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Multi-level Governmentality

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Introduction

The increased speed and reach of communication, together with the speed of personal travel and the number of people who can move around rapidly, have fundamentally changed the nature of territory and the government of populations within territories. The vast growth of governments' knowledge of each other's territory and society, and of each other's governing activities, has changed the nature of the interactions between them. For example, the possibilities for interaction between state and national governments in Australia have been radically transformed since federation.

This book focuses on the phenomenon whereby two or more governments with jurisdiction over the same population, at different levels (e.g. state and national government in a federation), actively cooperate in what has come to be called multi-level governance (MLG), where the various levels of governance are recognised as being more or less autonomous in their capacity for negotiating with stakeholders, making decisions and exercising power. The rise of MLG is salient for much of contemporary political theory; for example, theories of federalism, of international relations, of regionalism and of the empirical operation of democratic systems. This chapter considers MLG in relation to some current broader lines of political analysis to help understand the practical operation of

MLG arrangements and hopefully makes a contribution to understanding 'the character, causes, and consequences of multi-level governance' (Hooghe and Marks 2001: xii).

One of the consequences of MLG is that it expands the possibilities for governing and opens up new ways of governing, new things that can be governed and, consequently, new possibilities for imagining how and what to govern. The analysis of politics is not just concerned with who gets to govern; it is also concerned with how governing is done:

the ways in which powers swarm through the territories of existence, flowing around circuits, through networks, devices, techniques ... power as it inheres in practices, calculations, strategies, tactics, technologies, relations, goals (Rose 2000: 142).

All enduring systems of governance see the development of a mentality of governing within their ambit. This mentality, or governmental rationality – what Michel Foucault has called governmentality – guides the imagination of actors, underlies the development of negotiating stances and is expressed in the shared understandings of what constitutes a problem to be addressed and what counts as a satisfactory solution to those problems. Foucault (2007) described the emergence of a governmentality in modern European states with an historical focus on the decades surrounding the French Revolution. This governmentality was, he argued, principally concerned with creating and operating administrative technologies that conjoined the security, territory and population problems they faced. These technologies of governmental power drew upon the techniques of pastoral care developed by the church, of financing and trade developed by the mercantilists, of violence by the military and of urban regulation developed by the bourgeoisie, and brought them together into the nascent assemblage of contemporary state government.

My task in this chapter is to take the basic concept of governmentality and apply it to the MLG arrangements that have emerged in Australia in the last few decades. The discussion here on multi-level governmentality begins with a consideration of the context of Australian federalism and the issues currently facing this when considered as a governmental assemblage. A specific governmental problem is the over-reliance on simple systems thinking in policy development and implementation, a hangover from the welfarist governmentality that emerged in the post-World War II period. However, in MLG, systematic approaches to implementation give way to continual negotiation as the dominant rationality and this has an

effect on how federal governance is now conducted. This discussion is followed by a look at the pros and cons of the democratic deficit that has been identified as part of the character of MLG, and a discussion of the culture of MLG, particularly the development and impact of trust in the somewhat artificial and often corporatised arenas constructed for such governance. I conclude by sketching how Nicholas Rose's (1999) approach to understanding the neoliberal turn in governmental innovation over the last 20 years can be used to open up a fine-grained analysis of multi-level governmental arenas that recognises the way freedom from the unitary political rationality of single-level governmental systems allows these arenas to creatively generate new spheres of social action.

Multi-level government in the Australian federation

Hooghe and Marks (2001: xii) note, somewhat surprisingly, that in Europe, 'no policy area is more centralized at the national level in the year 2000 than in 1950, nor is there a single country in which regional governance has become weaker over the same period'. The latter also appears to be the case in Australia. Australia's federal constitution and the energetic regionalisation of administration by national and provincial governments over the last 30 years make for a wealth of interesting case study material on regional governance. Arguably, a self-aware and distinctive culture of MLG has been able to emerge in Australia. This is evident in the possibilities that are now being imagined in a wide variety of policy domains and can be seen in practice, as the case studies in this volume show. MLG, as a governmental technology that at its core moves functions and authority across jurisdictions (*Kay*), is now indispensable in fields where functions and authority overlap in Australia's federal system, such as health, education, corporate law and natural resource management.

