Governance, Governing and the Capacity of Executives in Times of Crisis

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Crises make and break political careers, shake bureaucratic pecking orders and shape organizational destinies. Crises fix the spotlight on those who govern. Heroes and villains emerge with a speed and intensity that is quite unknown to ‘politics as usual’ (Boin et al, 2005, p. ix).

The issue of executive capacity is at the heart of the governance narrative, and the perception of an increasingly fragmented and crowded policy arena has been seen to result in its erosion. Yet at the same time, it has been argued that in focusing on the crowding of the policy arena and the fluid and dynamic exchanges of power within broader society, theories of governance have overlooked the ways in which governments have actively sought to assert itself upon governance networks. Resultantly there remains unresolved, and fundamental, tension within the literature regarding the extent to which the state has been ‘hollowed-out’, or whether the response of governments to the challenge of governance constitutes a process of ‘filling-in.’ This debate has been examined in detail elsewhere (e.g. Matthews, 2012), and it is not the intention of this chapter to simply repeat or review this debate. Instead, this chapter seeks to approach the governance debate from an alternative perspective, and draws upon the ideas and themes within the crisis management literature to consider the implications of crisis for the contemporary capacity of executives and their role in governance transactions. In particular, it explores a common assumption within the literature that crises constitute critical windows of opportunity (Hermann, 1963; Keeler, 1993; Rosenthal and Kouzmin, 1997), analysing the extent to which instances of crisis have opened up space for renewed government intervention and the reconfiguration of key bureau-political and socio-political relationships. To develop the synergies between the crisis management and governance literature, this chapter builds upon existing scholarship that has examined the role and response of the state to the global financial crisis (Froud et al, 2009; Gamble, 2009; Hay, 2011). Since its shockwaves were first registered, the global financial crisis has thrown the assumptions of the governance debate into sharp relief, as governments throughout the world have been forced to directly intervene in hitherto seeming unaccountable economic markets, through actions such as the nationalisation of failing banks; increases in public investment to stimulate growth; and programmes of tax relief and or cuts. Yet despite such interventions many have argued that the crisis has signalled the demise of the neo-liberal state, and a question mark therefore hangs over the extent to which government actors retain sufficient capacity to intervene in society and reconfigure key social, economic and political relationships.
Instances of crisis therefore have the potential to yield rich theoretical and empirical insights regarding executive capacity and the relevance of governance as a way of conceptualising state-society relationships. Indeed, the analytical potency of crisis was noted by Hermann almost fifty years ago:

> Studying crisis phenomena provides an opportunity to examine an instrument of both organizational and societal change, highlight some of the essential features of organizational and decisional processes and differentiate them from less vital factors under the extreme conditions associated with a crisis. Crises... not only permit but warrant explanation (Hermann, 1963, p. 63, emphasis in original).

Accordingly, this chapter seeks to tease apart the role of government in contemporary governance frameworks; the capacity of government to mediate and respond to instances of crisis; and, the manner in which crises can be understood as *products* of governance challenges. In turn, this chapter makes an original contribution to the wider literature from a number of perspectives. Firstly, from a *theoretical* perspective, the chapter will challenge the implicit exogeny that has characterised the governance debate, which has overstated the observable exogenous challenges to executive capacity, and in turn neglected the ways in which governments have sought to fetter their powers, have missed opportunities to shore-up their capacity, or have implemented measures resulting in unforeseen and unintended consequences. By focusing upon the politics of crisis, the chapter will address this lacuna to highlight the role of governments in shaping executive capacity, in particular highlighting the prevailing influence of governing norms and traditions, and the ways in which these have affected the response of states to the challenges of crisis. Developing the epistemology of the interpretive approach to governance (e.g. Rhodes and Bevir, 2010), the chapter will also show how crisis should also be understood as a socio-linguistic construct that is deployed by governments to open up the political space and to justify intervention within. Secondly, from an *empirical* and *comparative* perspective, the focus upon commonly shared crises, such as the global financial crisis, facilitates a more systematic comparison of governing strategies and executive capacity across multiple nation states. This flows into a third *temporal* dimension. Whilst crisis management is an established function of national governments, the scope and scale of the global financial crisis not only challenged the assumptions of the governance literature, but also many of the core tenets of the crisis management literature. In this respect, the global financial crisis provides a critical window of opportunity in terms of taking stock of existing scholarship and developing an important new research agenda that accounts for implications not only of the global financial crisis, but for other crises of a similar magnitude that are on the horizon.

In this context, the chapter reflects upon the opportunity structures created by instances of crisis for government intervention within society and for the consolidation of executive
capacity, in order to reflect upon the relevance of executive politics in the twenty first century. To do so, the chapter is divided into three main sections. The first section will analyse the core themes and assumptions of the governance debate, focusing upon the conceptualisation of the hollow state and the challenge presented by the notion of ‘filling-in’; whilst highlighting the assumption of the exogenous imposition of governance challenges that has permeated much of the literature. This will then flow into the second section, which analyses the extent to which instances of crisis, such as the global financial crisis, constitute opportunity structures for government intervention in order to develop important new theoretical insights regarding the contemporary shape of executive capacity. The concluding section then seeks to locate these findings within the contours of a range of much broader themes, which sets out the ways in which they can be encapsulated within an important new research agenda that develops the inter-linkages between crisis and governance, and how the lessons of the global financial crisis can be applied to the range of burgeoning issues that threaten to follow similar crisis trajectories.

