www.ees.uni.opole.pl
ISSN paper version 1642-2597
ISSN electronic version ……
Economic and Environmental Studies
Vol. 9, No. 1 (12/2009),11-29, December 2009

Good governance at the local level: toward a global village or a city republic?

JARL K. KAMPEN
Wageningen University and Research, Wageningen, The Netherlands

Abstract: Present initiatives sheltering under the umbrella of "good governance" appear to be wrong answers to wrong questions. Increasing liberalization and public participation, practical derivatives of the parallel debates on new public management and social capital, created the present day situation of good governance amounting to decreasing the scope of public influence whilst increasing the channels of participation. Practical application of ideas on good government, in the form the various government renewal plans executed in the past few decades, have led to a focus on the form of governance rather than the content of governance. What is required however, is an orchestrated effort to direct regional cooperation toward the aim of acquiring a sustainable economy, taking good governance principles such as openness, voice, regulatory quality, control of corruption, accountability, effectiveness, and coherence for granted. The acts at local level require a city republic as a future image of the surviving municipality rather than the mirage of a global village.

Keywords: Good governance, local government, globalism, peak oil

1. Introduction

In December 2008 the European Parliament and Council reached an agreement on a package of ambitious commitments to fight climate change, promote renewable energy, transform Europe into a low-carbon economy and increase its energy security up to 2020 and beyond. The plan has become known as the 20/20/20 in 2020 program. Whereas the program is quite specific in defining targets for *e.g.,* decreasing carbon dioxide emissions, besides small clauses such as "each member state will contribute to this effort according to its relative wealth,"

Correspondence Address: Jarl K. Kampen, Wageningen University and Research, Environmental Policy Group, Hollandseweg 1, 6706 KN Wageningen, The Netherlands. Email: jarl.kampen@wur.nl

little is said about the policies each of the member states will have to design in order to achieve these targets in practice. Given the principle of subsidiarity, the latter matter is left over to the national, regional and local governments of the member states. Because the targets set by the EU are indeed, quite ambitious, actual implementation of these policies requires a considerable effort of coordination of the actions of the respective levels of government in concert with other major stakeholders in the project, such as businesses and households. In short, it requires the skills of member state governments to perform *governance*.

Governance in the modern interpretation refers to the exercise of authority within a given sphere, and includes both private, non-government and public organizations. Governance, in the definition of Kooistra (2005: 70), includes “all those interactive arrangements in which public as well as private actors participate at solving societal problems, or creating societal opportunities, and attending to the institutions within which these governing activities take place.” As we write, the internet search engine *scolar.google.com* returns 80,000 hits on the phrase “good governance”. Such a vast amount of literature will without doubt deliver a definition of good governance suitable for anybody’s purpose. The popularity of the phrase “good governance” is at least in part due to the fact that groups of very different ideological persuasion can use it for different and contradictory ends (De Alcántara, 1998: 106). A quick glance through the most frequently cited papers and books however, reveals that there are three major stakeholders in good governance: *government*, who express interest in public-private partnerships, modernization, citizenship, civil society, and trust; *business*, focusing on performance, marketing, privatization, and (other) reforms; and the *public*, with an interest in accountability (and control), participation, transparency, and democracy.

With such different stakeholders, respective formulations of good governance or good public policy are likely, if not predestined, to be controversial. That is, “different political philosophies involve different views about the appropriate relationship between the state and the market, and between the state and society” (Minogue, 2002: 655). Implicit assumptions about the role of government, says Goss (2001: 14), “are built into the practice and behavior of interest groups, and into administrative traditions, while equally powerful assumptions carried by the media condition the public response.” In addition, the US professor of public policy Robert B. Reich in his recent work *Supercapitalism: The Transformation of Business, Democracy and Everyday Life* points out that the present day public performs two conflicting roles. On the one hand, the public plays the role of the consumer-investor, and on the other hand the public assumes the role of the (democratically involved) citizen. The consumer-investor aims to minimize prices and maximize profits, whereas the citizen desires *e.g.*,, fair wages, clean environments, and healthy lifestyles. In most Western democracies, the consumer-investor is much better represented or in Hirschman's (1977) terminology, has much louder *voice* in the system of government than the citizen. As a result, changes of the 'supercapitalist' economy towards a sustainable economy are difficult to achieve. Or in only slightly different wording, the changes required in EU member states in order to reach the 20/20/20 in 2020 targets are difficult to achieve.

In the discourse on multilevel governance, local government is receiving increasing esteem. Local communities can solve problems that otherwise appear as classic market or state failures, because their members have crucial information about other members' behaviors, capacities, and needs (Bowles and Gintis, 2002: 422). Local governance affects the distribution of social capital, because the city's 'political opportunity structure' provides incentives, expectations and openings for people to undertake collective action within the political system (Kearns, 2004: 11). However, in the multilevel governance system that is in place within all of the EU member states, higher order directives have great impact on local governments regarding their abilities to fulfill their democratic roles. Most importantly, because higher level directives directly affect the financial means at the disposal of local governments and thereby, constrain the power of local councils to develop effective policies at the local level. For instance, the European Commission directive to liberalize the energy market led to privatization of local public utilities of electricity and gas supply,[1] thus decreasing income of local government. Because in addition, according to the most influential advocates of the concept, the IMF and the World bank, good governance requires that the financial balance of government has to be positive (*e.g.*, Davidson, 2006: 481), the effect is that unpopular policy measures need to made. In Belgium at both national and local level, the afore mentioned financial requirement has forced politicians to sell parts of their real estate patrimony to the amount of several billions of euros *in addition* to the distribution networks.