MLG in Australia has expanded at the same time as there has been a shift from cooperative to integrated federalism (Fenna 2009; *Kay*). Cooperative federalism, namely intergovernmental cooperation through sharing out command-and-control functions in jointly designed programs of government, is still alive and well in the current Council of Australian Governments (COAG) arrangements. But it has been supplemented by more fluid and integrated schemes of networked governance, through

which authorities with various heads of power continually negotiate their actions, ideally in a data-rich environment with multiple lines of public accountability. Corporate and trade practices regulation, regional resource management and health service quality improvement are all examples of this, and all have been developed through the multi-level arrangements of COAG.

Australia is prone to a burgeoning of government-sponsored corporate entities, either established by statute (federal or state), as wholly government-owned companies, or as not-for-profit companies established according to requirements published by governments with the mission of holding and executing government contracts. These quasi-autonomous non-government organisations may be explicitly formed to conduct MLG. Consider three examples from the health sector, the first two of which have roles in regional governance. In New South Wales, local health network governing councils have been established by state government statute in accordance with a COAG agreement, and are responsible for governing hospital network services that receive funding from both the state and federal governments. Even more innovative are the Primary Care Networks, private not-for-profit companies with self-sustaining boards that won government tenders – let as part of an intergovernmental agreement between the federal and state governments – to provide local governance of primary health care.

The third example relates to technical rather than regional governance. The National E-Health Transition Authority was established in 2005 as a company limited by shares, owned by all of Australia's health departments – 50 per cent Commonwealth and 50 per cent shared between the states – and whose board comprised most of the heads of those departments (bound under corporations law to act in the best interest of the company, not their respective governments) along with several independent directors. Its principal mission was to develop data and interoperability standards in information and communication technology for the health sector. It was superseded by a statutory Commonwealth agency in 2016.

All of these organisations are constituted by both state and national levels of government. They each include stakeholders from civil society and are charged with what effectively amounts to participating in continuous negotiations in the development of hospital services networks, primary health care coordination and e-health technology platforms respectively.

Part of the background for this recent burgeoning of MLG agencies was the adoption of the report reviewing the corporate governance of statutory authorities and office holders (Uhrig 2003). In particular, this has clarified that statutory authorities that receive the majority of their income from government are operated in accordance with the *Financial Management and Accountability Act 1997*, and those that earn most of their income from non-government sources are operated in accordance with the *Commonwealth Authorities and Companies Act 1997*. This regularised the governance and accountability of the field and, while it has led to many complaints by members of various authorities, it has produced certainty and consensus in the basic technical aspects of establishing such bodies.

Concurrently, the Australian Institute of Company Directors has embraced members of statutory authorities and non-government organisations in their fellowship, and has included consideration of their duties and conduct in the excellent guideline development and training work they engage in for their membership. While it may be going too far to say this is producing a convergence between private, non-government organisation and public sector governance, it has deepened the practical understanding of governance across these sectors and between the levels of government in Australia.

Beyond systems thinking

The development of a multi-level governmental rationality in Australia has taken place against a background of a broader evolution in the mentality of government since World War II. British sociologist Nicholas Rose and colleagues have described the evolution from a welfarist to a neoliberal mode of government amongst Western states (including Australia and New Zealand) in the second half of the 20th century. In World War II, government-directed command-and-control-based enterprises invaded every aspect of civilian activity. The following peace gave a major fillip to the power vested in the governments of wealthy nation states, manifested in a continued elaboration of state activity in a wide variety of social sectors. The state command-and-control technologies that developed during the world wars of the first half of the 20th century were applied to the postwar programs of social security and civic-infrastructure development.

The postwar form of government conducted by direct rule through state-run operations continued until the 1970s and has been described by Rose and colleagues as welfare statism (Miller and Rose 1990; see also Dean 1999). This resulted in a big government assemblage of state-owned and operated school systems, hospital systems, pension schemes, telecommunications systems, domestic and international transport systems, and energy production and distribution. Welfarist governmentality was deeply concerned with social engineering (Rose 1999) and its administration was largely done within the public sector and dominated by systems thinking.