1. The governance narrative restated

The core purpose of this chapter is to examine the governance debate through the lens of crisis in order to develop its analytical leverage and salience as an explanation of executive capacity. In order to lay the theoretical foundations of this analysis, it is therefore necessary to delineate the ways in which existing scholarship has conceptualised executive capacity, and this section will focus upon the two clear waves of opinion within the field of governance. In terms of understanding executive capacity, first wave theories of governance argued that the state had been ‘hollowed-out’ (e.g. Rhodes 1997) and that the capacity of government to control the policy process diminished, as emerging interactions between the state, the market and civil society had resulted in ‘governance mechanisms which do not rest on recourse to the sanctions and authority of government’ (Stoker 1998, p. 17). Yet whilst governance enjoyed a period of ascendency, wherein it was perceived as a ‘paradigmatic orthodoxy’ (Marinetto 2003, p. 597), a second wave of scholarship emerged which rejected the diminution of executive capacity, and instead sought to emphasise the continuing resource advantage of states to argue for a countervailing process of ‘filling-in.’ However, as this section will demonstrate, the dichotomous debate between the ‘hollowing-out’ versus ‘filling-in’ of the state risks overstating the observable exogenous challenges to governance capacity, and in turn neglecting the ways in which government have both intentionally and unintentionally sought to fetter their powers, or have missed opportunities to shore-up their capacity (for a notable example, see Pierre 2009).
Theories of governance responded to unintended consequences of the New Public Management (NPM) reforms, which swept across liberal democracies including Australia, New Zealand, the United States and the United Kingdom throughout the 1980s and 1990s. NPM reforms were driven by the three ‘E’s – economy, efficiency, effectiveness – to ‘achieve more bang for each buck’ (Osborne and Gaebler, 1992). Fuelled by the perceived crisis of the state, characterised by the failure of Keynesian economics and the inability of ‘overloaded’ governments to deliver their policy objectives, ambitious reforms were undertaken which were intended to reform state-economy relationships by collapsing the public-private distinction. These included a widespread programme of privatisation and regulation of key economic sectors in the United Kingdom; and a far-reaching overhaul of accounting and financial management through the introduction of market-orientated managerialist principles in New Zealand. Yet, rather than freeing the state from unnecessary bureaucracy and overcoming perceived inefficiencies, NPM reforms resulted in the disaggregation the public sector, and the increasing reliance upon the internationalised economy, on para-state and non-state actors (Wright, 1994; Pollitt and Boukaert, 2004). The net effect of these changes challenged many traditional aspects of executive capacity, notably its sovereignty vis-à-vis supranational and international actors; and it monopoly of policy-making and implementation. Whilst governments were still formally responsible for the policy process, they were perceived as increasingly incapable of acting alone, an idea captured in a series of metaphors which highlighted the ‘hollowing-out’ (Rhodes, 1997), ‘unravelling’ (Hooghe and Marks, 2003), ‘unbundling’ (Pollitt and Talbot 2004) and ‘congestion’ (Skelcher, 2000) of the state.

In responding to this critique, governance scholars suggested a new role for the state, wherein government is no longer ‘the cockpit from which society is governed’ (Klijn and Koopenjan, 2000, p. 136). Emergent accounts of governance were predominantly society-centred, suggesting that the ordered hierarchy which enabled governments to control the policy process and achieve its desired outcomes has been usurped by the fluid and dynamic exchanges of power that take place within broader society. Challenging the hegemony of government, accounts of governance highlighted the ‘large number of decision-making arenas... differentiated along both functional and territorial lines... interlinked in a non–hierarchical way’ that engaged in the governance transactions (Eberlein and Kerwer, 2004, p. 128); which in turn reduced its control capacity and led to ‘more autonomy and self-governance for social institutions’ (Kickert, 1993, p. 275). The notion of self-governance was echoed by a number of authors. Rhodes, for example, argued that governance is exercised through ‘self-organising, inter-organisational networks’ (Rhodes, 1997, p. 15); and by Pierre and Peters, who highlighted the way in which non-hierarchical governance networks have served to blur of the boundaries between the public and the private (Pierre and Stoker, 2000). Similarly, Jessop rejected the ‘rigid polarisation between the anarchy of the market
and the hierarchy of imperative co-ordination’ in favour of ‘heterarchy’; a form of ‘horizontal self-organisation among mutually dependent actors’ (Jessop, 1999, p. 15). In turn, the crowding of the policy arena has necessitated the development of new tools and mechanisms, based upon deliberation, bargaining and compromise-seeking, (Papadopoulos, 2007, pp. 469-70); many of which stand in direct contrast with the top-down, command-and-control tools and mechanisms traditionally deployed by governments.

Theories of governance therefore perceived government as one entity within a multiplicity of actors, undermining their capacity to control the policy process and precipitating a ‘hollowing-out’ of the state. Salamon, for example, suggested the emergence of ‘third party government’ as ‘government simply lacks the authority and independence to enforce its will on other actors in the way [steering] implies’ (Salamon, 2002, p. 609); and Jessop argued that the state’s ‘involvement would become less hierarchical, less centralised and less dirigiste in character’ (Jessop, 2000, p. 24). Moreover, in the context of political and economic globalisation, some have argued that the ‘growing complexity and continuing disaggregation’ has led to the complete bypass of the nation state and resulting in a system of ‘governance without government’ (Rosenau, 2000, p. 184). Thus, ‘where states were once the masters of markets, now it is the markets, which, on many crucial issues, are the masters over the governments of states’ (Strange, 1996, p. 4). The challenge to government capacity has been further exacerbated by the commonly experienced disjuncture between declining levels of popular trust in politicians on the one hand, and increasing expectations upon the public sector on the other, which has undermined the capacity of elected officials to provide effective political leadership (Togeby, 2003); and, in turn the democratic legitimacy of the state to intervene in society. Whilst factors that have fed into this growing cynicism have been discussed at length elsewhere (notably Torcal and Montero, 2006; Hay, 2007), Stoker has suggested that popular disenchantment may actually be symptomatic of the challenges associated with the governance narrative, ‘reflect[ing] a sense of frustration because, in an interdependent world, politics has struggled to respond with a new effective practice’ (Stoker, 2010, p. 56).

