness also seems to increase the capacity of the pragmatist institutions to discover efficiency-enhancing improvements inaccessible to hierarchies – so that the advantages of the new organisations in volatile settings have spill-over effects in more stable contexts as well.

Innovative, robust and efficient firms based on search networks increasingly dominate the second, current phase of today's globalisation, with profound consequences for the relations between large firms and their suppliers – and thus for whole national economies. In the first phase of globalisation, noted above, vertical disintegration led to long-distance collaboration. That collaboration functioned erratically, at best; but functioning poorly or well, the collaboration was dominated by the large, final customer, who retained full control of design and thus of innovation in products and production processes. With the diffusion of the Toyota production system to essentially all (competitive) industrial areas of the world, suppliers at all locations in the supply chain have to be capable of iterated co-design and just-in-time production. This means, for instance, that the medium sized (500-person) firm in El Salvador producing short runs of fashion-sensitive goods for several different international brands must be able not only to correct "headquarters" design errors and suggest improvements and shift rapidly from one model and type of garment to another, but also source fabric and trim locally, so as to avoid long production delays without paying high inventory costs. The upshot is that globalisation today is linking groups or clusters of local suppliers over long distances to complementary groups or clusters. This regrouping of supply relations and radical decentralisation of design and organisational capacity creates enormous opportunities for firms and economies previously condemned to the "periphery" of the world market; but these opportunities come at the price of commensurate dislocations in the "core" economies, long used to their monopoly of innovation.

For purposes of grasping the tendencies shaping local governance and democracy, these disruptions are most salient and pertinent in regard to the

industrial districts or clusters that form the core of many OECD economies. As traditionally defined, clusters are “naturally” occurring, geographically compact agglomerations of firms, generally small and medium sized, co-operating directly or otherwise drawing on common resources in one or several closely related areas of economic activity. By spontaneously recombining and augmenting fragmented, specialised and mostly tacit knowledge – know-how embedded in a way of life – a co-operative multiplicity of clustered firms adapts rapidly to changes in the economic environment. Since the turbulent, continuing transformation of products and markets of the first phase of the current globalisation began to put a premium on such robustness in the mid-1980s, clusters have been widely regarded as a model, microcosm, or key component of the “new” economy, able to prosper in much more volatile conditions than the traditional large corporation. They are, in other words, the model for the kind of economy that “regional platforms” and partnerships aim to create or re-enforce.

The formalisation of tacit knowledge and, above all, the formalisation of the search for new, “piecemeal” solutions through search networks is, however, fundamentally undermining the organisation of these traditional industrial districts. Equipment makers are developing new generations of specialised machines for emergent clusters in China or Latin America, leaving their long-standing, domestic customers to fear that they lag, not lead, in the introduction of new technologies. Successful firms within clusters are using the new disciplines of co-design to source key components by means of competition among suppliers in several different, often distant districts, rather than relying on the tacit expertise of a local provider. The most successful cluster firms are combing ideas about new materials and production processes from several different and usually widely separated districts into new product categories. But on the evidence so far only about 10 to 20% of the firms in the well-established clusters are turning the new disciplines to innovative advantage. The others may be overwhelmed by the changes before they can adjust. To compound the problem the numerous producers’ associations (themselves often rooted in party-political milieus in crisis because of the waning of the 19th century ideologies from which they grew) are disoriented by developments and as likely to quarrel with each other as to address the situation jointly. Thus clusters that could manifestly benefit from agreements to co-develop, via a mutually beneficial division of labour, with nascent production centres in developing economies, lack the interlocutors necessary to orchestrate such agreements, and individual firms daunted by the task of adapting to the new pragmatist disciplines are left alone with their trepidations.

The plight of the clusters of the advanced countries is in many ways a microcosm of the challenges facing the advanced economies as a whole, and at the same time a key example of the issues posed to local governance. The