The purpose of the present paper is to twofold. Firstly, we wish to show how practical

[1] See *e.g.*, directive 96/92/EC of the European Parliament and of the Council concerning common rules for the internal market in electricity, *Official Journal L 27, 30.01.1997,* pages 20-29.

application of ideas on good government, in the form the various government renewal plans executed in the past few decades, have led to a focus on the *form* of governance rather than the *content* of governance. Second, we wish to show how higher order demands regarding content of governance (*e.g.*, the targets of the 20/20/20 by 2020 program) conflict with both the governing capacities of lower level governments, in particular local government, and the interests of civil society. However, in order to show how ideas about good governance have shaped the local government, we first need to show how the economic contingency of western nation states in general and EU member states and Belgium in particular, has in turn shaped ideas about good governance. The next paragraph therefore discusses roots of founding ideas on good governance, by means of a broad brush overview of post WWII macro-economic and political history. We then discuss, in rough order of their historical emergence, three major pillars of good government at the local level such as institutionalized in most EU member states. The thus acquired knowledge is used to assess our local politicians readiness to provide effective public policy in the urban condition, considering the present macro-economic and political climate, which we characterize as in a state of major crisis, and at the mark of the possible collapse of globalism.

2. The prelude to good governance (at the local level)

Much if not all of the literature on good governance is dated post-cold war (*e.g.*, Pierre & Peters, 2000: 1), coinciding with a period when politicians, academics and media in the free world could exalt the merits of the free market. Neoliberalism is the predominant political ideology that shapes our democratic institutions at both local and supralocal levels. Both the vocabulary and array of actions that “good governance” supplies to contemporary politicians is the reflection of an ideology that has its roots in the US and that aims to transform the “US state” into a global state with global hegemony (Smith, 2002) in a new American century. Following WWII the US have been vital in the transformation of many European nations from unilateral autocratic governments aimed at territorial expansion, toward multilateral democratic governing boards aimed at economic cooperation. By the massive injection of capital via the US’ Marshall plan, they also determined the political and institutional landscape of past century Europe by unleashing exponential economic growth. The unbridled increase of prosperity in Western nations was based on unprecedented oil wealth combined with post WWII economies guided by the principles of Fordism, that is, the economic production model linking increased consumption to increased efficiency of production (see *e.g.*, Schoenberger, 1987; Goodwin and Painter, 1996).

The postwar economy brought the interests of three stakeholders in assessment. Citizens and businesses, in their roles of consumers and investors, prospered in harmony with the first phases of the Fordist cycles of production, whereas the governments in Western Europe made its societies happy with ever expanding welfare states. Up to the beginning of the seventies, the real price of crude decreased, so that inventors continuously developed new petrochemical applications and new firms could start with new Fordist cycles. For example Philips, the Dutch multinational which "resolutely continued to create needs in order to satisfy them" (Roegholt, 1977). The world had seemingly infinite stocks of oil which were pumped up from Venezuela to Sumatra and from Saudi Arabia to Canada, on which thrust the citizens of Western Europe reached unprecedented material wealth.

Just in 1973, when the oil-producing countries decided to set the price of oil themselves, a global consciousness of the fundamental scarcity of this commodity sent the Western nations into shock. The fact that the oil boycots hit economies so hard had also to do with the event that independently from the price increase of petroleum, Fordism in the Western world had trudged into a crisis. Already in the 1960s, "the rhythm of technological and organisational improvements" that are a precondition for the functioning of the Fordist production model, was hampering (Swyngedouw, 1990); whereas in the seventies, purchasing power first stagnated and then went into deceleration. A large number of companies ('multinationals') found their way to the developing countries, as a result of which their competitiveness increased but at the same time, production surpluses arose because no new markets were found (*e.g.,* Hobsbawn, 1994). The governments of developing countries at the time allowed for no prosperity increase for its citizens, and for this reason there was no possibility to start new Fordist cycles. As a consequence, a lot of companies closed or went into reorganisation (which meant in practice that workers were laid-off in large numbers).

In addition, national governments in the 1970s increased budget deficits in unprecedented ways, as a result of the application of Keynesian economy by continuing to pay subsidies, pensions fees and benefits without correcting their altitude to the eminent economic crisis. In 1971, for the first time in the twentieth century the US experienced a trade deficit (Brenner, 2006). The Nixon administration needed the freedom to print dollars at will in order to finance the ongoing and perspectiveless war in Vietnam (*e.g.*, Galbraith, 1975). With Nixon's abandoning of the monetary gold standard in 1971, the huge surplus of uncovered money that was brought into circulation sent national currencies into accelerating inflation. In the early 1980s, it became clear that the attempts to tackle the crisis had failed, and that strong monetary policies needed to be implemented in order to prevent global economic collapse (*e.g.*, Soros, 1995). For instance, the Belgian franc was devaluated in 1982, soberness became the keyword in the government policy declarations in both the Netherlands and in Belgium, and in the place of salary increases, reductions took place (Houtman-De Smedt and Cuyvers, 1999). With Reaganomics and Thatcherism, a new era was rung in: Reagan and Thatcher undertake the attack on the government with unprecedented enthusiasm (Marijnissen, 1998). From this moment on, the concept of good governance is increasingly influencing the debate on public policy.

As said, good governance is a construct that has different meanings to different stakeholders. But despite the many disagreements, the associated hybrid collection of ideas has become political reality in that politicians in many European countries have tried to bring (a selection of) its principles into practice. So which are the indicators of good governance? The Worldbank proposes a framework of six dimensions (Kaufman *et al.*, 2006): voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. These initiatives are in close harmony with the suggestions made in the European Commission white paper on good governance, which takes an instrumentalist stance naming five principles that underpin good governance, namely openness, participation, accountability, effectiveness and coherence.[2] Good governance applied at the local level has produced three distinct sets of initiatives. First, activities that dealt with government effectiveness and regulatory quality, in short "new public management": the adoption of new governmental, administrative and financial instruments, and a bureaucratic culture shaped by the principles of the market. A second set of initiatives aimed to outsource and privatize public services. And third, a set of initiatives was launched that aimed to increase citizen participation (voice), and accountability of local government. These three aspects will be discussed in detail below.