An implicit assumption of theories of governance was that challenges, such as the introduction of a range of non-state actors into the policy-process and the drawing-away of key powers away from the auspices of the state, had served to externally drain executive capacity. Yet, a second wave of scholarship rejected the relevance of governance, arguing that there is ‘no reason to assume that the rise of governance necessarily leads to a decline of government’ (Anderson, 2004, p. 10). In particular, the explanatory power of governance
as a theory of government capacity has been fiercely critiqued numerous scholars. Goetz, for example, stated that ‘governance as a concept is neglectful of political power’, rendering it ‘ill-positioned to capture how governments establish new needs for government intervention and build up institutional capacity’, resulting in its failure to provide any explanatory value as a means of understanding government capacity (Goetz, 2008, p. 263). Similarly, Bell and Hindmoor argued that ‘those writing about governance risk exaggerating not only the extent to which governments now govern through markets, associations and community engagement, but also governments’ past dependence upon hierarchy’; and that ‘the main problem with many of the current approaches to governance is that the role of the state has either receded from view or remains ambiguous’ (Bell and Hindmoor, 2009, pp. 2, 6). In particular they criticised the way in which the society-centric focus inherent in many governance narratives fails to recognise the role of structurally-advantaged state institutions within governance frameworks, which effectively ‘rule[s] out the use of state authority’ as a subject of analysis (Bell and Hindmoor, 2009, p. 70). A similar argument has been advanced by Walters, who suggested that the pluralistic epistemology inherent within many governance narratives results in ‘a certain ambivalence towards politics’, which serves to ‘depoliticise events that we should see more properly as questions of power’, and in turn downplays the role of the state in governance transactions (Walters, 2004, p. 36).

To date, the greatest challenge to the loss of the executive capacity implied within the governance narrative has been developed in the United Kingdom, as numerous scholars have instead attempted to relocate the role and power of government in a way that suggests its transformation as opposed to its diminution. Reflecting on the creation of a raft of co-ordinating units and tasks forces in the centre of government, Taylor countered the notion of ‘hollowing-out’, as the ability of the Government to promote joined-up government and assert itself upon networks suggest that a process of ‘filling-in’ has occurred (Taylor, 2000, p. 51). The notion of filling-in was echoed by Marinetto, who cited the British Government’s efforts at boosting the co-ordination capacities of the Cabinet Office and the Treasury as evidence of ‘further centralisation rather than the haemorrhaging of power and authority’; and in turn that the Government ‘is far from resigning itself to a permanent state of incapacity but is striving for strategic co-ordination across the public sector’ (Marinetto, 2003, p. 600). More broadly, Bache and Bristow highlighted the gatekeeper role of the British Government vis-à-vis exogenous institutions, citing its successful attempts to resist the principle of additionality as a requirement of the receipt of EU funds (Bache and Bristow, 2003, p. 423). In turn, the privileged position of government has been highlighted, as its ‘centrality and control of resources means that it continues to have dominance over other organisations and networks’ (Smith 1999); and that ‘in dealing with non-core actors it is certainly not lacking in extensive power and resources of its own’ (Holliday, 2000, p. 173). Theories of governance have therefore been criticised for
‘ignor[ing] the fact that ignores the fact that networks do not always emerge fully formed and complexity may enable the centre to dominate networks by determining their operational parameters and objectives’, which in turn ‘must question the extent to which the state has hollowed out’ (Taylor, 2000, p. 51). Such arguments have been encapsulated within the ‘asymmetric power model’ developed by Marsh et al, which rejects the ‘inherent pluralism’ of Rhodes’ differentiated polity to highlight the ‘structured inequality’ with the British state, wherein the resource advantages afforded to Government means that governance ‘exchanges are most often asymmetric’ (Marsh et al, 2003, p. 308).

Together, these second wave scholars have argued that governance fails to capture the active volition of executive actors in responding to governance challenges and shaping governing structures:

> viewed from this perspective, evidence of governance... is not an indication of a shift away from government; rather, it signals a shift towards government, as problems and decision-making authority move from the societal to the state sphere (Goetz, 2008, p. 263).

Bell and Hindmoor, for example, argued that endogenous challenges to executive capacity were overstated in governance, as states ‘have an authority, not possessed by any other actors, to choose governance rules’, and that ‘having chosen which governance mechanism to employ, governments can also choose how to structure governance arrangements’ (Bell and Hindmoor, 2009, p. 13). Reflecting on the phenomenon of depoliticisation, for example, whereby decision-making capacities have been devolved to non-governmental bodies, Flinders and Buller argued that it is ‘politicians who make decisions about what functions should be “depoliticised”’, and it is politicians who ‘commonly retain significant indirect control mechanisms’. In turn, they suggest that the devolution of key competencies away from government auspices is an entirely rational as ‘defensive risk management technique’ which can ‘can help to insulate politicians in office from the adverse consequences of policy failure’ (Flinders and Buller, 2006, p. 296-7). Similarly, Walters in highlighted the way in which privatisation was ‘a privileged policy initiative of many governments’; and that implicit passivity of concepts such as ‘complexification’ and ‘interdependence’ meant that the governance narrative ‘misses’ the fact that privatisation is ‘a highly political strategy’, instead treating it as a ‘natural, inevitable response to increasing complexity’ (Walters, 2004, p. 41).