advanced economies, like the clusters, are both discovering that deep reserves of tacit, “rooted” knowledge is no longer an effective shield against innovative competition from all corners of the globe. And just as they are coming to grips with this reality the advanced economies are, like the clusters, beginning to acknowledge that the governance mechanisms, traditional and less so, charged with easing adjustment to new circumstance, are frequently overtaxed by the novelties they currently face. Indeed, if the argument so far is well founded, part of the reason that partnerships and “regional” platforms, among many other forms of innovative local governance, are struggling to find their way is precisely because they are discovering that they have to solve a new problem by way of a new means of problem solving. The new problem is helping the local actors – firms, professionals, “at risk” labour market groups, training institutions, consultancies – acquire the bundles of skills they need to participate in an economy ever more dependent on pragmatist disciplines. The new means of problem solving are the pragmatist disciplines themselves. For by the logic of the argument so far it seems that the institutions needed to define and then deliver the necessary assistance will have to be pieced together by means of search networks: by recourse, that is, to just the pragmatist principles that the new governance structures, and the entities they help shape, will eventually impart. To judge by the limited success of local initiatives to ease firm adjustment to the new competition or increase access of early school leavers to secure occupations, if not jobs, the sobering news is that mastery of the new method of problem solving, let alone of the new problems, has not progressed as far as the urgency of the situation requires. The encouraging news is that other parts of the traditional welfare state, faced with equivalent crises, have begun to avail themselves of the new disciplines, demonstrating along the way that new forms of non-hierarchical problem solving can contribute as much to public solidarity as to private prosperity. It is to that experience of crises and piecemeal renewal by means of the pragmatist disciplines that we turn next.

### From the welfare state to service solidarity

In the traditional welfare state the risks to citizens of participating in the market economy were mitigated by (nearly) fixed regulatory rules, transfer payments and standard services to educate, heal, incarcerate and rehabilitate “typical” client populations. The regulations protected the citizen against harms ranging from food poisoning to financial fraud to polluted air. Transfer payments, via social insurance systems, redistributed gains from market winners to market losers, assuring the latter something close to a decent existence no matter how they fared in competition. Standard services equipment allowed young persons, in theory regardless of their family background, to join the labour force at a level commensurate with their

capabilities, and older ones to rejoin it after some misfortune forced temporary exit.

The current globalisation has helped undermine each of these mitigating institutions. In a world where markets change too rapidly for firms to design and build products by traditional, centralised means, it is also impossible for centralised authorities to write rules protecting the public against risks associated with the new products and services. As for the system of transfer payments, the new conditions of competition wreak havoc with the actuarial assumptions matching payers to payees: unemployment insurance, for instance, typically anticipated seasonal or cyclical downturns, not structural crises that dislocated entire industries. Put another way, much economic risk became non-actuarial: so unpredictable that it is impossible to insure against it. In theory public services might have assumed some of the burden, preparing citizens in various stages of life to mitigate on their own, or with their families, risks against which they could no longer be insured. But just as the demands on them were growing, standard public services failed as “clients” needs became more and more differentiated: public schools designed to teach native speakers from traditional families how to perform semi-skilled work failed miserably to equip immigrant children ill at ease linguistically and culturally in their home/host country for demanding jobs in the new economy.

An initial response to the breakdown of social security based on hierarchy/command and control assumptions, and particularly to the turmoil in the public sector, was “privatisation” in two senses. The first was to allow private providers to bid on formerly public services; the second was to contractualise public services, setting elaborate and precise goals and carefully incentivising public or private actors to meet them. The model for this New Public Management (NPM) was the old, vertically integrated firm and rule-following or principal-agent accountability that went with it.

The good side of NPM was to shake up encrusted bureaucracies and establish the ideas that performance – output – and performance monitoring are crucial and possible. In this regard the controversies surrounding NPM were an important indication that the public – through the legislature and the administration – recognised that working public services were a precondition to solidarity, and therefore very much worth fighting for. The bad side of NPM was to separate conception (goal setting) from execution (actually delivering services) in a way that produced many of the same dysfunctions noted in the first phase of globalisation, in which vertical disintegration was antithetic to any redistribution of design authority and capacity. For example, in order to define goals clearly enough to enter them into a contract, it was necessary to narrow them. But once many different entities were pursuing many, tightly specified but distinct goals, a new problem arose: integrating all the partial

outputs into an overall solution actually addressing the particular problem at hand. This required new forms of local co-ordination; the difficulties encountered in assembling the fragments of a solution into a workable whole eventually lead to a re-evaluation of the idea of separating conception and execution at the top in the first place. The goal of joined-up government that has become a mantra, a New Labour reform under Tony Blair, is an expression of the need to address this problem, and especially telling as it arises in the home country of the NPM.

Much of this is, of course, taken for granted in current discussion of “local” reform and new governance, even if the twists and turns of ideology and academic conceptualisation (which are themselves of course intertwined) are not readily at hand. Thus much of the current OECD LEED research is in fact devoted to examining and evaluating the operation of various forms of local networking that grow up as ad hoc solutions to the breakdown of the old model, and the partial successes and failure of NPM (see Giguère, 2004; OECD, 2001).

