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University of Exeter; Author: Dario Castiglione

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Summary

This reports analyses the way in which the development of ‘new modes of governance,’ particularly in the form of ‘guardian’ institutions and networks governance, poses a problem for democratic accountability. This more informal, non-hierarchical and ‘private’ forms of governance can be justified in a variety of ways, on the basis of the fact that they seem to be better adapted to meet some of the standards of good governance that the demands of a complex society requires. However, their multilevel nature makes it more difficult for the traditional forms of democratic control and accountability to operate. Besides analyzing the reasons underlying the legitimacy of non-democratic forms of decision making, this report suggests that it may, however, be possible to maintain a balance between non-democratic and democratic decision making in our societies, so to counteract some of the elitist tendencies intrinsic to some of the new forms of governance and regulation that rely on experts rather than popular voice and control. This is possible by analysing the way in which guardian institutions and networks of governance operate, either within or outside the political system, and by devising a series of mechanisms of horizontal and vertical control, and checks and balance, so to keep a democratic presence in the social and political process of decision making.

Contents

1. NON-DEMOCRATIC GOVERNANCE IN DEMOCRATIC SOCIETIES	3
1.1 DEMOCRATIC LEGITIMACY	3
1.2 GUARDIANS AND GOVERNANCE	3
1.3 INTRINSIC TENDENCIES REINFORCING 'GUARDIANS' AND 'GOVERNANCE' INSTITUTIONS	5
1.4 CHALLENGES.....	6
2. NEW MODES OF GOVERNANCE AND DEMOCRATIC ACCOUNTABILITY	7
2.1 THE ROLE OF NON-DEMOCRATIC DECISION MAKING IN DEMOCRATIC SOCIETIES	7
2.2 BRINGING DEMOCRACY BACK IN?	9
2.3 POLICY RESPONSES AND SUGGESTIONS FOR REFORM	12

Table of Figures and Graphs

TABLE 1. REASONS SUPPORTING NON-DEMOCRATIC LEGITIMACY	9
TABLE 2. TYPES OF NON DEMOCRATIC DECISION-MAKING INSTITUTIONS	11
TABLE 3. STRATEGIES TO BRING DEMOCRACY BACK IN	12
TABLE 4. LINES OF REFORM	14

1. Non-democratic governance in democratic societies

1.1 Democratic legitimacy

In modern societies, political legitimacy requires that matters of public and common interest should be decided democratically. Democracy, however, means different things to different people. One generic definition identifies democracy with that kind of representative regime, or system of governance, 'in which rulers are held accountable for their actions in the public realm by citizens, acting indirectly through the competition and co-operation of their representatives.' There are many institutional ways in which such prescriptions can be implemented, something reflected in the variety of democratic models and traditions across Europe. But, as the definition suggests, for a system of governance to be considered democratic, the opinions of the citizens must be freely represented, so to be listened to and accommodated by the rulers, who in turn need to be accountable to the citizens in their actions and decisions. Failing either or both of these conditions - of representation and accountability - a political society does not qualify as democratic.

In theory, it is perfectly possible for rulers to take decisions that agree with public feelings and that are in the public interest, without there being institutions of representation and accountability. The legitimacy of such a regime would depend entirely on the rulers being in tune with public opinion and on making decisions that are obviously in the public interest. Yet, for all this, such a regime would have neither democratic credentials nor rest on democratic legitimacy. It would be an enlightened form of paternalism, which could not rely on that particular kind of allegiance that comes from the citizens' belief that they have a fair chance to influence the outcome of the decision-making process on issues that affect their own life chances. Such a regime would lack the fundamental premises of democratic government: namely, that the citizens and their representatives are capable of autonomous decisions; that their views should have some influence on decision making; and that rulers should be accountable to them. For a political society to be democratic, therefore, autonomy, influence and accountability must obtain in some form.