There is little doubt that governing in the twenty-first century is messy and complex, drawing in a multiple of actors, who exist at overlapping (and sometimes competing) geopolitical jurisdictions, into the policy cycle. This complexity is exacerbated as states expand
into important new policy areas, such as the management of global financial markets, which in turn stimulates popular expectations upon government. Yet, executive capacity is more nuanced than its construction within theories of governance suggest. An implicit underlying assumption that has characterised the governance debate is that governing challenges result from exogenous forces, and in turn, that executive capacity has been externally drained. As the literature on depoliticisation shows, in many cases governments have actively sought to cede or delegate powers. However, whilst such changes have been intended to shore-up and maximize its capacity to govern, they have resulted in a range of unintended consequences such as the emergence of new, multiple veto points and the creation of rubber levers at the centre of government. It is therefore possible to identify a ‘paradox’ of executive capacity, reflecting the simultaneous – yet counter-intuitive – drive by national governments to assume responsibility for a vast range of new and emergent policy problems whilst delegating responsibility for day-to-day delivery to a vast flotilla of semi-autonomous organizational units. The conceptualisation of this paradox has been developed at length elsewhere (Matthews, 2012), and at its heart is the way in which a supposedly rational process of delegation has instead serve to exacerbate constraints upon executive capacity; which in turn suggest that it is governments themselves who are actually the root and cause of many of the governing problems experienced. A range of factors have fed into this paradox, including the path-determinancy of prevailing governing norms and traditions, and the failure to fundamentally appraise the extent to which institutional structures are fit-for-purpose in relation to modern governance; which together have has served to blinker government actors and inhibit their ability to constructively engage with the (sometimes unintended) consequences of their actions.

Yet, as this section has shown, there has been little systematic challenge to emergence of a hollow state, and the majority of the literature that highlights a process of filling-in has developed in relation to the British case. It is exactly in this context that instances of commonly experienced crises provide rich empirical case studies to illuminate our understanding of contemporary executive capacity. In particular, the global financial crisis has emerged as a pivotal test case, raising questions regarding the extent to which the response of governments represents a hyperactive process of filling-in, or whether – paradoxically – that we are witnessing the final hollowing-out of the state, or even state failure. Drawing upon the themes and ideas developed in the crisis management literature, the next section will therefore seek to shed light upon the questions that the governance debate has left unanswered.
2. Governance and executive capacity through the lens of crisis

In recent years, the debate between hollowing-out and filling-in has been brought sharply into focus by the global financial crisis, as the response of governments to the collapse of international and domestic financial markets has prompted fundamental questions regarding the relevance of theories of governance to contemporary executive capacity. Governments throughout the world have attempted to re-assert themselves upon hitherto seeming unaccountable financial and economic markets, with rafts of measures introduced with the explicit aims of preventing the deepening of recession and bringing about economic recovery. Such measures included the nationalisation of failing banks in the United Kingdom (e.g. Northern Rock) and the United States (e.g. Citigroup); increases in public investment to stimulate growth in Australia, Poland, Canada and Mexico; special support for the automobile industry in Germany and the United Kingdom; and programmes of tax relief or cuts in Spain, Sweden, Portugal and Turkey. Resultantly, the global financial crisis has been perceived by many as providing key opportunities for domestic executives to intervene in an increasingly internationalised governance terrain. It has been suggested, for example, that the Brown Government in the United Kingdom had a ‘good recession’ in that it was able to act ‘swiftly, decisively and with some significant degree of innovation to a set of circumstances... that were unprecedentedly difficult.’ In particular, the leadership role of the former Prime Minister, Gordon Brown, was highlighted in terms of ‘setting the agenda and defining... the tenor, tone and scale of what was to become a surprisingly co-ordinated international response’ (Hay, 2011, p. 21). The global financial crisis was also credited with prompting innovative machinery of government changes designed to shore up the capacity of key executive actors vis-à-vis the broader British state (Thain, 2010, p. 442). Indeed, reflecting on evidence from around the world, Thompson has argued that during the crisis government ‘appears to have ripped up the script and reassert itself as the only agent capable of preventing economic collapse’ (Thompson, 2010, p. 130).