Here the author wishes to focus on the emergent actors behind these changes, and especially the new public services, that provide customised (combinations) of services to help individuals and families mitigate life risks. What makes these public services new in contrast to familiar public services is that defining and redefining what they should be is anything but straightforward. In economic theory the purpose and value of public services is self-evident enough to give rise to a characteristic free rider problem: each citizen assumes all the others will want it, and that she can free-ride on their willingness to pay for the service. The result is that no one pays for traditional public goods unless all are obliged by joint decision to pay together. New public services, in contrast, are so idiosyncratic and mutable that they have to be “co-designed” by client users if they are to be useful at all. Financing for new public services is not, of course, automatic. The defining difference is simply that the free rider problem in new public goods is no more important than the problem of specifying the service in the first place. A recent report by the peak tripartite body in Ireland, the National Economic and Social Council, on the country’s “developmental welfare state” underscores the importance of what new public services are to social solidarity:

The development of services is the key to improving social protection for Ireland. The development of services is the key to improving social protection for Ireland’s population in the coming years ... The principal requirements for widening participation today are of a nature which increases in social welfare alone are inadequate to address – e.g., access to childcare by lone parents, education and training for people with low skills ... the return to education of early school leavers ... public services and public places that are accessible to persons with disabilities.

School reform in the United States provides a well-studied example of how the principles of pragmatist co-design are now commonly invoked to address the new public service problem of determining what service to provide, and how to provide it. The example is particularly well suited to establishing the continuity in the use of the pragmatist disciplines across the public and private sectors because the old model school in the United States (and of course not only there) was consciously patterned on the mass production factory. Men in teacher's colleges designed curricula, which were then translated into textbooks. Women teachers in classrooms read the texts to students who moved from classroom seat to classroom seat, like pieces on an assembly line that advanced one position in a year.

To respond to the needs of heterogeneous classes, with many students arriving without the whole panoply of middle class family support, required a thorough reorganisation of the school: a reorganisation aimed at building a school that can teach pupils complex skills regardless of their starting point, rather than communicating information to them on the assumption that they started with the knowledge of how to use what was communicated. After more than two decades of desperate experimentation reforms settled in the mid-1990s on a variant of root-cause analysis that, fully in the spirit of the pragmatist disciplines, allows effective reorganisation to proceed by using partial solutions, and without presupposing any definitive model of the ultimate goal: use standard tests to reveal shortcomings in the learning strategies of pupils, the teaching strategies of the staff and defects in the organisation of schools and school districts that are the root cause of these shortcomings.

To see a bit more concretely how these disciplines might operate in school reform, consider the problem of teaching literacy. Learning to read, like mastering any complex task, requires each learner to assemble her own idiosyncratic combination of bundles of general skills. So in learning to read, each kid must decode phoneme streams (phonics) with/while inferring the meaning of words in context (holistic semantics) – in her own way, which is to say with her own strengths and weaknesses in both skill areas. Thus some kids will use the meaning to guess sounds, while others will sound their way to the meaning. Many will have troubles doing either, but could benefit greatly if strengths in one area could be used to bootstrap them past difficulties in another (by, say, learning to decode a proper name that reveals a context, that then prompts more sounding out). Standard tests can be used to diagnose individual learning problems, but also the systematic difficulties of some teachers, relative to others, in helping students overcome their particular blockages. The aim of the institutional reform is to rebuild classes, schools and school systems so that these individual “defects” can be identified and remedied systematically.

Thus the job of the teacher in this new public service is to organise the classroom to identify and remediate each pupil's difficulties. The job of the principal or schoolmaster is to organise the school so that teams of teachers within and across grade levels help each other achieve this goal (new search networks). And the job of the district head is to organise the system so that principals have the authority and autonomy to do this (more search networks).

Reform by means of the pragmatist disciplines gives rise almost naturally to a new local politics of schools. Teachers and school officials are accountable to each other through the performance measures that make diagnosis of problems possible in the first place. They are also accountable to the public. Thus in many of the United States, parents can compare the extent to which demographically comparable schools close the achievement gap between rich whites and other groups. This allows them to put pressure on school authorities, on politicians. It also allows them to take action as families: school rankings have demonstrable effects on real estate prices. (The discussion among EU countries, and especially internally in Germany among Länder, regarding the striking differences in performance on the PISA test academic achievement and problem solving is certainly a harbinger of things to come.) There is in addition often more involvement of parents with the ongoing operation of schools and the schooling of their own children, although these effects are harder to capture.