Systems thinking is a pervasive metaphor in the mentality of program delivery. Having come through its broad development in engineering, biology and sociology from the 19th century, systems thinking is now strongly built into business administration, management accounting, political theory and sociology, among many other fields. It provides a ready shorthand for understanding the complex interplay between politicians, legislation, statutory agencies and the various stakeholders and contractors involved in regulation and welfare program delivery. One issue to be aware of in coming to understand MLG is the limit of traditional systems thinking. In the single level of government programs, systems thinking is plainly useful, even for interdepartmental programs. For intergovernmental programs – particularly those with multiple or contested objectives – the metaphor of the simple system can be more of a hindrance than a help. Some programs are, of course, almost ungovernable, but let us set that aside. The programs I have in mind are ones that are unengineerable. These can be governed, but not so as to deliver on an *a priori* or transcendental plan. Objectives need to evolve, relationships and alliances need to be crafted, and clientele need to be acquired, perhaps with an entrepreneurial spirit (e.g. see Ison et al. (2011) for a case study on water catchment management). This is public sector business development, with its attendant politics. Governance needs to engage politically in a way that is a far cry from a simplistic management by objectives approach often seen in policy implementation since the adoption of managerialism by the Australian Public Service in the 1980s (Dugdale 1993).

It could be argued that this kind of governance can be understood as the design of an interrelated set of self-steering systems (e.g. see Luhman 1985), of circuits in a complex social self-steering system (Parsons 1977), or as natural implementations of Ulrich's critical systems theory (Reynolds and Holwell 2010). While I would not disagree, such a conception is

rarely held by the actors who are themselves involved. MLG is less about engineered systems and is more akin to institution building (e.g. see Goodin 1996). This has a different imagery from the ideas of social engineering that pervaded the collective imagination of welfare program designers in the post–World War II era (Rose 1999).

How does MLG figure in the shift from traditionally engineered systems thinking toward a practice of governance as negotiation? The distinctiveness of governance through multi-level mechanisms shows in agenda-setting, decision-making and implementation. Hooghe and Marks's (2001) analysis of MLG in Europe offers a specifically *political* analysis. They consider the politics, the manoeuvring, the location, operation and shifts of power, the alliances, the clash of interest and the formation of consensus for action in the evolving multi-level polity of late 20th/early 21st-century Europe. They describe the field of 'comitology' (Hooghe and Marks 2001: 24) – that is the field of knowledge concerning the design and operation of committees – an activity that is central to the creation of administrative power. The term was coined in relation to the work of the European Commission; however, we could consider that all senior bureaucrats in any jurisdiction are familiar with, and many consider they are somewhat expert in, the design and operation of the committee structures created by governments.

Committees may be created by statute or administrative fiat, they may have more or less vague terms of reference, and they often occur in complex concatenated chains of councils, committees and subcommittees with lateral and vertical lines of communication. Their membership may be more or less broad, and may span levels from ministers to managers, technocrats to consumers, lobbyists to business leaders. Hooghe and Marks note that in Europe:

Comitology was designed to allow national governments to monitor the [European] Commission, but it has had the additional, and unintended, consequence of deepening subnational and group participation in the European political process (Hooghe and Marks 2001: 25).

This spans policy work from agenda-setting to decision-making and implementation. The committees form a:

tree like structure ... just about everywhere it institutionalises some form of direct contact between the Commission and subnational governments. Such links break open the mould of the state, so that multi-level governance encompasses actors beneath, as well as above, central states (Hooghe and Marks 2001: 25).

In Australia, supra-national governing bodies have, as yet, far less influence than in Europe. But at the infra-national level, Australian governments are taking an increasing interest in regional Australia – there has been a Commonwealth department with ‘regional’ in its title since 1993. Daniell et al. (2010) have shown how co-engineering processes in European and Australian water management involving multi-level policy and implementation forums use negotiation to turn a diversity of objectives into new opportunities and strategies. In another example noted above, local hospital network boards have been created at the regional level as part of the COAG national health reforms agreed to in 2011 to end the ‘blame game’ of states and the Commonwealth governments blaming each other for shortcomings in local health systems (Veronesi et al. 2014).