1.2 Guardians and governance

However imperfect, democratic societies have (or should have) a series of institutions that allow the principles of autonomy, influence and accountability to be put into practice, so that collective decisions can be taken democratically. This does not mean that all, or even most, decisions are or need to be democratically taken. It is probably nearer to the truth to say that in modern democracies only a very small group of decisions are taken according to democratic principles and procedures.

The first important qualification to make is that when talking of democratic societies, this is meant as shorthand for their fundamental political institutions. In society at large, there are many decisions that may affect other people or have a bearing on collective interests and welfare, but which are nonetheless left entirely to individuals, families, and associations to make. A number of other decisions are left to contractual arrangements between parties, or to more automatic mechanisms of co-ordination such as the market. Moreover, much of citizens' ordinary life takes place in the organisations of education, of the workplace, and of business, which operate according to hierarchical mechanisms, where democratic decision making is entirely marginal or not at all existent.

There are obvious reasons for the exclusion of large areas of social decision making from democratic criteria and procedures. These can be summarised under three general categories:

- There are reasons of privacy, which advise (indeed in many case compel) society to give individuals, families and associations full freedom to act in matters that concern themselves or their internal arrangements. Areas of privacy are not undisputed, and different democratic societies take different views on what people are entitled to do (personal use of drugs is a typical example).
- There are reasons of organisational efficiency, which take into consideration the fact that many organisations require division of labour and a clear hierarchical chain of command, reflecting different levels of responsibility, technical know-how, and social knowledge and expertise, which cannot be addressed by typical democratic and majoritarian procedures. It is true, however, that democratic procedures may have a legitimate place within organisational structures, and that there may be scope for disagreement as to the extent to which some form of democracy should obtain even in private organisations (for instance, in the workplace or within free associations).
- There are, finally, reasons of complex co-ordination counselling against making decisions in a centralised and democratic way. The market, for instance, is often more efficient at co-ordinating production, consumption and distribution in many economic sectors. Even here, however, there are disagreements as to the extent to which the market should regulate the distribution of certain goods (health, education, and public utilities, for instance), besides disagreements on how to deal with market externalities.

Although disputed in their application, the three sets of reasons excluding democratic procedures from the 'private' arena are widely accepted and can be reconciled with political democracy. But looking at public institutions, such as the legal system, the police, the army, and the public administration, it turns out that they are also organised according to hierarchical rather than democratic criteria. This is so, on account of their functional aims and complex organisational nature, so that the same reasons of organisational efficiency that advise against the application of democratic procedures to private sector organisations also apply to public institutions. These are organised hierarchically, with an internal division of labour, and allocation of differentiated responsibilities. However, their functional organisation is not entirely self-referential. As public institutions, dealing with public matters and supported by public funds, they need to rely on some form of democratic legitimacy, which requires them to be responsive to the opinions and interests of the citizens. Democratic responsiveness is not reflected in the internal organisation and functioning of public institutions (though in some cases, like public juries, there are elements of democracy at work), but it operates from the outside through their subordination to the political institutions, such as parliaments and governments, which more directly express the democratic will.

This state of affairs, which effectively reduces the operation of democracy to a very narrow group of collective decisions, is considered as unproblematic in our modern, complex, and highly specialised, societies. The scope for democratic decision making has, however, been further curtailed in the last 20-30 years. Large areas of policy making have been progressively moved outside of the reach of democratic politics and decision making either by allocating increasing power to super-partes roles and non-majoritarian institutions, or by shifting decision-making areas outside (or at the margins of) the public arena. These developments have been characterized as a move from 'government' to 'governance', and sometime as the emergence of 'new modes of governance.' Such developments often present two different sets of constraint on political democracy.

- One development operates within the political system, by shifting decision-making powers from institutions that are more directly representative of and accountable to the citi-

zens, to other institutions that are less so. In principle, and to a certain degree, democratic institutions represent the interests and preferences of citizens, as they themselves or they representatives understand them. The function of guardian institutions is instead to address problems and make decisions by relying on specialised knowledge and particular expertise, which is insulated from majoritarian opinions.