But this politics of school improvement does not, yet, connect to “politics” in any traditional sense. Parties do not know how to respond to these changes, even though they have typically approved many of the enabling laws at the state and national level. Parties are still based on traditional ideological divisions – more market or more state. Or, sensing the tenuous grip of these distinctions on actual problem-solving strategies and popular moods, if not imagination, they may appeal to culturally divisive themes – yes or no to headscarves in schools – in hopes of forcing their opponents to endorse the currently unpopular choice. But the new, pragmatist reforms are typically illegible through the optic of either traditional ideologies or contemporary culture wars, and for that reason invisible or at least undiscussable in traditional political terms. Thus for Republicans in the United States the reforms just noted are unpalatable because they require too much government intrusion into what has been, since colonial times, a quintessentially local matter. For Democrats the reforms are unpalatable because they are not sufficiently attentive to redistribution and the prerogatives of the teachers' unions, one of their key client groups. But local activists in both parties are well aware that parents are acutely concerned about the quality of their children's education; that the reforms are widely regarded as promising, if not yet successful; and that traditional, “political” nostrums – bigger school budgets without accountability reforms, vouchers to move from public to

private schools – have been tarnished by unsuccessful use. As a result school reform seldom becomes a political issue, or is treated as a matter for experts (even when, as we just saw, the experts are learning how to reform schools as they go). (Can it be that some of the echoes of local governance reform die away in a silencing baffle analogous to this? Or perhaps more to the point, can it be that many of the local partnerships and other local governance innovations wander into such political dead zones, where their own capacity for reflection is limited by the discomfort some participants experience in traversing between the categories of their habitual working languages and the categories of the innovative institutional design?)

Even civil society organisations are unsure of how to react. The typical non-governmental organisation (NGO) is used to demanding inclusion – a seat at the table – from politicians and top administrators. It has much less experience actually engaging at problem solving at the truly local level – in the institutions where problems are being fixed, or not. This is perhaps one of the reasons that local partnerships, often heavily reliant on NGO participation, have often proved better at shaping the decisions of public authorities rather than providing services themselves or becoming active partners with public authorities in their provision. But this is not a stable situation. If clients are indeed drawn into the co-design of services on which they rely, but NGOs claiming to represent those clients are themselves unable to participate in this kind of collaboration, there will be doubts about the legitimacy of their representations. (Another possibility, of course, is that professionals in the new public services can adequately design the programmes needed by consulting clients without giving them a substantial influence on controversial decisions. Under these conditions it might be expedient for both the professionals and the NGO to act if the latter were the true representative of the clients. The author returns to these themes in the conclusion.)

To this confusion, add the complexity that comes from undertaking similar incrementally revolutionary reforms in areas as diverse as the police (community policing), child protective services, and eventually vocational and continuing training, job placement, and so on. And remember that all this confusion and complexity will only be compounded as separate reforms all begin to connect, as they are already doing in many locales. Thus restoring order in the schools can require help from community policing, just as community policing can require help from the schools. Family protective services involve both schools and police, and the same goes for treatment of substance abuse, and so on and so on. It is these changes, informed more and more by use of the pragmatist disciplines, that together with the reorganisation of private firms in the second phase of globalisation form the building blocks from which a new local governance is being constructed

And then there are the courts. In the United States, and soon in the EU and perhaps Latin America (Argentina has already had an important case) many of these reforms have been compelled and monitored by courts. The courts today in all three areas are prone to recognise that badly broken institutions violate constitutional or human rights. They are especially prone to do this when, as is increasingly the case, the state promises to but in fact does not provide a minimum of security though services that build individual or family capacity rather than redistribution. They are most especially prone to do this when, as is again becoming generally the case, the political organs have repeatedly promised to make the state meet its obligations, and then failed themselves to keep the promise of reform. A familiar and well-founded objection to judicial intervention in such matters is the manifest inability of courts to devise and supervise complex institutional reforms, leaving aside the questions of how such remedies are to be deduced from legal doctrine typically innocent of all the relevant concerns. By requiring that the relevant actors use pragmatist disciplines to establish a step-by-step reform, whose progress can be monitored by the same indicators used to guide change, the courts can, however, determine that there have been violations of right without prescribing remedies – but also without abandoning responsibility for public supervision of obligatory change in the public's name.

In this way court intervention also increases pressures for participation – civil society actors are highly motivated to take part in the elaboration and monitoring of the reform programme. But it does so in a way that does not lead to any direct connection with the institutions of representative democracy.