MLG, democratic ideals and trust

I will now look at the democratic character of MLG by considering its relations to the negative and positive connotations inherent in the idea of the democratic deficit. A case can be made both in favour and against MLG in relation to the ideals of democracy. It both suffers from and can work to overcome a democratic deficit, in which the institutions of government fail to satisfy democratic standards of accountability and legitimacy (Hindess 2002: 30). Like MLG, the term ‘democratic deficit’ was first used over 20 years ago in relation to the European Union (EU) as a result of the transfer of powers from the exercise of democratic member states to be exercised by the institutions of the EU, recognising that there was no EU-wide enfranchisement. It has since been applied to many different institutional arrangements, including intra-national federalist arrangements.

In general, a democratic deficit is seen as a negative thing, a problem to at least be recognised and preferably minimised. Against this pejorative use of the term, Hindess notes that classical analyses of the various forms of government identify democracy as prone to corruption (in its wide sense) by populism, and make the case for the institutional design in any notional democracy to reduce the influence of the populace on government:

the conventional case in favour of democratic deficit reflects a more general concern to defend the proper work [of] government against corruption (Hindess 2002: 31).

This is at the heart of representative government, whereby there is democratic selection of representatives, who then govern in a system that ensures ‘the total exclusion of the people, in their collective form’ from the work of government (James Madison in ‘The Federalist Papers’ of 1788, quoted in Hindess 2002: 32). Since the time of ‘The Federalist Papers’, the term ‘democratic government’ has come to be understood as incorporating mechanisms of representation that buttress it against populist vices.

The creation of multi-level committees, agencies and companies for involvement in policy development and program implementation may be a positive strategy for good governance by responding to demands for more democracy outside the mechanisms based on voting for representatives. Let us examine this by considering approaches to citizen engagement in policymaking.

MLG can harness and channel the participation of the public in consultative and even deliberative activities within specific fields. Often, citizen engagement is a natural fit and the design of such participation can be more readily shaped to the contours of the governance task at hand than consultations organised by single levels of government (e.g. see Daniell et al. 2010). The latter face the pull of electoral pressures for any forthcoming electoral contest, or the push to secure the cooperation and gratitude of program beneficiaries, and the public consultations may be constrained because of these pressures. In MLG forums, however, the inclusion of participants from civil society – usually representing particular sectional interests rather than as individual citizens – can be seen by each government involved as a potential ally in the negotiations that are expected to come up.

The nature of the populace is itself constantly evolving. Stehr and Ericson (2000: 16) have noted:

the growing volume of knowledge that is individually and collectively available not only is a constitutive factor of knowledge societies, but also plays a decisive role in the governance of present-day society.

It may be that the more knowledgeable the populace is, the less dangerous it is to good governance. Community engagement may increase the range of interests that need to be integrated and slow down decision-making in the formation of objectives and the arrangement of cooperative action. Increased participation can also, however, increase the legitimacy

of the specific governmental activity that sponsors it. The increasing levels of education and access to knowledge of contemporary citizens are expanding the nuanced range of consultative possibilities available to the institutional participants in MLG, unconstrained by the narrow channels for influencing the makeup of democratic representation.

The rules of engagement – the concrete forms that the exercising of power takes – are different in MLG. In single-level government by representational democracy, the great contest of representational elections is confined to a brief period. The politics of representational democracy brings the representation of atomised personal interest to the fore in the hip-pocket politics of the electoral cycle. Notwithstanding the activities of a commentariat led by the media and opinion pollsters, elections are followed by years of cabinet government executed through performance-managed chains of authority in a hierarchical bureaucracy. The politics of interest group representation through lobbying and the media, and the search for consensual public support among the polity, bring sectional interests into the mix. MLG increases pressure for continual negotiation and fluidity of goal-setting that may intensify policy innovation and, with sufficient trust among the participants, can spur the creative development of win-win schemes for collaboration, or mutual advantage through compromise.

Fukuyama proposes that the level of trust in a culture determines its productivity:

Past a certain point, the proliferation of rules to regulate wider and wider sets of social relationships becomes not the hallmark of rational efficiency but a sign of social dysfunction. There is usually an inverse relationship between rules and trust: the more people depend on rules to regulate their interactions, the less they trust each other, and vice versa (1995: 224).

Fukuyama contends that this is as true in relation to the nation-state as it is in the firm. Is it possible that MLG arenas, being outside the disciplines of single governmental administrations, are less rule-bound, and so potentially more productive?