- The other development operates by moving decisions outside of the political system. This is accomplished either by the exclusion of areas of decision making from the public arena (as in the case of the privatisation of public utilities), or by the fact that many issues are decided by agreements within complex networks of governance comprising different public and private partners at both the national and the supra-national level. As a result, political responsibility is strongly diminished, for decisions cannot be attributed to anyone in particular, while the state and public institutions increasingly function as 'regulators', relying as much on 'indirect' regulation (through information, bench marking, persuasion and incentives) as on 'direct' regulation (through rules, legally binding standards, and command-and-control techniques in general).

1.3 Intrinsic tendencies reinforcing 'guardians' and 'governance' institutions

The recent shift towards non-democratic forms of governance and regulation, or to 'new modes of governance,' has been promoted by increasing complexity and by trends toward the internationalisation of policy making. But a number of tendencies intrinsic to democracy have also contributed to it. These include: tendencies towards oligarchy, towards functional autonomy, and towards corruption and professionalisation.

Intrinsic tendency towards oligarchy. Whether or not one accepts the functional reasons for placing particular powers in the hands of specialised 'guardian' institutions (presidential prerogatives, constitutional courts, central banks, regulatory agencies, etc.), their increasing power reflects an objective shift towards a more oligarchic form of government. The crucial issues are:

- whether holders of these positions are under public scrutiny,
- whether they are publicly accountable,
- and whether, by exercising their power, they can create a state of affairs that either pre-empts or excludes either criticism or alternative policies.

Intrinsic tendency towards self-referential autonomy. A second intrinsic development is that of functional autonomy, which concerns politics as other areas of social life, such as the law, the economy, education, the information system, science, etc. In all these areas, decision making requires increasingly specialised knowledge and depends on the professional expertise and capacity for self-regulation of people working in that particular sector. This increases the importance of functional autonomy, but also the power of specialised institutions and particular professions to be insulated from the democratic process and cultivate their positions of rent. Political democracy gives a particular place to the opinion of common people in so far as it thought that they have a particular insight of, and can make a considered judgement on, their own condition, needs and interests, formulating autonomous preferences and points of view. But as politics becomes more and more specialised and self-referential, opinion is dislodged by this privileged position and knowledge is put in its place, which is the classical Platonic argument for preferring 'guardians' (who have knowledge: episteme) to rule the state, instead of the people, who can only rely on opinion (doxa).

As part of this tendency, one of the main dangers is that of 'capture' of these guardian and governance institutions by particular groups and interests. This can easily happen as a result of asymmetries in information, knowledge, and economic power (something that is particularly relevant in the case of regulatory agencies in a number of economic sectors), but also, more generally, as the result of ideological or social dominance in certain areas or profession (for instance, the way in which legal and economic institutions may reflect the entrenched power of particular cultures or social groups, and are impervious to disadvantaged or cultural minorities).

Intrinsic tendency to professionalisation and corruption. The reliance on an increasing number of public roles and institutions largely immune from democratic accountability is of particular concern if one considers the twin tendencies of professionalization and corruption. There are two aspects to this. The first concerns the role of government. Although guardian and governance institutions are to various degrees independent from political pressure, it remains true that they can be subject to government's control and pressure. Indeed, in some cases, this results in an increase of governmental power and in it becoming more impermeable to public scrutiny. In such cases, government formal or informal control over guardian and governance institutions alters the balance of power between the legislative and the executive, besides making the latter less accountable to the citizens in so far as it becomes easier to manipulate the political agenda.

The second aspect concerns the rent opportunities for the political class as a whole. It is becoming more and more frequent for politicians, when they retire from active politics, to go on to occupy key positions either in the private or the regulatory sector, for whose supervision they were responsible while in office (and viceversa). This is what has become known as the politics of the 'revolving doors', and poses two questions:

- one is how to police the boundaries between private and public interests;
- and the other, how to guarantee the Paretian circulation of the élites, so to prevent the formation of a de-facto oligarchic regime immune from both democratic accountability and impervious to checks and balances.