The prospect – near certainty is more like it – of court pressure to accelerate reform of public administration on pragmatist lines does nothing to resolve the open questions regarding the shape of local governance in the medium term that we have encountered again and again along the way. But the prospect of increasing court involvement in what will perforce be largely local reforms raises again, and acutely, one of the key questions with which we began. What is the fate of local democracy in what could well be a coming age pragmatist problem solving?

### But are experimentalist organisations democratisable?

The foregoing suggests pragmatist institutions enable the social learning needed effectively to provide new public goods, with their imprecisely specified ends. But even if new public goods are a necessary component of solidarity in today's democracy, provision of such goods alone is surely not sufficient to secure the legitimacy of government in any modern democracy. New service providers – and all government that relies on the pragmatist disciplines for public problem solving – must be democratically accountable at

least in the sense of being responsive to the (political) will of immediate stakeholders and, beyond that, to the public of the polity as a whole. If the pragmatist institutions cannot be democratically domesticated, and still assuming they are especially, perhaps uniquely, suited to collective problem solving under current conditions, our democratic societies would face a fateful choice between effectiveness and fidelity to the principle of self-rule. Without pretending to address fully, let alone resolve, all the questions that arise in connection with the democratic vocation of pragmatist organisations, the author wishes to address some relevant general, theoretical issues on the one hand and some practical, institutional ones on the other, and thereby provide at least elements of an overall approach to the many concerns put aside for now.

The first, general worry is that the new, pragmatist institutions are really at best (slightly more effective) cousins of the technocratic NPM reforms. They share with the latter an emphasis on performance metrics, “flat” hierarchies, treating the client as at least a customer (if not a co-producer), and so on. Perhaps, this worry goes, the new institutions blur the distinction between principal and agent just enough to overcome the crippling defects of NPM, but not nearly enough to truly empower citizen/clients in the sense of giving them a potent voice in the choices that determine which services to deliver and how. This fear shades into the much more alarming prospect that, at worst, the new institutions are *intended* to disenfranchise the public, precisely by creating sham forms of participation and consultation. The beneficiaries of this deception would be the technocratic rule makers and the organised interest groups – labour, capital, the entrenched civil society organisations – with which they all too comfortably consort.

A first response is that this self-serving and manipulative outcome, while clearly possible, is hardly inevitable. Decentralisation of authority of the kind associated with the new organisations has demonstrably uprooted vested interests in ways long thought to be impossible by students of complex organisations. The well-documented disentanglement of traditional school authorities that went hand in hand with the introduction of experimentalist school reform in the United States is a case in point. Through the 1990s public schools were widely referred to in the US debate as an example of the un-reformability, by democratic means, of a key institution of democracy: Because successive cohorts of elected school authorities (the principals) entrenched conflicting rules favouring their separate values and interests, the interests groups (agents) running the school system were free to do whatever selfish impulse suggested (Chubb and Moe, 1990). Coalitions of disaffected insiders and outsiders imposed the governance and organisational innovations described above, and the combination of decentralisation of authority and transparency thus afforded has, so far, prevented a clandestine

reassertion of power by new or old interests. That there are no conspicuous limits to this reform movement in those places where it has been undertaken does not mean of course that it will be automatically extended to include fully clients and citizens in decision making – a problem to which the discussion will return (but not resolve) momentarily.

Reference to the transparency of the school reporting regime points to a second, deeper response to the worry about manipulative, sham reform. Because they are polycentric or polyarchic, with a notional “centre” benchmarking the performance of local units facing related problems, pragmatist institutions are always out of reflective equilibrium. Inevitable variations in the performance of the various units provoke ongoing review and criticism of each in the light of the others’ experience.<sup>4</sup> This means that professionals – technocrats of all stripes – and the more or less formally organised interests with which they are affiliated must frequently explain why their actions differ from those of peers in like situations. Experts and interests, in other words, must justify themselves, again and again, in public, and to respond to deeply informed challenges to, respectively, their expertise and their claims of the legitimacy (or at least inevitability) of their interpretation of what their needs compel. Contrast this idea of continuing contestability of professional expertise in particular with the conventional presumption that fully certified professionals are qualified to make complex decisions on the basis of their own informed judgement alone, and are answerable to colleagues only if there is suspicion of negligence. The pragmatist disciplines thus seem more like a machine for disrupting potential conspiracies, especially technocratic cabals, than a scaffolding for erecting them.