[2] ec.europa.eu/governance/index_en.htm

3. New public management and market discipline

Initiatives that fall under "new public management" stem from the early 1980's (Hendriks and Tops, 1999). Strictly speaking, new public management as a keyword is about a decennium older than good governance, and by placing new public management under the umbrella of (good) governance, we follow Bovaird and Löffler (2002: 19) who propose that "governance is … the recognition that seemingly technical issues are highly political and may only be tackled by taking a wider political perspective." Even though "new public management aims to decrease political influence on public administrations", "designing and implementing reforms in the nature and structure of public policy and management requires substantial political will in support of a highly centralized reform strategy" (Minogue, 2002: 653). Key to the new public management paradigm is the adoption of the market discipline as role model for the public sector. That is, the municipality is seen as a 'holding' with 'product divisions', and the emphasis is on entrepreneurship, products and client orientation (Hendriks and Tops, 1999). The activities of local government take place under one or another Total Quality Management program or excellence model (Bovaird and Löffler, 2002: 9). The good governance policy of the OECD implicitly views increased trust as the ultimate result of changed initial conditions in the form of increased quality of public service delivery, with as a mitigating factor the citizen's increasing level of satisfaction with public service.

The so-called performance hypothesis, which is at the core of many government reform programs such as Reinventing Government in the United States (*e.g.*, Ketl, 1998), La Relève in Canada (*e.g.*, Bourgon, 1997) and the Next Steps Program in the United Kingdom (*e.g.*, Thatcher, 1993: 49), appears to be based on a too simplistic conception of affairs (Bouckaert and Van de Walle, 2003). Most importantly, it ignores the political level of government. Good governance focuses on performance at micro-level (the public services and administrations), and pays no regard to performance at macro-level, *e.g.*, the governments policy with respect to employment, benefit rates, social welfare, taxation, and so on. Support of the political community, in terms of the level of trust that is placed in it, is found to be affected by evaluations of economical conditions and unemployment (Citrin and Green, 1996; Hetherington, 1999; Clarke et al., 1993).

Complaining about the inefficiency of government (bureau-bashing) can be a political strategy: there is continuity between citizen assessment of government performance and willingness to pay for performance. Politicians have used criticism about the performance of the government administration to garner votes. Misleading information about administrative functioning is seen by some as necessary to get support for reform initiatives (Moe, 1994). This in turn has helped citizens to confirm their (negative) opinion about government (Hague, 1998). Others claim that the main reason why people demand better performance is to allow for lower taxes (Glaser and Hildreth, 1999). In short, perceptions and evaluations of government performance are influenced by ideological factors. Stereotypical images of civil servants may play an even more important role. The negative image of the bureaucracy is perpetuated day in, day out by interpersonal communication (Lee and Paddock, 2001), in novels (Back Jorgenson, 1994) and on television (Council for Excellence in Government, 2001). These negative judgements are completely detached from service encounters and experience with the public administration and form an important source of bias when the causal link between service quality and satisfaction with government or its policy is to be confirmed.

In the end, quality may not even be necessary for producing satisfaction (even though maintaining high quality standards is part of a “moral imperative”). Kampen et al. (2006) show by means of empirical study in Flanders, that the impact of a negative experience with a public agency is much more pronounced than the effect of a positive one. Decreasing the number of disappointed clients will, therefore, have a stronger effect on increasing trust in the public sector than increasing the number of already well-pleased clients. Trust comes on foot and goes away on horseback. It seems rather doubtful that new public management, that deals essentially with the *form* of public services, can contribute substantially to the more important aspect of public services, namely their *content*. In fact, good governance and *big government* lobbies have worked very hard to reduce the number and scope of public services, in the waves of liberalization and privatization that were unleashes in the nineteen nineties.

4. Liberalization, privatization and the vote with the feet

From 1989 onwards, great pressure has been exercised in order to shrink the (supposedly) big governments in Western democracies. “From being vaunted as the solution”, write Krieger and Kesselman (1992: 755), “political, social and economical institutions in most Western European states became identified as the major source of problems”. An important strategy has been the decreasing of the number of collective goods, that is, the goods “that cannot be withheld from any member of a specified group once it is supplied to one member of that group” (Frohlich et al., 1971: 3). Pierre and Peters summarize the central assumption underlying the reasoning of the advocates of the market-model for government, that is, of liberalization and the limitation of public (collective) goods:

> Markets are believed to empower citizens in the same way as we exercise power as consumers. Instead of having elected officials (who may or may not be responsive to their constituencies) make decisions about what services the state should provide and at what cost, introducing a market-like situation for such services allows clients to choose directly, hence the final say on public services rests with the public (Pierre and Peters, 2000:19).

Thus, instead of voting representatives, in the market system citizens vote with their feet. Of course, the power of the public in determining the quality of public services stands or falls with the existence of choice. Without alternatives, any rhetoric on the benefits of the free market is meaningless. In fact, because monopolies were (and are) considered to harm society, post WWII governments have kept many public services a public good (such as defined above): the monopoly on justice; the monopoly on the use of force (police, army); the monopoly on distribution networks of energy (electricity, natural gas); the monopoly on healthcare; the monopoly on education; the monopoly on water distribution; the monopoly on sewers; the monopoly on streets, railways, harbors, airports and other infrastructure for transportation; the monopoly on communication technology (radio, TV). The idea was of course, that without the need of making profit these services could be afforded by all citizens of state. Both leftist and rightist governments have abandoned this principle from the 1990s on.