Yet, there is an alternative reading of the global financial crisis, which suggests that whilst governments may have acted decisively in the short-term, the longer term implications of the crisis has served to significantly erode their executive capacity. In taking banks into public ownership, as in United Kingdom, United States and Ireland, governments have rendered themselves intimately dependent upon financial actors for the implementation of policy, which in turn compromises their capacity and legitimacy to steer their states out of the crisis in the long-term. Similarly, many states have been required to pursue significant financial assistance from international and supranational organisations, for example European Union has supported several member states including Ireland, Greece and Italy, which is often contingent upon a range of stringent fiscal and political conditions. More
fundamentally, some have argued that the crisis is actually the product of governance failure, directly attributable to the unintended consequences of the governing strategies adopted by governments since the 1970s. Peters et al highlight a range of governance failures, including a basic lack of awareness of what was happening within the banking sector, exacerbated by weakened regulatory frameworks; the vertical and horizontal fragmentation of the state, which undermined the monitory capacity of governments; and the disaggregation of the public sector into single purpose units which further weakened regulatory and information flows (Peters et al, 2011). Many of the post-crisis interventions that governments have pursued stand in direct contrast to the neo-liberal reforms that had been championed throughout the preceding decades, including: the ‘repolitication’ of the regulatory debate; the widening of the domain of state ownership; and, the fusion of the elite of the core executive with parts of the financial elite (Froud et al, 2010, p. 27). In this respect, the global financial crisis can be seen failure of neo-liberalism, the principles which, as detailed above, were enthusiastically adopted by governments to address the failure welfare Keynesianism and the perceived crisis of the state that took hold in the 1970s. Indeed, it has been suggested that the influence of neo-liberalism was so potent that it ‘blind[ed] governments to the real possibilities of economic failures coming from markets with inadequate supervision… [and] permitted many political leaders to forget most of what ever they had learned about history’ (Peters et al, 2011, p. 14). As such, the global financial crisis has been seen as precipitating a more fundamental crisis, as it ‘led not only to a deep economic recession but also to a crisis of confidence in the tenets of neoliberalism, and even in the conduct of politics itself’ (Foley, 2009, p. 500, emphasis added).

Empirically, therefore, the global financial crisis has been widely perceived as a critical juncture, offering a ‘brief window of opportunity’ for a different governing trajectory (Froud et al, 2009). Theoretically, the global financial crisis also represents a pertinent opportunity to re-asses the relevance of some of the dominant analytic trends of recent decades and to reveal new ways in which executive capacity can be conceptualised. In order to develop the analytical leverage of crisis as way of understanding executive capacity, it is necessary to delineate what exactly constitutes a ‘crisis.’ Crisis management is an established function of government, and ‘disruptions of societal and political order are as old as life itself’ (Boin et al, 2005, p. 4), and there are many different ways in which ‘crisis’ can be understood. Myers and Holusha, for example, have developed a taxonomy that distinguishes between nine types of crisis, including: public perception; sudden market shifts; cash drain; and, regulation and de-regulation of industry (Myers and Holusha, 1986). Elsewhere, Lerbinger distinguished between four classes of crisis: technological crises; confrontational crises; crises of malevolence and crises of managerial failure (Lerbinger, 1986). More broadly, crisis has been understood on two distinct, but inter-related levels: as both an opportunity for
renewed intervention in economic and societal life; and as justificatory narrative deployed by political actors to vindicate such action.

*Crisis as an opportunity structure*

In terms of the opportunities presented by crisis for intervention and reform, many scholars have been influenced by punctuated equilibria model, a theory derived from the natural sciences, which holds that species go through extended periods of stability which are punctuated by short, discrete periods of change caused by either catastrophic events or the steady build-up of stressors (e.g. Gould and Eldredge, 1977). Thus crises are perceived as spiking long eras of governing stability with short-lived periods of uncertainty and conflict (Baumgartner and Jones 1993). Moreover, these short-lived spikes constitute critical junctures during which existing policy settings, policy goals, and institutional arrangements for policy-making come under transformative pressure (Suchman 1995). Flowing out of this, it is possible to distinguish between abrupt crises ‘that suddenly strike and catch the management off-guard’, and cumulative crises ‘that accumulate stressors and eventually erupt’ (Hwang and Lichtenthal, 2000, p. 131). This taxonomy has been developed by McConnell (2003) who distinguished between three types of crisis: sudden crisis (crises that are swift and unexpected); creeping crisis (crises resulting from the incremental build-up of vulnerabilities and pressures); and, chronic crisis (ongoing crises with no obvious solutions). Within the literature is a widespread assumption literature that crises constitute key windows of opportunity. In his classic study of the organisational consequences of crisis, Hermann stated that ‘crises are devices of change – change that may be associated with extreme behaviour’ (1963, p. 63). Later, Keeler argued that crisis may ‘create a socio-political context for government uniquely conducive to the passage of reforms’, not least because a crisis can also ‘create a sense of urgency predicated upon the assumption that already serious problems will be exacerbated by inaction’ (1993, p. 441). Thus, crises can provide ‘occasions for decisions’ and ‘occasions for a restructuring of power relations’ (Rosenthal and Kouzman, 1997, p. 287); which reflects the ideational power of crises to ‘break through old patterns of thought and behaviour’ and thus open up ‘the possibilities for new approaches and new ideas’ (Luebbert, 1991, p. 312).

Drawing upon evidence from within the UK, for example, numerous analyses have highlighted the windows of opportunities presented by crises to affect reform both within the confines of the state and across the governing terrain. Following the 2001 outbreak of Foot and Mouth Disease, for example, a range of scholars considered the way in which the epidemic had exposed organisational weaknesses within the Ministry of Agriculture, Food and Fisheries (MAFF); and prompted a fundamental reappraisal the government’s administrative structures to enabled the government to re-assert control over complex rural
delivery networks. Donaldson et al, for example, argued that the failure of MAFF to tackle the epidemic resulted from its lack of awareness of the increasingly ‘networked nature of rural economies’; and that in exposing the interconnectedness of rural policy-making, the administrative reforms that followed (i.e. the replacement of MAFF with the Department for Environment, Food and Rural Affairs) were key in stabilising these disrupted networks (Donaldson et al, 2002). Similarly, reflecting upon the transformation of rural delivery networks, Greer argued that the outbreak provided a reminder that ‘[a]lthough typically portrayed in negative terms, crisis can act as force for innovation by opening up policy windows during which previously excluded alternatives to the status quo can be promoted’ (Greer, 2003, p. 527). Elsewhere, Balch and Geddes considered the interaction between crisis and policy administration, exploring how the crisis of the UK immigration system following the ‘foreign prisoners scandal’ of 2006 led to ‘new ways of working, organisational change and innovation which drew from, but also involved the amendment of, existing organisational cultures in the police service and immigration administration’ (Balch and Geddes, 2011, p. 26). The occurrence of crisis has also been used to explore changes in executive-legislative relations, for example Stark has analysed the opportunities that crises present in terms of parliamentarians’ influence upon executive politics and their ability to effectively fulfil their representative functions on behalf of their constituents, focusing upon domestic crises including the 2000 fuel protests and the Foot and Mouth epidemic (Stark, 2010).