Note further that from this perspective it is possible to distinguish advantageously democracy built on pragmatist institutions from two near cousins, associative and deliberative democracy: two other, and more familiar alternatives to the form of representative government we know.<sup>5</sup> Associative democracy assumes that the co-operation of certain groups – classically, labour and capital – is indispensable to the public interest. Such groups are accordingly given quasi-constitutional authority to bargain with each other, under the auspices of and in consultation with the government, in view of promoting public-regarding outcomes. But however effective and legitimate such arrangements may have been, it is clear today that associative democracy rests on the same flawed assumption of the panoramic powers of the sovereign principal that brings NPM, among other reform efforts, to fall. It has proven in practice no more possible to identify which groups are the necessary and sufficient parties to public co-operation than to identify public principals who “know” what is to be done in regard to particular reform projects. A democracy that relies on pragmatist institutions, in contrast, is no more

inclined to presume that the circle of participation in decision making is fixed than to treat any body of expertise as self-validating. It is thus not hostage to the once-and-for-all guesses about the identity of the "natural" social partners that have in time paralysed all associative democracies.

Deliberative democracy, as its name suggests, is not hostage to interests. Quite the contrary: its aim is to so abstract decision making from the trammels of everyday necessity that the decision makers are free to engage such deep reflection that their prior ideological or material preferences (if they had them at all) are likely to get sacrificed to the demands of public reason. In its purer, Madisonian forms, deliberative democracy is inclined to entrust power to a magisterial or senatorial elite, protected by wealth or tenure of office from the tugs of personal advancement or factional scheming. The classic stumbling block for deliberative democracy is thus not to disentrench interest groups, but rather to connect, yet not simply subordinate the deliberative elite to the everyday cares and concerns – the interests – of the everyday citizens of democracy.

Here too democracy that relies on pragmatist institutions is promising. Like deliberative democracy, it induces citizens to change their preferences. But it aims to do this not by having the participants remove themselves from the world, but rather by having them open themselves to it in a new, practically deliberative way. The mutual learning that grows out of and fosters problem solving in pragmatist institutions brings the actors to change their view of possibilities even as they put their identities at risk by reorienting their goals, their ideas of potential collaborations, and their understanding of fruitful problem-solving strategies. If this is too good to be true – because it assumes inhuman plasticity of the all-too-habit-bound human self – consider that individuals and groups only turn to pragmatist problem solving when pervasive uncertainty has thoroughly undermined their confidence in their inveterate problem-solving strategies (the market, more government) and the ideologies that articulate them. The determination to govern "from the second line" in the Netherlands, for example, surely did not emerge from an insouciant delight in novelty, any more than did the Irish engagement with that improbable creature, the developmental welfare state. We do not go to the trouble of creating the elaborate learning institutions described above unless we think we have something to learn. Acknowledging our need to learn, we are less disposed to manipulate strategically the information we give and get, and the resulting surprises loosen the bonds of habit.

Thus where associative and deliberative democracy can be said to be inherently exclusive (of interest groups or practical interests), pragmatist democracy is at least potentially inclusive. Instead of addressing the plainly pertinent questions of whether and under what conditions such a democracy might actually realise this potential, allow the author to switch from general

to practical themes and consider finally the possibility of an immediate, institutional response to the problems of accountability posed by the spread of public problem solving on pragmatist lines. An institutional response to the question of accountability is not of course a substitute for a compelling theoretical justification. But in the history of democracy it has often been the case that institutional reform outran, and became a spur to, theoretical reflection (think of the incorporation of organised interest groups into parliamentary regimes in roughly the first half of the last century). There are signs that this could be about to happen again, and, all current reverses aside, perhaps sooner at the local level – in local governance – than elsewhere.

### Notes

1. This chapter synthesises and brings to bear on the discussion of local governance and democracy a series of the author's recent papers. For that reason, counterarguments are not given their due. Those interested in further pursuing the controversies elided here should consult the references in the bibliography, which in turn contain exhaustive references to the relevant debates.
2. Any textbook on Japanese production methods will demonstrate that root-cause analysis and related problem-solving techniques are especially useful to reduce set-up times and otherwise facilitate small-batch production in volatile environments.
3. For a fuller discussion, on which this presentation draws, see Helper, MacDuffie and Sabel, 2000.
4. Recall in this connection the emphasis pragmatist institutions put on diagnostic monitoring as opposed to global measures of output typical of NPM.
5. For further discussion see Cohen and Sabel, 1997; Cohen and Sabel, 2003; and Gerstenberg and Sabel, 2002.

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