Good governance, according to the IMF and the Worldbank requires that the financial balance of government has to be positive (*e.g.*, Davidson, 2006: 481). In Belgium at national and local level, this demand has forced politicians to sell public property. In fact, at this very moment, Belgian federal government is selling and leasing its buildings like there is no tomorrow, often at rates not conforming to the market and without the opportunity of regaining ownership of the assets. Local governments in Belgium, almost without exception, put the keeping of sound financial budget a primary target on their list of policy priorities. We already briefly mentioned the financial problems for local governments that resulted from the European Commission directive to liberalize the energy market. The resulting decrease of income had to be compensated, and because higher local taxes were considered undesirable by federal government, income was generated out of parking fees, paid garbage collection, and speeding tickets through automatic cameras.

Also, in order to balance their budgets, a couple of municipalities (*e.g.*, Oostende, Leuven, Haacht, Brugge) in 2002-2003 have tried to engage in so-called cross-border-lease-constructions. For instance, the city of Leuven considered to sell its sewer system to a US company, from which it would be leased for 25 years with an option of buying it back after this period.[3] This would generate a one-off income of about 11 million euro. At best, cross-border lease constructions are rather obscure and have in most cases silently been removed from the local agenda (in the Netherlands, they have been expressly forbidden by the minister of Internal Affairs[4]). However, the group of municipalities St-Niklaas, Hamme and Dendermonde have winded up all negotiations on the cross-border lease construction (De Koster *et al*., 2009). These initiatives were taken at an ad hoc basis and in the policy notes of local governments following the 2000 local elections, let alone the election party propaganda, no announcement of any of this financial rag work can be found. In fact, only quite recently, the opposition raised a voice to condemn this practice, in this case a Christian-democrat.[5] The public-private partnerships that mushroomed after the collapse of communism are now, at least in some cases, unmasked as pacts with the devil ('Faustian bargains', see *e.g.*, Flinders, 2005). This criticism has paved the way for new demands for shifts of the balance of power, now notoriously on the side of public participation.

5. Public participation and social capital

The increasing attention for public participation has several reasons, among which the most important is the finding that modern democracies suffer declining levels of trust (Nye et al., 1997). Consultancy firms and the OECD have given the restoration of trust in government as one of the major reasons for the need of large reforms of the public administration (OECD, 2000: 9). Government modernization initiatives suffered from the critique that it was missing "eyes and ears" (Hendriks and Tops, 1999: 137). Elections, says Maes (1998: 113), do not decide on

[3] www.dexia.be/Public_nl/PubliContact/40/artikel03.html (Retreived 13.11.2009).
[4] See http://www.minbzk.nl/contents/pages/7400/circ_cross-border_lease_10-01.pdf (Retreived 13.11.2009).
[5] www.cdenv.be/uitverkoop/

content or direction of policy programs, nor do they allow for evaluation of public services. In many modern democracies, actions have been undertaken that increase the number of channels by which the public can participate in policy making. The initiatives for participation vary from increasing the number of elected officials (*e.g.*, the Mayor) to referenda, from installing ombudsmen to putting discussion forums online, and from broadcasting parliamentary debates to opening question hours.

But public participation has its limits. Direct democracy is often proposed as an alternative to counter drawbacks of the patronizing political system that is currently at work in most countries in the OECD (Kampen and Snijkers, 2005). Particularly the conducting of referenda on topics of high controversy is put forward as an alternative decision making system, for instance, in the case of the acceptability of the European constitution, or the expanding of the European Union with Turkey, both controversial issues within several member states of the European Union. However, the two referenda of May 2005 held in France and the Netherlands that concerned the issue of ratifying the European constitution left both politicians and political scientists puzzled about the "real" motivations of rejection by the respective populations (Žižek, 2005; Vighi and Feldner, 2006). Referenda suffer from the well-documented drawback that they treat complex political problems as "single issues" (Snellen, 1995): they ignore the reality that policy matters are connected in a complicated way and invariably need negotiation, bargaining, and compromise. Also, citizens are prepared to invest only a limited amount of time to participating in referenda (McLean, 1989; Kampen *et al*., 2005), putting a constraint on the number of decisions that can be made in referenda. Moreover, basing their conclusion on analysis of Eurobarometerdata, it has been pointed out that

> Since the greatest popular support for direct democracy is located among citizens at the periphery of politics (the less interested, the less informed, and the adherents of extreme parties) these reforms might encourage the nativist and populist tendencies that exist in Europe today (Dalton et al., 2001: 150-151).

Even though the three stakeholders place different emphasis on different facets of (good) governance, all believe in cooperation and networks as a key for establishing better policies and more benefit for the community. Discussing the role of networks and cooperation, we inevitably encounter the concept "social capital", most influentially proposed by Robert Putnam (2000) as the paramount factor for public happiness. However, social capital is surrounded with at least the level of controversy as the concept good governance, and both are equally popular in the discourse of academics, politicians, and the media. Both catch-all terms appeal to the idea of “one shoe fits all problems,” and they do indeed propose solutions to all problems because the shoes have Titanic proportions. Another important similarity of the two container concepts is that there are different stakeholders of social capital with different objectives and accordingly, different operationalizations. Putnam’s invitation for us all to become social capitalists has been interpreted as a poorly concealed advocacy of the free market ideology, the US model of competition, capitalism and class society (Navarro, 2002; Smith and Kulynych, 2002: 150). Applications of social capital in this view stand diametrically against proponents of the European cooperation-oriented social-democratic welfare state. The debate on whether or not the graying European welfare states can be economically sustained, for example, has no counterpart in the United States. Social capital and the whole array of values that are associated with it may therefore have incompatible meanings on both sides of the Atlantic. In sum, there is ample evidence that modernizing government alone, *e.g.*, by introducing various forms of ICT in the public administration, *i.e.*, e-government (West, 2004; Kampen and Snijkers, 2003), will be insufficient to achieve the aim of restoring trust in government.