1.4 Challenges

The general result of the increase in guardian institutions, new forms of governance, and networks of governance is a shift in the balance of public and collective decision making from politics to administration, from democracy to technocracy, de-facto reducing the space for citizens' voice, influence and control. In this area, the future of democracy depends on the way in which we answer two separate questions:

1. Can the apparent loss of democratic legitimacy be compensated by other forms of legitimacy supporting a trend towards 'guardian' and 'governance' institutions?
2. Can non-majoritarian institutions be reconciled with democratic principles and practices?

2. New modes of governance and democratic accountability

2.1 The role of non-democratic decision making in democratic societies

Modern democracies oscillate in the scope and range of non-democratic policy making institutions. But the tendency to rely on either 'guardian' institutions or non-democratic governance has greatly increased in the last half-century. This has become particularly evident in a number of areas of public interest, where we witness the diffusion of practices of coordination, regulation and decision making involving both private and public actors, and based on procedures that are neither strictly hierarchical nor market-oriented, but based on more informal and negotiated steering mechanisms and procedures.

Such changes have also been captured in discussions about the emergence of 'new modes of governance'. These have been characterized by two main features, which distinguish them from more traditional forms of governance. One is the weakening of the role of public authority and of its overarching control in collective governance, and the other is the more diffuse, and less hierarchical, way in which the structure of governance works. These two elements can also be captured by a series of dichotomies that seem to distinguish old from new forms. Such dichotomies comprise distinctions such as command vs. voluntary, rule-directed vs. problem solving, direct command vs. indirect influence, hard vs. soft law, intervention vs. regulation, ex-ante vs. ex-post, vertical vs. horizontal, formal vs. informal, public vs. private, hierarchical vs. market/cooperative/consensual mechanism of decision making. Although to divide old from new modes of governance does not always cut neatly, the series of dichotomies just listed capture important distinction in the way in which modern governance has been transformed. The other main element of transformation has come from the development of multilevel governance, which is particularly evident at the European level. This has increased the fragmentation of governance and its lack of unity, posing a particular challenge to democratic governance.

In fact, this fragmentation and the increase in guardian and governance institutions tends to weaken democratic influence and accountability in the same way that administrative institutions and bureaucracies do. First, they extend the chain of delegation from citizens to their representatives, from these to the government, and from the government to administrators and independent agencies. As the chain becomes longer, the citizens' voice becomes feebler. Secondly, independent agencies and administrative institutions tend to control information and act as they have a monopoly of knowledge and expertise. Thirdly, guardian and administrative institutions are not accountable, since they are not affected by electoral discipline.

As the number of institutions that act independently from the political system and according to non-majoritarian rules increases, it becomes more and more difficult to reconcile the reality of social and political decision making with the rhetoric of democratic government. So, what justifications are there in a democracy for delegating the power of public policy making to non-democratic institutions? The main justification is very similar to the one listed above in support of the semi-autonomous functioning of public institutions such as the administration, the legal system, the army: namely, the need for organisational efficiency. This is a rather broad category, which does not necessarily apply to all guardian institutions or to network governance in general. It is possible to list a series of more particular reasons, some specifying the requirements for organisational efficiency and others going beyond it, in support of 'guardian' institutions, independent agencies and new forms of governance. Although not exhaustive, the following list captures most of the reasons for delegating decision making to non-democratic institutions.

