

Lecture 6

Module 2

Theories of Governance

I WANT TO SPECIALIZE ... I WANT
TO LEARN MORE AND MORE ABOUT LESS
AND LESS, UNTIL I KNOW ABSOLUTELY
ALL THERE IS TO KNOW ABOUT NOTHING

OKAY, THAT WOULD
BE POLITICAL SCIENCE
THEN

COURSE
ADVISER

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3-7-05

Sequence

- Theories of Governance
 1. Communitarianism
 2. Marxism
 3. Neo Liberalism
 4. Rational Choice theory
 5. Regulation Theory
 6. Institutionalism
 7. Libertarian Socialism

Theories of Governance -**Communitarianism**

- Communitarianism is the idea that human identities are largely shaped by different kinds of **communities (or social relations)** and human nature should inform our moral and political judgments as well as policies and institutions.
- Communitarianism is a social philosophy that maintains that society should articulate what is **good** – such articulation is needed and legitimate
- Communitarianism is often contrasted with **classical liberalism**, which holds each individual should formulate the good on his or her own
 - The principal task of government is to secure and distribute fairly the liberties and economic resources individuals need to lead freely chosen lives – liberalism
- Communitarianism examines the ways shared conceptions of **good (values)** are formed, transmitted, justified and enforced
- The central idea is that communities can and should resolve their common problems with minimum of the **state involvement**
 - E.g. care of children and the elderly is better and more efficiently organized at the community level

Communitarianism

- In a broader perspective, communitarian governance relies heavily on the **consensus of the community** and positive involvement of its members in collective matters
- The state or for that matter local Govt. is believed to be too big and too bureaucratic to deal with local problems
- Moreover, communitarians believe that the Govt. which was previously **a tool for management of political conflicts**, now breeds or encourages such conflicts over matters which are not controversial
- Thus, for communitarians, Govt. generates at least as many problems as it solves
- The communitarian solution to this problem is **to organize governance with out government**

Communitarianism & Types of Communities

- Communitarian political theory is to identify valued forms of community and to devise policies designed to protect and promote them, without sacrificing too much freedom
- Communitarians have identified three types of communities

i- Communities of place

- Communities of **place**, or communities based on **geographical location**
- Community is linked to **locality**, in the physical, geographical sense of a community that is located somewhere - a small village or a big city- a region
- A community of place also has an affective component—it refers to the place one calls “home”, often the place where one is born and bred and the place where one would like to end one’s days

Political / policy implications

- **political authorities** must consider the existent character of the local community when making plans for development
- Granting community councils **veto power** over building projects that fail to respect existent architectural styles
- Protect local communities from the effects of **rapid mobility** and sudden industrial change
- Promoting local-ownership of corporations / factories
- Imposing restrictions on large-scale outlets such as Metro / Departmental Store that threaten to displace small, fragmented, and diverse family and locally owned stores

ii- Communities of Memory

- It refers to imagined communities that have a shared history going back several generations
- By virtue of the shared and binding past, such communities turn people towards the future—members strive to realize the ideals and aspirations embedded in past experiences

Political / Policy Implications

- Various nation-building exercises meant to nourish the bonds of commonality that tie people to their nations, such as national service and national history lessons in school textbooks
- National political community for increased civic engagement
- Room for the political rights of minority groups
 - Sons & daughter of the soil

iii- Psychological communities

- Psychological communities, or communities of face-to-face personal interaction governed by sentiments of trust, co-operation, and **altruism**
- This refers to a group of persons who participate in common activity and experience a psychological sense of togetherness
- They differ from communities of place by not being necessarily defined by locality
- They differ from communities of memory in the sense that they are more “real”, they are typically based on face to face social interaction and tend to be restricted in size like the family , small-scale work or school settings

- **Political / Policy Implications**

- policies designed to protect and promote the family by encouraging marriage by highlighting psychological and social benefits of marriage
- Restructuring education in such a way that peoples deepest needs in membership and participation in psychological communities are tapped at a young age

Food for thought

- What about Social Communities ?
- Social Media and Social Space ?
- Not only land, but society is a place
 - What do people think, their opinion, what is right or wrong for them, what ideology do they support or reject- all these make a society
- New wars to capture Social Space in the virtual space – fiction, myth, post-truth (relating to circumstances in which objective facts are less influential in shaping public opinion than appeals to emotion and personal belief.)