Fukuyama, plausibly enough, argues that cooperation underpinned by trust drives productivity, and that governance, as the arrangement of cooperation, benefits from a culture of justified trust. Trust is a subjective measure of risk perception in social relationships. How do we build and justify trust in the business of governing? Fukuyama's answer draws a parallel between business and government:

The same propensity for spontaneous sociability that is key to building durable businesses is also indispensable for putting together effective political organizations (1995: 357).

But perhaps, in public policy terms, productive trust can be generated through the creation of accurate, relevant data on what we are interested in, coupled with transparent and intelligible decision-making. If these features are not present, trust can still be built on personal (and tribal) relationships and ideological alignment, but it is likely to be less productive and more fragile.

Multi-level neoliberalism

Foucault's analysis of liberal governmentality (Foucault 2007) has underpinned a flourish of political and social analysis over the last 20 years in Australia (Dean and Hindess 1998), the United Kingdom (Burchell et al. 1991) and elsewhere. Authors in the United Kingdom (such as Nicholas Rose, Peter Miller, Michael Power and Richard Osborne) and Australia (Barry Hindess and Mitchell Dean) have produced a powerful analysis of neoliberalism that considers how key social actors think about governing the conduct of the population for the purposes of social security, including its welfare, health and sustainability.

The welfarist mode of government of the post-World War II period became unstable in the 1970s as the population grew to be radically disenchanted with the increasingly narcissistic administrative apparatuses of state services (Offe 1984; Papadakis and Taylor-Gooby 1987), which was perhaps a manifestation of the phenomena of reduced trust following an intrusive proliferation of rules. The 1970s oil shocks – causing significant instability in oil prices and knock-on economic impacts – showed the potential instability of the economy and called into question the fiscal policies of big government upon which the welfarist mode of government relied. This opened the way for the neoliberal turn of the 1980s in the governments of Bob Hawke and Paul Keating in Australia, Ronald Reagan in the United States, Margaret Thatcher in the United Kingdom, and David Lange and Roger Douglas in New Zealand (popularly referred to as 'Reaganomics', 'Thatcherism' and 'Rogernomics'). This period saw the rhetoric, if not the actuality, of a drive to smaller government, combined with an expansion of the use of market-like mechanisms for the governance of public sector endeavour and the rise of government through

commercial contracts. These governments called for deregulation and favoured light-touch regulatory systems designed along classical liberal lines that empowered more or less well-delineated spheres of civil society to be self-governing, and resulted in the creation of spheres of mixed state and non-state actors working on governance together. In Australia, the Commonwealth called on the states to join the neoliberal push to deregulate private sector market activity, to sell state government assets to the private sector and to use market mechanisms in novel ways.

Initially, there was a burgeoning of enthusiasm for contract-based purchaser–provider arrangements. Drawing on principal–agent theory (for a discussion see Broadbent et al. 1996), the idea was that because agents – suppliers in a market model, or subordinates in a bureaucratic model of service provision – pursued their own interests, they could not be trusted to pursue the government’s ends. To counteract this, they needed to be constrained by contractual obligations – either through a commercial contract or an employment contract linked to a performance agreement – that provided rewards for compliance or punishments for noncompliance with the government’s wishes (Yeatman 1995). A recent example has been the Commonwealth’s construction of incentives to reduce waiting lists for elective surgery through specific purpose payments to the states.

A major problem for the theory was that, in practice, the transaction costs of specifying the services and measuring performance often outweighed the financial benefit to government of doing business this way (Williamson 1996). In our waiting-list example, states made the effort to manage surgery waiting lists by any technique other than by doing more surgery – imposition of arbitrary rules for removing people from the waiting list, shifting the wait to a delay in the initial consult with the surgeon, and so on. The Commonwealth responded by ever more detailed monitoring and metrics for defining waiting lists. In the broad, these definitional and measurement issues were compounded by the loss of trust engendered by the principal–agent arrangements, and the low-trust relationships of the theory became a self-fulfilling prophecy (e.g. see Boston 1995 on New Zealand).