Nonetheless, the conception of crises as windows of opportunity has been challenged, and Boin and t’Hart have suggested that ‘[t]he popular notion that crises make it easy to overcome long-standing barriers to reform is not only naive, but also logically unfounded’ (Boin and t’Hart, 2003, p. 549). In particular, it has been argued that that in the eye of the storm, long-term reform will simply not be a priority for political leaders:

[I]n the thick of crisis, reform is not a priority for crisis leaders. They are under tremendous pressure to bring things back to normal first. The political instincts of a successful leader tell him to preserve rather than destroy existing institutions and policies. Attractive though it may be in theory, seizing the opportunity to play up crises for the sake of gaining momentum for reform amounts to taking such a huge gamble with history that many leaders may wish to avoid it (Boin and t’Hart, 2003, pp. 550).

Furthermore, the inherently incompatibility of the time-scales of crisis management and reform leadership have been highlighted (Boin and t’Hart, 2003, p. 549); which is compounded by the realities of electoral politics that discourage politicians from adopting a longer-term approach to crisis management. As Boin et al ruefully note, ‘most policy makers do not lose sleep over problems with a horizon that exceeds their political life
expectancy’ (Boin et al, 2005, p. 3). Finally, even when political leaders have sought to exploit the perceived window of opportunity, there is no guarantee of success and indeed many have failed. This reminds us that ‘the standard prescriptions for political reform craft are a dangerous guide for leaders in times of crisis’, as whilst leaders may gain short-term political support, the do so ‘at the price of antagonizing many of the stakeholders they have to deal with on a day-to-day basis long after the crisis is over. (Boin and t’Hart, 2003, p. 550). Thus, the ‘persistence of policies in the face of a crisis is to be expected… [and] the persistence of governance patterns is perhaps even more predictable’ (Peters et al, 2011, p. 16, emphasis added).

Crisis as justificatory narrative

Secondly, crisis should also be understood as a socio-linguistic construct, and within the literature is a shared acknowledgement that crisis is not simply externally imposed upon government actors, but is also internally created and or mediated (e.g. Turner and Pigeon, 1997; Boin et al, 2005; Boin and McConnell, 2007; Hay, 2011). The ability to construct and narrate the language of crisis is therefore a key source of executive power as ‘[t]hose who are able to define what the crisis is all about also hold the key to defining the appropriate strategies for resolution’ (t’Hart, 1993, p. 41). Several studies have highlighted the ways in which ways in which crises have been consciously constructed for political gain. Focusing upon the capacity of the Thatcher government to bring about radical reform of the trade unions and key economic relations, for example, Hay suggested that the events of the winter of 1978-9 led to a ‘new political lexicon of crisis, siege and subterfuge’, which enabled the New Right to ‘offer a convincing construction of the winter of discontent as symptomatic of a more fundamental crisis of the state’ (Hay, 1996, p. 253). Echoing the interpretive approach of Rhodes and Bevir (2010), crisis can also be understood as a narrative; a story in which ‘we construct different facts in our own world and weave them together cognitively in order to make sense of our reality’, which can in turn be deployed to ‘interpret and understand the political realities around us’ (Patterson and Monroe, 1998, pp. 315-6). Indeed, the ability to construct a crisis is in itself a key resource over which governments have an inherent monopoly, thus executive power ‘resides not only in the ability to respond to crisis, but to identify, define and constitute crisis in the first place’ (Hay, 1996, p. 255).

At the same time, the literature also reminds up that governments are unable to monopolise the socio-linguistic construction of crisis, and whilst governments may be able to steer the crisis response process, they are unable to control its mediation. Rosenthal and Kouzman state that ‘crises are in the eye of their beholders: if individuals (and the media)
define a situation as a crisis, it is a crisis in its consequences’ (Rosenthal and Kouzman, 1997, p. 285). Similarly, McConnell argues that crisis is a ‘matter of judgement, not a matter of fact’, which ‘depends on people’s perceptions of the scale and importance of the problem faced’ and ‘the degree to which they are affected’ (McConnell, 20003, p. 393). Indeed, in terms of framing crisis, the media exercises significant power, not least because ‘failures make better journalistic copy than successes, and amidst crisis and catastrophe, there are plenty of opportunities to confront and judge political leaders’ (Boin and McConnell, 2007, p. 54). In turn, the ‘dramaturgy of political communication’ can cause governments to lose control as they ‘literally overtaken by events’ as the media ‘rapidly generate powerful images and frames of the situation, well crafted for mass consumption’ (Boin et al, 2005, p. 69).