6. History continued: the end of globalism

Good governance principles applied at the local level produced three distinct sets of initiatives. First, initiatives that aimed to outsource and privatize public services. Second, activities that dealt with government effectiveness and regulatory quality, in short New Public Management: the adoption of new governmental, administrative and financial instruments, and a bureaucratic culture shaped by the principles of the market. And third, initiatives that aimed to increase citizen participation (voice), and accountability of local government. Interestingly, at the same time that organizations such as the OECD and the “big five” consultancy firms were advocating the importance of public participation and government accountability, they also urged for the importance of privatization of public goods. Taking the two initiatives privatization and participation together, good governance amounted to decreasing the scope of public influence, whilst increasing the channels of participation. In brief, good governance is the process leading the people to have more to say about less, and “the reduction of freedom is presented as the arrival of new freedoms” (Žižek, 2001: 194).

What should be clear from the above historic account of good governance is that it makes no sense to discuss matters of policy without taking into account the economic context in which public policy is formulated. The contingency of good governance determines the road ahead. The paramount crisis which is at the root of almost any conflict involving western powers at present, concerns energy derived from hydrocarbons. The 20/20/20 in 2020 program is a clear example of a policy response to a macro-economic contingency. The program is ambitious, but entirely in keeping with problem it aims to tackle. Peak Oil, when production has reached its maximum so that demand will exceed production, is estimated by some to occur as remote as 2035 (see Roberts, 2004: 56), or as early as 2010 (see Yeomans, 2004: 115). Foreign policy acts on the basis of this grim forecast.

In addition, there is a growing worldwide consensus that both the US and the EU economies are in a state of disintegration, of which the falling of value of the dollar and the euro against gold is the most clear sign. The price of gold (in dollar and euro) has been increasing since half-way the 1990s; there appears to be a world wide quest for reliable monetary resources, among other reasons because there is founded apprehension that the United States will never (be able to) pay back their foreign debt. The Chinese Central Bank, with a reserve of trillions in dollar assets, has on various recent occasions announced that it will diversify its currency reserves away from the dollar. The Gulf Research Center published a report in 2003 denouncing the dollar to be a *dead man walking* and considers the introduction of a gold standard for oil tariffs. Slowly but steadily, the American invasion of Iraq is recognized as the first Oil Currency war[6]. The republican senator Ron Paul frequently addresses the US Senate with speeches called, for instance, “The end of dollar hegemony.” And several academics have called for a change concerning the role of the dollar in international monetary systems (see *e.g.*, McKinnon, 2003; Davidson, 2006). There is no if, but only a when, the dollar will be challenged as the world reserve currency (Van den Spiegel, 2005).

But there are also observers doubting that the dollar will in the short term, loose its status as the world’s reserve currency (*e.g.*, Rajan and Kiran, 2006). Their analyses make sense so long

[6] Petrov, K. (2006). The Proposed Iranian Oil Bourse, *Energy Bulletin* of 18 Jan 2006, http://energybulletin.net/12125.html.

as the energy market, and in particular the world oil market, accepts only dollars in its trade. But the mid-seventies decision of the OPEC to export oil only for dollars has been challenged by Iraqi president Saddam Hussein in 2000, who in effect switched to euros; by the Iranian government in 2008, who in February 2008 have opened an Iranian oil bourse (IIPE) breaking the US oil trading monopoly of IPE and NYMEC; and by the Russian president Putin, who announced a similar initiative in his annual state of the nation in May 2006, where among other things, he called for the trading of oil and gas in rubles on a domestic exchange[7]. As for the Middle Eastern countries, both are experiencing tremendous pressure by US government, which has crushed the Iraqi regime in 2003 and switched back the Iraqi oil trade to dollar in June 2003 ("Mission Accomplished"). The fate of Iran remains to be uncertain, so long as "all options are on the table". Russia however, presents a problem of an entirely different category because contrary to the other two nations, it disposes over rockets with thermonuclear warheads. And to complicate matters, it has economic interests in the nuclear facilities of Iran (Katz, 2006).

Nevertheless, until now the US foreign policy is extraordinary successful, because it allows the country to maintain a trade deficit of over $60 billion a month. Stated differently, the US is a net importer of wealth, whereas most other countries in the world are net exporters of wealth. It was stated by Nobel prize winner and former director of the IMF Joseph Stiglitz that one countries' surplus must be the other nations' deficit. And of course, if all nations on the planet follow IMF guidelines and produce export surpluses, one or more countries must have export deficits because the world is a closed system. By all standards, net receivers of wealth are better off than net exporters. But the system will only work so long as the ruling class of the involved countries accept its conditions and uphold it. As such, only a few factors work in favor of the continuing transfer of wealth to the US. First, a collapse of the dollar immediately leads to the disappearing of large sums of (virtual) fiscal reserves and dollar assets, a loss of capital which will also affect the ruling classes. Second, the US military power presents a global threat to anyone. There is growing consensus however, that the system cannot remain intact for much longer.

Recapitulating, there is accumulating evidence that the mode of life adopted by Western nations – a Fordist industrial production cycle with increased consumption working in tandem with increased efficiency – will soon come to a brusque end. The bottleneck appears to be the

---

[7] http://en.rian.ru/russia/20060510/47932818.html

supply of energy, or Peak Oil; and the unwillingness of several nation-states to export a disproportional part of their wealth in return for energy, which will ultimately lead to the collapsing of the dollar (and possibly, of the euro). If two major vehicles of globalism fail, would it not be safe to predict that globalism itself will come to an abrupt stopping?