- a. The protection of democracy from its enemies and from itself. This is one of the justifications given for the institutions of judicial review, for instance.
- b. The need to be fair to relatively entrenched or disadvantaged minorities, whose voice may not be adequately represented in a majoritarian system. This justifies a number of institutions for the protection of minorities' rights, or for the devolution of powers.
- c. The need to protect or represent individual citizens against the political system itself, where the agent (political representatives) may abuse his or her position of power to the detriment of the principal (the citizens), or may develop a separate interest in their position as political representatives. Ombudsman institutions normally perform such a role.
- d. The importance of credibility, impartiality and consistency in the application of the law and the implementation of certain policies. This is one of the main justifications, for instance, for the autonomy of the judiciary.
- e. The need, in a number of decision making areas, to make use of specialised knowledge or to guarantee the integrity (or apparent integrity) of decision making, which may be jeopardised by its subordination to majoritarian cycles. This kind of reason is often advanced as the justification for an independent central bank, which it is said has the technical expertise to make the right decisions for the economy without subordinating them to political interest and pressure. Moreover, this appearance of political 'independence' is said to be necessary to keep the confidence of the markets, which in the monetary and credit system it is said to be a good in itself, regardless of the policies adopted.
- f. The difficulty to deal with areas of public interest but which present complex co-ordination problems, where centralised decision-making is either inadequate or subject to unintended consequences. A number of agencies or institutions of self-regulation are often given responsibility over these areas, so to avoid over-regulation.
- g. The need to exercise control in order to protect the public interest or to avoid market externalities in areas of private enterprise. It is said that independent regulatory agencies in the privatised public utilities, or in areas of natural monopoly perform such a function more efficiently than branches of the administration.
- h. The need to promote either competition or the background for private enterprise in economic and social areas where oligopolies may capture the market or private investment is not sufficient. Independent agencies and networks of governance comprising both public and private agents are seen as addressing the needs of co-ordination in these areas.
- i. The need for transnational and international co-ordination in an increasing number of social and economic areas due also to the development of the new technologies, the internationalisation of an increasing number of markets, and to globalisation processes cutting across national boundaries. This requires co-ordination between different governments and/or multinational organisations, so escaping the control of democratic institutions, which are normally the expression of a national political system.

From a more analytic perspective, it is possible to group the above list of reasons under two general categories, one reflecting the demands faced by public policy making in developed societies, and the other reflecting the standards that public policy making needs to obtain. The main demands are those of complexity and specialised knowledge, which are becoming increasingly difficult to meet in modern society. Amongst the standards, there are those of feasibility, effectiveness and efficiency, credibility, respect for diversity (of needs or identity), respect for diversity (in application), private autonomy and enterprise. Both demands and standards underlying the rationality of guardian and governance institutions shift the balance

of political legitimacy from one based on democratic influence and control to one based on functions and output.

Table 1 is meant to show the grounds (a-i) on which the functional and substantive legitimacy of guardian and governance institutions rest. It organises them according to the type of reasons (demands and standards) that underlie their functions, and according to the way in which they operate on the political system (from within or from outside of it). The sense of this table is that successful and legitimate public policy decision making seems to require an increasing number of non-democratic institutions so to guarantee output and functional legitimacy.

Table 1 addresses question (1) at the end of section (1.4). Can democratic legitimacy be trumped by other reasons in the way in which we organise public policy making? There are indeed legitimate grounds on which non-democratic institutions can be justified in relation to the welfare of citizens. The upshot of the table, however, seems also to be that modern democracies may be faced with a trade-off between institutions that promote democratic legitimacy and institutions that promote output and functional legitimacy. And that as a result the balance is decisively tilting on the side of non democratic institutions.

Table 1. Reasons supporting non-democratic legitimacy

	Demands	Standards
	<ul style="list-style-type: none"> - <i>Complexity</i> - <i>Specialised knowledge</i> 	<ul style="list-style-type: none"> - <i>Feasibility</i> - <i>Effectiveness/Efficiency</i> - <i>Credibility</i> - <i>Respect for diversity (of needs and identity)</i> - <i>Respect for diversity (in application)</i> - <i>Private autonomy and enterprise</i>
From within the political system	<ul style="list-style-type: none"> a. institutions protecting democracy e. decision making affecting highly specialised areas 	<ul style="list-style-type: none"> b. institutions protecting minorities c. institutions protecting individual citizens
From outside the political system	<ul style="list-style-type: none"> d. impartial decision making f. complex co-ordination h. promoting competition and background conditions i. supranational co-operation 	<ul style="list-style-type: none"> d. impartial decision making g. market control h. promoting competition and background conditions i. supranational co-operation