Communitarianism / Critique

- Societies, as compared to individuals, make sacrifices for the common good, which make Communitarianism a viable option
- At the same time, communitarian governance has problems enforcing the common will on those who oppose proposals to that effect
- A threat to individual freedoms and liberties
- Communitarianism tends to exaggerate the blessings of consensus and the evils of disagreement
- Conflicts / disagreement can be a healthy sign of a community's diversity

Communitarianism / Critique

- Communitarianism adopts Aristotelian view that Man is a social animal, indeed a political animal, because he is not self-sufficient alone, and is not self-sufficient outside a **polis**
- People think of themselves as members of **this family or community or nation or people**, as **bearers of this history**, as **sons or daughters of that revolution**, as **citizens of this republic**-
Michael Sandel

Theories of Governance –Marxism

- Marx didn't as such talk about Governance, rather his critique of Capitalist society provides an outline of an alternative system of Governance, which is most commonly referred to as socialism or Communism
- Marx believed that social life is based upon "conflict of Interest" or "class conflict"
- Conflict between different classes represents a process through which change comes about as these classes pursue what they see to be their collective interest in the society

Marxism

- Marxism is a political and economic theory, having two main concerns
 - i. To expose the political and economic contradictions of Capitalism e.g. people co-operate to produce goods, a capitalist class appropriates these goods for its private profit
 - ii. To point the way towards the establishment of a future Communist Society
- For Marx class is not just descriptive category, rather it identifies the individuals having same interests as one entity which plays its part in the societal transformations

Marxism

- Fundamentally, there are two classes in Capitalist society
 - i. **Bourgeoisie** – those who own and control the factors / means of production in society
 - ii. **Proletariat** – those who simply sell their labor in the market place of capitalism
- However, at a given time a number of class sub-divisions will exist. E.g. Bourgeoisie might be divided into
 - The Haute (High) Bourgeoisie (Owner of large companies)
 - The Petit (Small) Bourgeoisie (Owner of small businesses)
 - The Professionals (people who, not the owners of means of production, help to control the day to day running of industries)

Marxism

- Marx has characterized human history in terms of the way in which ownership of means of production was the most important single variable involved in the characterization of each distinct period (or epoch) in history
- He identified FIVE major epochs:
 1. **Primitive Communism** – period of early human history where people held everything commonly
 2. **The Ancient Epoch** (slave society) – societies based upon slavery where the means of production was owned and controlled by an aristocratic elite
 3. **The Feudal Society** - where land was the most important means of production owned / controlled by an Feudals vs, tenants

Marxism

4. The Capitalist Society

- i. where technological development (machinery) has allowed a bourgeois class to exploit factory forms of production for their private gain
- ii. The aristocracy (landowners) have either been marginalized or co-opted into the Bourgeoisie
- iii. While majority of the people are wage-laborers (they own little or no capital)
- iv. An Employer doesn't own his / her employees, various political freedoms and equalities are allowed to develop

5. The Communist Society

- i. Where the means of production are held “in common” for the benefit of everyone on the society (dictatorship of the proletariat)
- ii. The issue of class struggle is finally resolved by abolishing class the distinctions
- iii. This end of class struggle represent the “end of history” since no further form of society can ever develop

Marxism Critique

- Those who own and control means of production are powerful because they can expand and enhance their power by using their wealth
- However, this economically strong class has to translate its power into
 - political power (control over state, machinery of state and so forth)
 - ideological power (control over how people think about nature of social world, capitalist society and so forth)

Marxism / Critique

- Marxists use the concept of hegemony (leadership with the consent of the led)
- There are two way in which a ruling class can consolidate its hegemony over other classes
 - Through use of force (the police and army) ,
“Repressive State Apparatus” RSA
 - Through use of ideology / socialization (mass media, social workers, teachers and the like forms of soft policing – “ideological state apparatus” ISA

Marxism / Critique

- In capitalistic society, hegemonic control will always be a mixture of **RSA & ISA**
- However, in capitalist democracies the **later** will be most important since a ruling class seeks to control and exploit Proletariat by trying to convince them that this society / form of governance is the BEST of all possible worlds
- Individuals are not the focal point of Marxism, individuals are only significant when they act together as a class, that is, when people develop a consciousness of themselves as particular social class and act upon that awareness to produce change – **new form of governance & government**

Neoliberalism- A Snapshot

- Neoliberal policies typically support fiscal austerity, deregulation, free trade, privatization, and a reduction in government spending.
- Neoliberalism is often associated with the economic policies of Margaret Thatcher in the United Kingdom and Ronald Reagan in the United States.
- There are many criticisms of neoliberalism, including its potential danger to democracy, harm it causes to workers' rights, and that it structures society and the economy around markets that are far less rational than assumed.
- It's also been accused of giving corporations too much power and worsening economic inequality.