7. Conclusion: the future of the urban condition

Slightly less than half of the world's population lives in the city or its immediate surroundings. Cities are roaring centers of energy, water and food consumption by the human species. Or, cities are economic, political, educational, and cultural centers (Feagin, 1998). Either way, cities are defined by high densities of humans and, *ceteris paribus*, high densities of human activities. Although modern urban social science has made it possible to state very intelligible things about cities and the urban condition, it is important to remember the basic principles that underlie the success of the city, because the city's advantages also make out its vulnerabilities. The concentrated consumption of commodities requires that these commodities, or at least the raw materials needed to produce them, must flow continuously to the city. A city therefore always requires a region that feeds its basic (and less basic) needs (Adams, 1967). Since the invention of the combustion engine, this "region" may be very remote from the city, and it may in fact be scattered over the whole planet Earth (globalization); but take away one of the commodities energy, water or food from the city – and it will collapse. Complete civilizations have perished due to deceptively simple causes such as lack of timber (see *e.g.*, Diamond, 2005). Without doubt, the crisis of globalism implies one of the gravest crises in human history, possibly of Malthusian proportions.

Unfortunately, we can by no means be confident that public leadership in times of this crisis is better off applying the principles of good governance. Crisis and leadership are intertwined phenomena, write Boin and 't Hart (2003), but "the requirements of crisis management are inherently incompatible with requisites for effective reform." They list a number of findings on leadership and crises, of which the most worrying is that:

> Most man made disasters and violent conflicts are preceded by incubation periods during which policy makers misinterpret, are ignorant of, or flat-out ignore repeated indications of impending danger (Boin and 't Hart, 2003, 547).

Housekeeping activities such as good governance and increasing social capital do not protect us from the roof falling on our heads. Of course everyone will be pleased with a good functioning public administration, but the emphasis placed by *e.g.*, the Worldbank on lack of corruption and efficient management constitutes a platitude which distracts the attention of where governance really matters, namely in the creation of conditions for a booming economy.

But even apart from the global oil- and credit crises, there are numerous other reasons why it seems questionable whether good governance in conjunction with increased social capital, as we have seen it working in practice, will contribute to the pleasantness of living in a city. Take a blunt example. Germany under the Nazi regime produced several features presently advocated as benefits of good governance: high social cohesion, low unemployment, a growing economy, and firm ties between government and business. In the late 1920's and early 1930's the Nazi's excelled in the skills of building social networks through organizations such as the *Hitlerjugend*, *Nationalsozialistische Deutsche Studentenbund*, *National-sozialistische Deutscher Juristen*. The high levels of social capital induced by the Arian ingroup feeling, through an efficient bureaucracy, produced unprecedented terror in outgroup communities throughout the entire European continent. In short, high levels of good governance and social capital can blast civil societies sky-high.

In the face of the aforementioned global problems and the problems of globalism, two future scenarios emerge as realistic. In the first, either by a military catastrophe or by an economic crisis, support for the dollar will evaporate, resulting in the collapsing of the world economy and probably, the starvation of complete cities due to the disappearing supply of vital commodities. In the second scenario, the major economies of the world (Europe, China, India) will adapt to both the using of sustainable energy sources and to a drastic decrease of energy consumption; the steady abandoning of hydrocarbons as a source of energy will gradually erode the value of the dollar (and in turn, make the Project for a New American Century slip into oblivion). On numerous occasions, the European Commission has shown that it recognizes the impact of economic contingency as a major determinant of the direction of its policy. A common approach, articulated with a common voice, will enable Europe to lead the search for energy solutions. But such a central line of policy must be translated into national and local policy: "Think global, act local".

In view of the unfolding crisis of globalism, the acts at local level require a city republic as a future image of the surviving municipality rather than the mirage of a global village. The large chances on economic convalescence lie in (truly) regional cooperation, because the most important step to be taken is the reduction of fuel consumption by minimizing the distances between resources, production facilities, workers, and consumers. What is required in the end is an orchestrated effort to direct regional cooperation toward the aim of acquiring a sustainable economy, taking good governance principles such as openness, voice, regulatory quality, control of corruption, accountability, effectiveness, and coherence for granted, that is, as prerequisites.

Literature

Adams, R. McC. (1967). The natural history of urbanism. In: *The quality of man's environment*. Washington: Smithsonian Institution Press.

Bartlett, R. (1973). *Economic foundations of political power*. London: The Free Press.

Beck Jorgensen, T. (1994). The Giaconda Smile of Authorities: An Essay of Fictional Pictures of Public Administration and Citizens. Pp. 267-303 in *Good Novels, Better Management. Reading Organizational Realities*, eds. B. Czarniawska-Jourges and P. G. de Monthoux. Chur: Harwood academic publishers.

Beevor, A. (1999). *Stalingrad*. Olympus/Uitgeverij Contact.

Boin, A. & P. 't Hart (2003). Public leadership in times of crisis: Mission impossible? *Public Administration Review* 63(5): 544-553.

Bouckaert, G. & S. Van de Walle (2003). Comparing measures of citizen trust and user satisfaction as indicators of 'good governance': Difficulties in linking trust and satisfaction indicators, *International Review of Administrative Sciences* 69: 329-344.

Bovaird, T. & E. Löffler (2002). Moving from excellence models of local service delivery to benchmarking 'good local governance', *International Review of Administrative Scineces* 68: 9-24.

Brenner, R. (2006). *The economics of global turbulence*. London: Verso.

Canovan, M. (1999). Trust the people! Populism and the two faces of democracy, *Political Studies* 47(1): 2-16.

Citrin, J. & Green, D. P. (1996). Presidential Leadership and the Resurgence of Trust in Government. *British Journal of Political Science* 16(4): 431-53.