2.2 Bringing democracy back in?

There is, however, another way of looking at guardian and governance institutions, not just from the point of view of their underlying reasons, but from the more specific perspective of the kind of particular functions they perform in relation to the political system and to citizens' interests and welfare. From such a perspective, it is possible to propose a series of distinctions between different types of institutions of guardianship and governance that may go some way

to address the second question asked at the end of section (1.4). Is it possible to reconcile democratic legitimacy with guardian and governance institutions?

The new series of distinctions, summarised in table 2, are concerned with what institutions do in relation to public decision making.

- A. Guardian institutions that operate within the political/public system may perform three different functions (occasionally they perform more than one at a time).
- a) There are institutions and mechanisms for the implementation of public policy. These generally comprise the public administration, but nowadays there are an increasing number of specialised, semi-autonomous agencies, which are given such a role.
 - b) There are checking institutions, which comprise institutions such as Constitutional Courts, Ombudsman and citizens' and/or consumers' protection agencies, all of which are intended as a check on the political and the administrative system.
 - c) There are, finally, guardian institutions operating in semi-autonomous areas of public policy making, such as the economy, the law, communication, education and health. These comprise Central Banks, Law Courts, Public Service Broadcast Agencies, Military and Secret Intelligence agencies, and other agencies monitoring and enforcing standards in crucial sectors of public concern such as education and health. These semi-autonomous institutions normally operate in contexts requiring particular expertise and non-partisan decision-making, and which represent areas of conjunction between the political and the social systems.
- B. As far as the institutions and mechanisms of governance that operate outside the political/public system are concerned, these fall within three groups: those where the state operates as the main regulatory agent, those where the state leaves self-regulation to private agents, and those where decision making is the result of a network of agents across the private and public domain.
- a) There is an increasing amount of regulatory institutions and independent agencies, which operate autonomously from governments, and whose main task is to both produce and police rules and incentives that are meant to guarantee the interests of the consumers and the public at large in services of public utility or in economic sectors of crucial importance. Regulation of public utilities is an obvious area for such institutions.
 - b) The other way in which policy making is taken away from the political arena is by charging private agents directly with the task of regulating and policing their activities. This is done through institutions of self-regulation, which are recognised by state either formally or informally. This is often done in sensitive areas, such as the media, or in sectors where the state assumes that deontological codes of conduct may be more successful in guaranteeing compliance than external regulation, and where it recognises that self-regulation would be more context sensitive and would have better local knowledge.
 - c) There is an increasing number of socio-economic policy decisions that are taken as the result of negotiations between different social actors across the divide between private and public. This results in a policy network, where it is impossible to allocate the responsibility for the decisions, but where these are meant to be context-sensitive and capable of galvanising extra resources from the private sector.

Table 2. Types of non democratic decision-making institutions

A. Institutions operating within the political system	B. Institutions operating outside the political system
a. institutions for the implementation of public policies	a. regulatory institutions
b. institutions operating as checks on the political and administrative system	b. self-regulatory institutions
c. semi-autonomous institutions, operating in sectors of great public concern	c. networks of decision making

Once Table 2 is filled with concrete institutions, it may be noticed that the tendency towards the bureaucratisation and rationalisation of politics identified by Weber, is perhaps no longer embodied by the traditional bureaucracy of the public administration, but increasingly by the growing number of guardian institutions and the spread of networks of governance. This shift from politics to administration (from the conflict and compromise approach, to the problem-resolution approach) is due to the series of reasons already analysed, but also to some tendencies more internal to the working of the politics system. One functional reason of a more general kind is due with the need to avoid overloading the political system with legislative and regulatory tasks that have become too extensive in modern complex societies. The other is more narrowly political, and may have to do with politicians' blame-shirking attitude, which encourages them to delegate all those policy-making functions where policy success is difficult to establish and policy results cannot be easily translated into an electoral asset.