This led to a maturational evolution of neoliberalism rather than its demise. Trust has been recognised as necessary for effective government. Without it, governments cannot obtain legitimation through the articulation of what they see as the public interest. Trust is also central in an instrumental way to the implementation of government programs. The evolution of MLG arenas in the deepening integration of federal activities since the

advent of neoliberalism has, at least over the last decade, been recognised as requiring high levels of trust in order for these arenas to optimise their performance, to avoid lowest common denominator decision-making and achieve highest common factor joint action. So what may be the preconditions and operating requirements for high trust MLG networks?

Taking the liberal conception of society as ‘traversed by a variety of self-regulating domains of social interaction, that is, as substantially more than just an artefact of government’ (Hindess 2000: 124), MLG creates nexuses of negotiation between various layers of government and the agencies of self-regulation within civil society. As well as the involvement of representative government interests, the population subject to MLG is also engaged through these civil structures. Where liberals imagined that the state should leave civil society to its own devices as much as possible, neoliberals imagine that various self-governing mechanisms (such as the interplay of supply, demand and price in a market) might be the most effective way to organise public sector activities. For example, in the 1980s cleaning government offices was tendered out to the market, followed soon after by selling the government buildings themselves and renting back the space.

Neoliberal governments may have embraced MLG not so much to cede power as to multiply and exercise it at a distance:

Organizations, actors, and others that were once enmeshed in the complex and bureaucratic lines of force of the social state are to be set free to find their own destiny. Yet, at the same time, they are to be steered politically ‘at a distance’ through the invention and deployment of a whole range of new ‘fidelity techniques’ which can shape their actions while apparently enhancing their independence (Rose 2000: 158).

Provincial and national level governments can both do this simultaneously, seeking to harness the resources of the other to their own policy or political ends, on the assumption that an effective nexus of power can work for both of them. The appearance – which may turn out to be an actuality – of ceding power to the new governmental arena may in fact be a precondition for its success. Any electoral kudos generated by such success can then be claimed at a later date.

A dominant theme in the liberal and neoliberal governmental tradition has been the freedom of citizens. This has been expressed in two types of freedom: both a reluctance to curtail existing freedoms and in the creation of specific degrees of freedom within governmental programs

(Berlin 1958). In both its rhetoric and administrative practice, neoliberal governmentality has been principally concerned with coupling state power to the administration of freedom, and the freedom to choose within a market has been a guiding metaphor. As Berlin noted, however, there is a fundamental tension between liberty as an ideal of liberal governments and the actual reliance on control of the means of violence in the legislation, financing and administration of governmental programs. Much of the politicking by sectional interests around the development of specific government programs concerns the preservation of existing freedoms, or the creation of new possibilities for advancement of those interests within the constraints of the program (for a case study see 'Administering Freedom and the Politics of Medicare', Dugdale 2008: 121–28).

While MLG in Australia has also exhibited this concern for freedom, the multi-level context gives a different character to this concern. Because the governance is concerned with things at the intersection of, or in between, the jurisdiction of the different governments involved, the systems of control are often not as well developed. In a uni-governmental arena, such a vacuum would create a tendency to draw upon and elaborate existing powers to strengthen social control over the domain under consideration (Cohen 1985). In multi-level arenas, agents of each government tend to be wary of the expansion of the other government's constraining powers. It could be argued that this dynamic gives more play to the creative rather than constraining use of power. There may be greater interest in crafting policy solutions that create wider spheres of action for the sectional interests of concern to each government in the arena, but that do not expand the application of constraints from one or other government; for example, the construction of new spheres of free action rather than to the administration of freedoms within existing spheres. This creative drive from MLG may be intensified when combined with a high-trust environment, as discussed above.

In modern Western governments, statutory regulators have been actively discouraged from adopting an entrepreneurial mentality, perhaps as a backlash against earlier traditions of abuse by those with statutory power in the Renaissance city-states of Europe, where it was used for enterprising activities that were essentially standover tactics. MLG occurs between the domains of regulation that proliferate within specific governments and must solve problems of diffused authority and power. It can do this through the creation of new spheres for the coordination and regulation of particular fields of endeavour by engaging civil society rather than through

the development of statutory regulators in one or other jurisdiction. Such engagement of civil society in the governance of specific activities expresses a traditional liberal orientation. It is also now common for MLG strategies to interweave public sector and civil activities in the neoliberal fashion. In comparison to hierarchical command-and-control-style governance, the MLG of a particular domain may facilitate consensus-building and agreement on practical objectives between the institutions and interests involved. Optimistically, this could nourish a more entrepreneurial style of governance where creation and sharing of information, mustering of resources and coordination of action are the order of the day.