Chapin, H. & D. Deneau (1978). *Citizen involvement in public policy-making.* Ottowa: Canadian Council on National Issues.

Clarke, H. D., N. Dutt, and A. Kornberg (1993). The Political Economy of Attitudes Toward Polity and Society in Western European Democracies. *The Journal of Politics* 55(4):998-1021.

Council for Excellence in Government (1999). *America Unplugged: Citizens and Their Government.*

Dalton, R. J. (1996). *Citizen politics: Public opinion and political parties in advanced industrial democracies*. Chatham (NJ): Chatham House.

Dalton, R. J., W. Bürklin & A. Drummond. Public opinion and direct democracy, *Journal of Democracy* 12(4): 141-153.

Davidson, P. (2006). The declining dollar, global economic growth, and macro stability, *Journal of Post Keynesian Economics* 28(3): 473-493.

De Alcántara, C. H. (1998). Uses and abuses of the concept of governance, *International Social Science Journal* 50: 105-113.

De Koster, K., J. K. Kampen, A. De Cloedt, S. Depauw & C. Deschouwer (2009). *Democratie en de kloof tussen discours en praktijk: burgerparticipatie, overheidsbeleid en tevredenheid op het lokale niveau*. Brussel: Vakgroep Politieke Wetenschappen, Vrije Universiteit Brussel

Diamond, J. 2005. *Collapse: How Societies Choose to Fail or Succeed*. New York: Viking.

Feagin, J.R. (1998). *The new urban paradigm. Critical perspectivesd on the city*. New York: Rowman & Littlefield Publishers, Inc.

Ferreira, J. (1999). Cultural conservatism and mass culture: the case against democracy, *Journal of American Culture* $($): 1-10

Flinders, M. (2005). The politics of public-private partnerships, *British Journal of Politics and International Relations* 7: 215-239.

Frohlich, N., J. A. Oppenheimer & O. R. Young (1971). *Political leadership and collective goods.* New Jersey: Princeton University Press.

Galbraith, J. K. (1975). *Money. Whence it came, where it went.* Houghton Mifflin Company.

Glaser, M. A. & B. W. Hildreth (1999). Service Delivery Satisfaction and Willingness to Pay Taxes. *Public Productivity and Management Review* 23(1):48-67.

Glassner, B. (2001). *Culture of fear.* New York: Basic Books.

Goss, S. (2001). *Making local governance work. Networks, relationships and the management of change*. New York: Palgrave.

Goodwin, M. & J. Painter (1996). Local Governance, the Crises of Fordism and the Changing Geographies of Regulation, *Transactions of the Institute of British Geographers* 21(4): 635-648.

Haque, M. S. (1998). Legitimation Crisis: a Challenge for Public Service in the Next Century. *International Review of Administrative Sciences* 64(1):13-26.

Hobsbawn, E. (1994). *Age of extremes. The short twentieth century (1914-1994).* Vintage Books.

Houtman-De Smedt, H. & L. Cuyvers (1999). *5 Eeuwen wereldeconomie (1500-2000).* Leuven: Uinversity Press.

Kampen, J. K. & K. Snijkers (2003). e-Democracy: A critical evaluation of the ultimate e-dream, *Social Science Computer Review* 21(4): 491-496.

Hendriks, F. & P. Tops (1999). Between democracy and efficiency: trends in local government reform in the Netherlands and Germany, *Public Administration* 77(1): 133-153.

Kampen, J. K., S. Van de Walle & G. Bouckaert (2006). Assessing the relationship between satisfaction with public service delivery and trust in government: The impact of the predisposition of citizens toward government on evaluations of its performance, *Public Performance and Management Review* 29(4): 387-405.

Kampen, J. K. & K. Snijkers & G. Bouckaert (2005). Public priorities concerning the development of e-government in Flanders, *Social Science Computer Review* 23(1): 92-95.

Katz, M. N. (2006). Putin, Ahmadinejad and the Iranian nuclear crisis, *Middle East Policy* 8(4): 125-131.

Koostra, J. (1999). Social-political governance, *Public Management Review* 1: 97-92.

Krieger, J. & M. Kesselman (1992). Europe and the European Community: Beyond 1992. In: Kesselman, M., J. Krieger, C. S. Allen, J. Debardeleben, S. Hellman & J. Pontusson, *European politics in transition.* Lexington, MA: D.C. Heath and Company.

Lee, M. & S. C. Paddock (2001). Strange but True Tales from Hollywood: the Bureaucrat as Movie Hero. *Public Administration and Management* 4: 166-94.

Levine, P (2002). Can the Internet Save Democracy? Toward an On-line Commons. In: Hayduk, R., K. Mattson (Eds.) *Democracy's Moment: Reforming the American Political Systems*. Rowman & Littlefield.

Lowndes, V. & D. Wilson (2001). Social capital and local governance: exploring the institutional design variable, *Political Studies* 49: 629-647.

Maes, R. (1998). Political and administrative innovations as a social project: the Belgian case. In: Hondeghem (Ed.), *Ethics and accountability in a context of governance and new public management*. Amsterdam: IOS Press.

Martin, S. & A. Boaz (2000). Public participation and citizen-centred local government: Lessons from best value and better government for older people pilot programmes, *Public Money & Management* 20(2): 47-53.

Matilla, J. (2003). Participatory e-governance – a new solution to an old problem? In: A. Salminan (Ed.). *Governing networks*. Amsterdam: IOS Press.

McKinnon, R. I. (2003). The dollar standard and its crisis-prone periphery: new rules for the game, *The Singapore Economic Review* 48(2): 99-112.

McLean, I. (1989). *Democracy and new technology.* Cambridge: Polity Press.