When comparing these new institutions to the place hold by traditional public administration bodies within the decision making chain, it appears that they are even less subject to the direct control of the political representatives. In relation to the citizens, their role is that of making decisions in their place, rather than as their representatives. But if neither the citizens nor their representatives have direct control of these new institutions, the question is how to ensure that the 'guardians' do not overstep their duties by exploiting their privileged position to their own advantage. Who, ultimately, guard the guardians? *Quis custodiet ipsos custodes?*

This is no easy problem. The classification made in Table 2 of the different types of non-majoritarian institutions and methods of governance suggests, however, that this problem is not amenable to a blanket solution. On the face of it, different institutions perform very different functions in relation to both the political system and the citizens, thus requiring different strategies aimed to reconcile democratic and output/functional legitimacy.

This point is further pursued in section 2.3. As a first approximation, it is possible to envisage two general strategies, not necessarily in opposition to each other. One, of a more direct kind, would aim to redress the balance between democratic and non-democratic forms of legitimation and participation; the other would try, indirectly, to use the diversification of power structures in order to introduce further instruments of checks and balance (see table 3).

The redressing strategy can be pursued along two different lines:

- One would aim to reintroduce some form of direct political control over some of the 'guardian' institutions (this is often predicated regarding the role central banks);
- The other would aim to devise mechanisms, other than electoral control, through which to guarantee popular influence on, and the accountability of, the guardian and governance institutions.

The checks-and-balance strategy can also be developed along two different (though complementary) directions:

- On the one hand, by promoting institutions that operate vertically by ensuring citizens' voice or other forms of vertical accountability.
- On the other, by promoting a system of horizontal checks, based on the reciprocal vigilance of guardian and representative institutions.

Table 3. Strategies to bring democracy back in

	Direct strategies	Indirect strategies
Politically based	Subjecting guardian institutions to the direct control of democratically elected bodies	Promote a system of <u>horizontal</u> checks based on reciprocal vigilance between guardian and democratic institutions
Citizen based	Devise mechanisms, other than electoral control, through which guarantee popular participation and control	Promote institutions that operate a <u>vertical</u> check over political institutions by allowing for citizens' voice

2.3 Policy responses and Suggestions for reform

In policy terms, much has been proposed in terms of designing guardian institutions, forms of regulations and new modes of governance. Some attention has been given to issue of democratic legitimacy and participation, but these have been marginal, while proposals have more often looked at how to guarantee independence rather than accountability, or good policies rather than responsive policies. Awareness of the oligarchic turn implicit in the tendency towards non-majoritarian institutions has been more an academic rather than political preoccupation, though occasionally this has surfaced in political discussion, but more for opportunistic reasons, when particular political factions have appealed to popular opinion in order to overturn decisions taken by non-majoritarian institutions that they were not in agreement with. Nonetheless, it is also true that a series of piecemeal reforms meant to valorise democratic voice and control have been put forward at various levels.

At the end of section 2.2, it was suggested that two general strategies are possible, one trying to reintroduce democratic mechanisms in the context of guardian and governance institutions, while the other using the more indirect device of checks and balance. Although neither systematically nor self-consciously, democratic societies have experimented with both strategies. These strategies are not mutually exclusive and they can be combined in order to reinforce the democratic legitimacy of policy making. Particular suggestions should be sensitive to the kind of functions that different institutions perform, as outlined in Table 2. Here, we suggest six different lines of intervention along which experimentation has taken place, but which should be pursued more vigorously by devising particular reforms (see table 4).

- The first and most obvious line of reform is to reintroduce direct political control. This does not need any specific analysis, but only concerns those areas, such as for instance macro-monetary policy, where it is mainly a matter of political judgement to decide whether primary responsibility should lie with the political representatives (Parliament and Government) or with a body of experts (a Central Bank).