Theories of Governance

- **Neoliberalism**
- Ideals of **individual liberty** and **freedom** are the central values
- It is a theory of political economic practices, which provides a definitive outlay of Governance through market mechanism
- It proposes that human well-being can best be advanced by maximization of **entrepreneurial freedom** with in an institutional framework, characterized by **private property rights**, individual rights and **free trade**
- The role of the state is to create and preserve an **institutional framework** appropriate to such practices

Theories of Governance

- **Neoliberalism**
- State should primarily focus on setting up military, defense, police and juridical functions required to secure private property right and satisfactory functioning of Markets
- If the Markets don't exist (in areas such as education, health care, social security, or environmental pollution, then those may be created by state action
- But beyond aforementioned functions state should not venture
- State intervention in Markets must be kept to bare minimum, because there is every likelihood that powerful interests will inevitably distort and bias state interventions for their own benefit

Theories of Governance

- **Neoliberalism – Growth & Expansion**
- During 1980s the UK under Margaret Thatcher and USA under Ronald Reagan aggressively pursued the neoliberal approach of governance

Theories of Governance

- **Neoliberalism** - Washington Consensus embodies the ten salient features of Neoliberal economic governance are
 1. Fiscal Policy Discipline – avoid fiscal deficits
 2. Redirection of public spending from subsidies
 3. Tax Reforms - broadening tax base
 4. Interest rates would be determined by market
 5. Competitive / floating exchange rate
 6. Trade liberalization
 7. Free movement of Investment – capital liberalization
 8. Privatization of State enterprises
 9. Deregulation
 10. Legal Security of property rights
- Source
<https://documents1.worldbank.org/curated/ar/624291468152712936/pdf/766500JRN0WBRO00Box374385B00PUBLIC0.pdf>

Theories of Governance

- Neoliberalism is criticized for
- Globalization undermined internal and external Sovereignty
- Accountability of the private actors is questionable
- The development through neoliberalism is not sustainable – erosion of natural resource in the long term
- Exploitation – it promotes social injustice
- It produces economic inequality
- It increases the corporate power
- Non-democratic – undermines the basic element of democracy
- Deregulation of labor market badly impact future prospects of labor

Rational Choice Theory

- Rational Choice Theory is a normative (i.e., what should happen) theory for how people should behave across all kinds of situations
- It assumes that individuals decide by comparing the costs and benefits of various options and choosing the one that maximizes their personal advantage
- This theory is based on the idea that individuals act rationally, which lots of research suggests isn't always true.

Theories of Governance

- Rational Choice Theory
- It is a framework for understanding and often formally modeling social and economic behaviors
- The basic premise of the rational choice theory is that aggregate social behavior results from the behavior of individuals
- Individuals are assumed as RATIONAL AGENTS and make rational choices based on
 - available information
 - probabilities of event
 - potential costs and benefits

Theories of Governance

- Rational Choice Theory
- Rational Choice Theory attempts to explain all social phenomenon, including GOVERNANCE by means of micro level of rational individual activity
- It is assumed that the individual preferences are rational and complete. Individuals are fully aware of the consequences of their actions
- However, the inherent limitation of rational choice theory is explained by the concept **BOUNDED RATIONALITY**
- **Bounded rationality** is the idea that when individuals make decisions, their rationality is limited by the information they have, the cognitive limitation of their minds and the time available to make those decisions

Theories of Governance

- Rational Choice Theory
 - It explains the absence of higher authority as an opportunity that institutions can act in self-enforcing mode
 - Institutions structure the people's strategic interaction with one another
 - Stable institutions influence individuals' actions by giving them reasonable expectations about the outcome of varied courses of action from which they might choose

Theories of Governance - Regulation Theory

- Regulations are introduced due to political, economic, business or governance issues
- Regulation correct some market imperfections, address some externality issues, re-distribution of wealth etc.
- Regulation are categorized into following
 - Public Interest Theory
 - Capture Theory
 - Economic Theory

Theories of Governance

- Regulation Theory
- Public Interest Theory
 - Adopts the view that regulation results when Govt. is spurred into action either by the desire to promote social welfare or by some critical event such as a crisis, natural disaster
- Capture Theory
 - Regulatory capture is a process by which regulatory agencies may come to be dominated by the interests they regulate and not by the public interest
- Economic Theory
 - It states that Govt. has to intervene to ensure the failure of the market system from happening, Govt. also intervenes to ensure certain economic gains / output