In terms of illuminating the governance debate, the lens of crisis has much to offer, particularly in terms of its emphasis upon the structuration and narration of crisis. To date, many of the empirical studies of crises with the public policy and administration literature have focused on crises with a relatively confined geo-political scale, such as the studies on Foot and Mouth disease, public sector malaise, fuel protests, and immigration policy detailed above. The scale of these crises is thus reflected in their domestic orientation and situated outcomes, and the way in which they has been managed, and even maximised, through the centralisation of decision-making. Yet, there is a growing recognition that the character of crises has become more complex in parallel with the increasing complexity of society:

The new century has brought an upsurge of international terrorism, but also a creeping awareness of new types of contingencies – breakdowns in information and communication systems, emerging natural threats, and bio-nuclear terrorism – that lurk beyond the horizon. At the same time, age-old threats (floods, earthquakes and tsunamis) continue to expose the vulnerabilities of modern society (Boin et al, 2005, p. 1).

Nonetheless, the global financial crisis stands out because of its complexity, scale, inherent interconnectedness, and the way in which it is both a product and symptom of a deeper governance failure – issues which are at the heart of the governance debate. The global financial crisis therefore not only challenges our perception of crisis, but also our understanding of executive capacity in contemporary governance frameworks.

The global financial crisis, for example, has provided stark evidence of the extent to which domestic and international financial and economic markets, are inter-connected; and the resultant extent to which national governments are increasingly dependent upon actors
that fall beyond their domestic governing auspices. Many governments have been able to act in the short-term, introducing a range of interventions such as underwriting the liabilities of banks and programmes of deep spending cuts. Yet, as illustrated by their protracted and delicate negotiations with the financial sector, or with bodies such as the EU and IMF, governments have been unable to act unilaterally or without compromise. In turn, the crisis has exposed the inherent interconnectedness of policy-making, illustrated for example by the reluctance of governments in Britain and elsewhere government to limit bankers’ bonuses or to levy additional taxes on bank profits in order to maintain competitiveness and avoid an overseas exodus of the financial sector. Thus studies that highlight the criticality of political leadership in steering states out of the crisis are based on the flawed assumption that governments retain control of the necessary crisis management levers, which neglects the dispersal of power across the governing terrain and the rubber levers in which this has resulted. Furthermore, despite the common conception of crisis as a window of opportunity, few countries have attempted a deeper, transformative reform of governing relationships in the longer term; and as the work of Peters et al (2011) has shown, countries such as France, Germany, the United Kingdom, Finland and Sweden have instead sought to ‘maintain, or perhaps even intensify, their approaches to governing, and especially to governing the economy.’ At the same time, the global financial crisis has injected a greater degree of opacity into governing arrangements, ‘dramatically’ altering patterns of governance in ways that ‘may not be as immediately visible’, (Peters et al, 2011, p. 14).

Yet, despite these structural limitations, governments still have sought to portray themselves as competent and powerful crisis managers, narrating the global financial crisis in such a way that places them at the very heart of the solution. However, as the crisis management literature shows, the issue of perception is key in helping us to understand the way in which power is conceptualised rather than exercised. In this respect, the global financial crisis acts a mirror, reflecting the way in which government actors perceived their governing status; and that, rather like a hall of mirrors at a funfair, this reflection may present a distorted or partial image of their true governing capacities within the broad policy terrain. Similarly, the crisis management literature reminds us that governments are not the only agents with the power to construct crisis. Indeed, during the global financial crisis, the media have played in a pivotal role in narrating the crisis, for example fuelling a moral panic thought its relentless demonisation of bankers, who were recast as folk devils: ‘object[s] of fear or contempt, which becomes the focus of the citizen backlash and governmental intervention’ (Bearfield, 2006, p. 517). This reflects what Schön and Rein describe as a ‘symbolic contest over the social meaning of an issue domain’ (1994, p. 29); and reminds us of the extent to which governing effectiveness is heavily dependent upon both information and ideas (Braun and Busch 1999).
Overall, therefore, it is clear that the global financial crisis has exposed many of the tensions associated with the governance narrative; and despite the seemingly pro-active response of governments to the crisis there is evidence of a ‘paradox’ of executive capacity, discussed in section one, as the actions of governments have both precipitated the crisis (e.g. the unwavering faith placed in neo-liberalism) and compromised its ability to manage the crisis (e.g. increased reliance upon financial elites as a tool of crisis management). In turn, the global financial crisis has raised significant questions about the capacity of executives to respond to such challenges and has served to destabilise accepted governing frameworks. The very real risk of ‘crisis after the crisis’ therefore remains, whereby ‘what began as an accident, or a series of incidents, turns into a story about power, competency, leadership and legitimacy (or lack of it)’ (Boin et al, 2005, p. 100).