- A second response is the introduction of new forms and mechanisms of direct citizens' participation and (non political) representation within governance or guardian institutions. To remain with the example of the role of a Central Bank, even without reversing the general trend towards independence from political power, it would be possible to devise mechanisms through which to ensure that important stakeholders' interests are represented within the main decisional structure through which important decisions are taken. This could be done, for instance, through representatives of the trade unions and of various important economic sectors. The importance of finding separate forms of representations for those who are the natural stakeholders in a particular area of decision making (or civil society organisations operating in the sector), also applies to most of the regulatory and independent agencies. This form of representation should be regarded as separate from that exercised through the normal political channels, so to avoid that political representatives may end up pursuing their own separate interests as political class. At a more devolved level (in local government or in organisations dealing directly with people needs and welfare), it is conceivable that participation could also be open, on a more informal basis, to associations, more informal groups, and individuals who are the beneficiaries of those services and who have both a stake in the service and more precise local knowledge.
- A third line of reform concerns ensuring transparency in decision-making, and full publicity of the process through which decisions are taken. For instance, these kinds of requirements are enshrined in the way regulatory institutions operate in the US, where both meetings and documentary evidence are open to public access. New information technology can be of great help in this, making it much simpler access from a distance and at relatively low costs.
- Following immediately from issues of openness and transparency, a fourth line of reform is that of designing non-democratic institutions in such a way as to reduce transaction costs for citizens' input and control. This means to introduce particular requirements that make citizens' and stakeholders' 'positive' input in the consultative and decision-making process an important incentive for those operating in the sector. By using incentives towards promoting 'positive' public input, instead of sanction for 'negative' public input (complaints), people directly involved in networks of governance would be encouraged to find ways to reduce the transaction costs that ordinary people have to pay in order to make their voice heard.
- A fifth line of reform consists in reinforcing mechanisms of checks and balance, so to correct the oligarchic bias of 'guardian' institutions, or the very oligarchic tendencies intrinsic to the political system. These mechanisms can take two forms. One is more vertical by using 'guardian' institutions themselves to empower citizens (either individually or as groups). This can be done by promoting Ombudsman-like institutions that are both easy to access and that are given more power of initiative, so that they do not simply act as a channel through which to vent individual frustration, but also to promote change. The second form of checks and balance is horizontal, and could be strengthened, for instance, by giving more powers to parliamentary committees to monitor and control the operations of independent agencies, so to balance the often excessive influence of the executive.
- Finally, another line of reform involves the more general process of democratising knowledge and expertise. This process has two aspects. One regards the nature of the expertise available for public policy making, the other regards the more general issue of openness, general knowledge, and institutional design. The latter invests many aspects of a democratic society, and though important, can, for our purposes, be put aside as a general background problem of democracy. The former is more specific, and can be addressed by a se-

ries of reforms involving more openness and publicity at all stages at which particular expertise becomes involved in the policy making process (selection, evidence, conclusions, advice); a more public and pluralist way of using expertise by involving more directly the community of experts, rather than individual experts; and a more 'socially robust' knowledge by what is referred as 'an extended peer review', which involves reviewing expertise beyond the traditional community of peers, by subjecting it to the scrutiny of other communities of experts and to those who have local and practical knowledge.

Table 4. Lines of Reform

	Direct strategies	Indirect strategies
Politically based	<u>Response 1</u> : Re-introduction of direct political control.	<u>Response 5a</u> : Parliamentary control over agencies.
Citizen based	<u>Response 2</u> : Forms of citizens' participation and/or direct representation	<u>Response 3</u> : Transparency and publicity
	<u>Response 4</u> : Reduction of transaction costs for participation and control	<u>Response 5b</u> : Ombudsman-type institutions
	<u>Response 6</u> : Democratisation of knowledge and expertise	