Theories of Governance

- Regulation Theory
- Karl Marx argued that Capitalism is unstable because it leads to over accumulation and class struggle
- Regulation Theory examines the forms of governance in relation to the possible option to mask the instabilities of different forms of Capitalism
- Regulation theory locates a new governance strategy in relation to a broader socio-economic shift from Fordism to post-Fordism
- Fordism means a combination of “intensive accumulation” and “monopolistic regulation”

Theories of Governance

- Regulation Theory
- Intensive accumulation means a process of mass production which involves **mechanization**, intensification of work, division of tasks and use of semi skilled labor
- Monopolistic regulation involved monopoly pricing, recognition of trade union, indexing of wages to productivity, **corporate tendencies in Govt.** and monetary policies to manage demand for commodities
- According to Regulation Theorists intensive accumulation and monopolistic regulation temporarily created mass production and **economies of scale**, which lead to rise in productivity, increased productivity led to increased wages, which increased the consumer demand, growth in demand meant greater profits because of full utilization of capacity, increased profits were used to improve the **technology of mass production**, creating further economies to scale so starting the whole circle going again

Theories of Governance

- Regulation Theory
- However, productivity gains decreased because of social and technical limits
- Globalization made the management of national economies increasingly difficult
- Therefore, need for a **regulatory state** emerged, a force which can further mask the instabilities of Capitalist System
- State has to intervene with regulations to create a balance for longer feasibility of Capitalist system

Institutionalism

- an approach that emphasizes the role of institutions.
- institutions are defined broadly as uniting, stabilizing, and giving structure to the economic process
- individuals are shaped by their institutional and sociocultural context

Theories of Governance

- Institutionalism
- Institutions are a pattern for collective action, they create order, stability and predictability,
- Institutional approach dominated the study of the state, government, public administration and politics until 1940s
- This approaches focused on state institutions like legislature, army, police, judiciary to discharge the governance functions
- The focus is on formal rules, procedures, organizations, constitutions, electoral systems and political parties which are central to the idea of institutions and institutionalism
- After 1980, the institutionalism was revived and “**New Institutionalism**” emerged on the scene

Theories of Governance

- New Institutionalism
- New institutionalism (NI) is often seen as restatement of the elder Institutional approach
- NI retains a focus on rules, procedures and organizations, but it adopts a broader concept of institutions that include norms and cultural customs alongside formal rules, procedures and organizations

Theories of Governance

- Institutionalism
- Organizations with more precisely defined goals and easily defined criteria for evaluation are less subject to institutionalization than those with diffused goals and disputed evaluation criteria
 - Institutionalization: organizations are infused with values beyond the technical requirements at hand
- Institutions play very important role in discharge of (good) Governance
- They bring order, stability, predictability, flexibility in the governance system

Theories of Governance

- Libertarian Socialism
- Sometimes called social anarchism
- It emphasizes workers' self management of work place and decentralization of structures of political Govt. or state ownership or command of means of production, as suggested by socialist movement
- It envisages a society based on freedom & equality
- Role of the state is minimum, there is no place for authoritarian institutions that control certain means of production and sub-ordination of a majority to an owning class or economic or political elite

Theories of Governance

- Libertarian Socialism
- Decentralized direct democracy and institutions like libertarian municipalities, citizens' assemblies, trade unions and workers' councils
- All of this is done through identification, criticism and practical dismantling of illegitimate authority in all aspects of human life
- It advocates a worker oriented system of production and organization

Theories of Governance

- Libertarian Socialism
- It strongly criticizes coercive institutions, which leads Libertarian Socialism to the rejection of legitimacy of state in favor of anarchism
- Socialization of large scale private property and enterprise (while retaining respect for personal property) would decentralize the political and economic power
- It opposes rigid and stratified structures of authority, be that political, social or economic

Theories of Governance

- Libertarian Socialism
 - It seeks to organize society into voluntary associations that uses direct democracy or consensus for their decision making process
 - It doesn't has a sketch of future society (utopia), decision about the future shape of society can't be made now, these must be made through struggle and experimentation, so that the best solution can be arrived democratically
 - For Libertarian Socialists, dogmatic approaches to social organization are doomed to failure, thus they reject Marx notions of linear and inevitable historical progression

Thank You