3. Conclusion – Crisis as a fundamental of executive capacity

It has been suggested that ‘crisis is one of the most underdeveloped concepts in state theory’ (Hay, 1999). Yet, as this chapter has sought to demonstrate, the politics of crisis offers an important contribution to the governance debate and raises important new questions about the capacity and resilience of government in complex governing frameworks. In particular, the global financial crisis provides a rich case study with the potential to yield important insights regarding the extent to which, and in turn the reasons why, the contemporary polity has been hollowed-out. At the same time, the global financial crisis has also challenged the assumption of crisis as a window of opportunity that permeates the literature. Already several scholars have sought to challenge this characterisation (e.g. Boin and t’Hart, 2003; Boin et al, 2005); and reflecting upon the lessons learned from the global financial crisis, it is more useful to consider the overall trajectory of crisis in terms of three different dimensions. Firstly, it is essential to focus on the genesis of crisis. Why did this crisis occur? Who is responsible? Was it intended or could it have been foreseen? Following on from this, analysis should then focus upon the immediate manifestation of crisis. What happened? Who responded and in what ways? Finally, and especially when considering long-term intractable crises such as the global financial crisis, the legacy of crisis should be considered. How effective were key political actors? What lessons were learned? Did anything change? In differentiating between these different dimensions of crisis, both in terms of its structuration and narration, it is possible to strengthen the analytical leverage of crisis and in turn promote a more nuanced relationship between crisis and executive capacity. As the global financial crisis has shown, it is possible, for example, that governments are able to affect change in the short term.
(manifestation) but that the outcome of this change is a decline of capacity in the long-term (legacy). Similarly, despite the decisive actions of governments during the manifestation of a crisis, analysis may reveal that government actions (or non-action) may have a fundamental factor in the genesis of that crisis. Focusing on these different dimensions therefore enables a distinction between short-term versus long-term outcomes, and superficial versus deep change, to be drawn; and responds to Hay’s argument that ‘crises should perhaps be judged as much by the transformations to which they give rise as by the accumulation of pathologies out of which they crystallize’ (Hay, 2011, p. 2).

This flows into a second issue, regarding the value of crisis in terms of addressing the methodological weaknesses of the governance literature regarding its limited scope for comparability, in turn responding to the criticism that ‘precious few genuinely comparative studies that operationalize the context of the core executive’ (Elgie, 2011, p. 72). It is increasingly apparent that the impact of the global financial crisis has not been equally felt. Some countries, such as Australia, have avoided recession, whereas countries such as Greece remain mired in recession for the foreseeable future. Some countries, such as the UK, have exited recession with only sluggish and slow growth, whereas others, such as Germany, have experienced significant exit velocity. A range of economic variables, such as the pre-crisis buoyancy of economic activity and exposure to trade and production of traded goods, can help to explain differences in output and demand growth rates (Claessens, 2010, p. 271). However, many other key factors, such as the liberalisation of credit markets; the failure of public surveillance mechanisms to expose the full extent of vulnerabilities; and the lack of co-ordination between macro-economic and regulatory policies are inherently political in character. Furthermore, a range of governing strategies have been adopted, with countries including as the United Kingdom and Finland moving in the direction of centralised control during the crisis, and others including Sweden and Slovenia seeking to implement a more consensual and collective response. In focusing on the different crisis inputs and policy outputs undertaken by different countries, instances of crisis therefore provide key opportunities to develop detailed cross-national comparisons regarding the extent of executive capacity and the effectiveness of governing frameworks.

In conclusion, not only do crises ‘tell important stories about power, competence, leadership and legitimacy’ (Boin et al, 2005, p. 100); in the context of governance, crises also tell important stories about executive capacity and the resilience of the state. Overall, it is apparent that modern crises display many of the same characteristics as the broad range of governing challenges faced by the stated that are encapsulated within the governance literature:
The modern crisis is increasingly complex. It is not spatially confined by common boundaries; it entangles quickly with other deep problems, and its impact is prolonged. The modern crisis is the product of several modernization processes—globalization, deregulation, information and communication technology, developments and technological advances, to name but a few. These advances promote a close-knit world that is nonetheless susceptible to infestation by a single crisis. Comparatively slight mishaps within these massive and intricate infrastructures can rapidly escalate in unforeseen ways (Boin and t’Hart, 2003, p. 545).

The politics of crisis therefore offers an important contribution to the governance debate, providing key insights regarding the relationships between government and the raft of extra- and non-governmental organisations that theories of governance highlight. Whereas theories of governance suggested that the emergence of multiple, and competing sites of power have challenged the hegemony of governments, instances of crisis serve to remind us that ‘in times of crisis, citizens look at their leaders: presidents and mayors, local politicians and elected administrators, public managers and top civil servants’, and ‘expect these policy makers to avert the threat or at least minimise the damage of the crisis at hand’ (Boin et al, 2005, p. 1). Crises therefore provide key opportunities to develop our understanding of executive capacity and the extent of its contingency upon external forces and actors. Furthermore in analysing commonly experienced crises such as the global financial crisis, and similar burgeoning crises such as climate change and food security, it is also possible to develop the comparative leverage of the governance debate. Finally, the conceptualisation of crisis as something that is both mediated and constructed by executives offers a degree of epistemological and methodological innovation within a field that is currently seen to ‘stand at a new crossroads’ (Elgie, 2011, p. 75). In particular, the conception of crisis as a narrative develops the interpretive approach of Rhodes and Bevir, which focuses upon ‘the social construction of patterns of rule through the ability of individuals to create meanings in action’ (Rhodes and Bevir, 2010, p. 91). Whilst this interpretive approach has received a mixed reception (e.g. Marsh and Hall, 2007; Marsh, 2008), there is little doubt that it represents a ‘genuinely innovative approach to core executive studies’ (Elgie, 2011, p. 74).

The literature is already rich with scholarship that focuses upon the discursive power of crisis (e.g. t’Hart, 1993; Hay, 1996; Turner and Pigeon, 1997), and in relating such scholarship to debates concerning contemporary patterns of executive capacity it may be possible to further our understanding of the influence of narration upon real-world policy-making and implementation. Reflecting on rich analytical potential offered by instances of crisis, the words of Hermann remain salient after nearly fifty years, as the empirical and theoretical importance of crisis is such that they ‘not only permit but warrant explanation’ (Hermann, 1963, p. 63, emphasis in original).

References:


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