Directions for further analysis

Rose proposes that analysing government can proceed by considering four domains: the regimes of intelligibility within which conduct is governed (i.e. what counts as an interesting policy question, or what would be recognised as a satisfactory policy solution, or what can be accepted as an illuminating data set); the social objects that are governed, or that are constituted in order to govern them; the technical practices of intervention applied to the objects governed; and the way power is exercised in, and shapes, these three things (Rose 2000: 144–47). MLG creates arenas where the activities of the participating governments in each of these domains intersect. If we examine these intersections, we would expect that sometimes national and state perspectives will be harmonious, but that often they will be at odds in one way or another. Let us briefly consider the sorts of interaction within each of these domains that could arise between Commonwealth and state government appointees to an MLG arena.

The regime of intelligibility at the national level of government may differ from that at the provincial level. Consider national data collections, such as those arranged by the Australian Institute of Health and Welfare, a Commonwealth Government-created, statutorily independent institute whose governing board includes Commonwealth, state and independent directors. The institute collects data from state-run services for national collections to allow accountability for Commonwealth-funded programs, performance benchmarking between states, and research by governments, universities and private companies. Consistent definitions across states for each data collection meet a federal objective of highlighting the equity,

or lack of it, between regions, but has in some cases been opposed by the provinces with poorer performance that to date has not been a political issue for them.

Achieving consistency in definitions used to measure waiting times for surgery and emergency room treatment is an example. It is much easier to arrange the availability of data within a single level of governance institutions than it is in MLG arenas. For example, Commonwealth Government collections of benefits payment data are complete, well defined (at least statutorily), and cross-correlate with each other. By contrast, health datasets of real interest exist at both state and federal level. The creation of comparable health data across the federation is difficult, takes time and is politically interesting. We can generalise that, compared to single-level institutions, MLG arenas are less well served by data and face high transaction costs in sharing and making sense of data. Participants need to spend a considerable portion of their time negotiating the construction of intelligible, illuminating datasets to inform their work.

The objects to be governed may vary at different levels of government. For example, the national government may be interested in governing cardiovascular risk factors, while the state government may be interested in governing health services for chronic heart failure or procedure rates for coronary artery disease. An intergovernmental forum (such as the National Health Priority Area working group to develop a national service framework for cardiovascular disease) will be subject to both these interests. In this example the strong relationships between the Commonwealth and state interests should offset any antagonism or awkwardness between the contestants.

The techniques of intervention will vary substantially. If we consider the governance of alcohol consumption, the national government has taxation powers that the states have agreed to hand over to the federation. State governments, on the other hand, have detailed regulatory statutes available to them to govern licensing of alcohol outlets and govern opening times and conditions of sale and display that the national government does not have the power to enact, and if it did, may not have the capability to administer.

An MLG arena in each of the three domains just described has the capacity to invent, or negotiate, a rationality, a set of governmental objectives and a series of interventions that are particular (or peculiar) to that arena. In such cases, the arenas generate governing power. This is precisely what the case studies in this book describe.

In this chapter, I have drawn on political theory in the governmentality literature to generate a series of analyses of MLG drawing on my experience as a participant in Australian federal governance arrangements in the health field, and that of colleagues in wider fields in Australia and the United States. My purpose has been to identify mechanisms and observe tendencies, and it is beyond my scope to explore how widespread the mechanisms may be, or how easy to generalise are the trends. In characterising the analysis as an exploration of multi-level governmentality, I hope to have given some coherence – in perspective at least – to my considerations on how multi-level arrangements can bear on the quite disparate issues of the limitations of democracy, the impact of trust and the evolution of liberalism. In the discussion of each of these issues, I have tried to bring out how MLG arrangements can engender creativity and entrepreneurial action involving participating governments, interest groups and citizens. It would be wrong to conclude that MLG has some essential tendency that promotes more creative government. I do think, however, that there is sufficient evidence of such creativity to warrant further exploration of where it is occurring, of the conditions in which it flourishes, and of how multi-level institutions can be designed to facilitate it. Such explorations should be of interest to both researchers and practitioners of the art of governance.

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