Marijnissen, J. (1998). *Tegenstemmen. Een antwoord op Paars.* Amsterdam/Antwerpen: Contact/Veen.

Minogue, M. (2002). Governance-based analysis of regulation, *Annals of Public and Cooperative Economics* 74(4): 649-666.

Moe, R. C. (1994). The Reinventing Government Exercise: Misinterpreting the Problem, Misjudging the Consequences. *Public Administration Review* 54(2):111-22.

Navarro, V. (2002). A critique of social capital, *International Journal of Health Services* 32(3): 423-432.

Nye, J. S., P. D. Zelikow & D. C. King eds. (1997). *Why People Don't Trust Government*. Cambridge (Mass.): Harvard university press.

O'Keefe, E. & C. Hogg (1999). Public participation and marginalized groups: the community development model,

Health Expectations 2: 245-254.
Papadopoulos, Y. (1998). *Démocratie directe*. Paris: Economica.
Pierre, J. & B. Guy Peters, (2000). *Governance, politics and the state*. Houndsmill: Macmillan.
Rayan, R. S. & J. Kiran (2006). The US dollar and the euro as international currencies: Will the greenback remain the world's reserve currency? *Intereconomics* 3: 124-135.
Roberts, P. (2004) *The end of oil. The decline of the petroleum economy and the rise of a new energy order*. London: Bloomsbury Publishing.
Roegholt, R. (1977). De onvoltooide democratie. In: Romein, J. en A. Romein, *De lage landen bij de zee*. Amsterdam: Querido.
Schoenberger E. (1988). From Fordism to flexible accumulation: technology, competitive strategies, and international location, *Environment and Planning D: Society and Space* 6(3): 245 – 262
Smith, N. (2003). New globalism, new urbanism: Gentrification as global urban strategy, *Antipode* x: 427-450.
Smith, S. S. & J. Kulynych (2002). It may be social, but why is it capital? The social construction of social capital and the politics of language, *Politics & Society* 30(1): 149-186.
Snellen, I. Th. M. (1995). Informatie-communicatietechnologie en democratie, *Wijsgerig perspectief op maatschappij en wetenschap* 1: 6-13.
Sobel, J. (2002). Can we trust social capital ? *Journal of economic literature* XL : 139-154.
Sørensen, E. (2002). Democratic theory and network governance, *Administrative Theory & Praxis* 24(4): 693-720.
Soros, G. (1995). *The crisis of global capitalism.* Public Affairs Books.
Stimson, J. A. (2004). *Tides of consent. How public opinion shapes American politics*. Cambridge, MA: University Press.
Swyngedouw, M., R. Beerten & J. K. Kampen (1999). De veranderingen in de samenstelling van de kiezerskorpsen 1995-1999, *ISPO bulletin* 35: 1-37.
Swyngedouw, E. (1990). Limburg en de wereldeconomie: het Belgische Fordisme op zijn best. In: Mort Subite, *Barsten in België. Een geografie van de Belgische maatschappij.* Antwerpen: EPO.
Swyngedouw, E., F. Moulaert & A. Rodriguez (2002). Neoliberal urbanization in Europe: Large-scale urban development projects and the new urban policy, *Antipode* 34(3): 542-577.
Thatcher, M. (1993). *The Dowing Street Years*. London: HarperCollins Publishers Ltd.
Tielhof, M. van (2002). Een open economie, in voor- en tegenspoed. In: De Nijs, T. & E. Beukers (eds.), *Geschiedenis van Holland 1572 tot 1795*. Hilversum: Verloren BV.
Van den Spiegel, F. (2005). Will the role of the dollar as the international reserve currency be challenged? *International Economics and Econmic Policy* 1: 293-304.
Van der Brug, W. (2003b). How the LPF fuelled discontent: Empirical tests of explanations of LPF support, *Acta Politica* 38: 89-106.
Van de Walle, S. & Bouckaert, G. (2003). Public service performance and trust in government: the problem of causality, *International Journal of Public Administration* 26(8-9): 891-913.
Van de Walle, S., J. K. Kampen, B. Maddens & G. Bouckaert (2004). *Sourcebook, veldwerkverslag en materiaal bij de surveys "Werken Aan De Overheid"*. Leuven: Public Management Institute.
Vighi, F. and H. Feldner (2006). United States of Europe or free trade zone? No Thanks! Slavoj Žižek on the future of Europe, *European Journal of Social Theory* 9(3): 337-354.
Weimer, D. L. & A. R. Vining (1989). *Policy analysis: concepts and practice.* London: Prentice-Hall.
West, D. W. (2004). E-Government and the transformation of service delivery and citizen attitudes, *Public Administration Review* 64(1): 15-27.
Wilson, P. J. (1988). *The domestication of the human species*. London: Yale University Press.
Yeomans, M. (2004). *Oil. Anatomy on an industry*. New York: The New Press.
Yergin, D. (1991). *The prize. The epic quest for oil, money & power*. New York: The Free Press
Žižek, S. (2005), The constitution is dead. Long live proper politics. *The Guardian*, 4/6/2005
Žižek, S. (2001). Have Michael Hardt and Antonio Negri rewritten the Communist Manifesto for the twenty-first century? *Rethinking Marxism* 13(3-4): 190-198.

JARL K. KAMPEN

Dobre rządzenie na poziomie lokalnym: w kierunku globalnej wioski czy republiki miejskiej?

Streszczenie

Obecne inicjatywy podejmowane pod przewodnim hasłem „dobrego współrządzenia" (ang.: good governance) wydają się być niewłaściwymi odpowiedziami na niewłaściwe pytania. Upowszechniająca się liberalizacja i partycypacja społeczeństwa, jako występujące w praktyce pochodne równoległych debat dotyczących nowego zarządzania publicznego oraz kapitału społecznego, wykształciły współczesną sytuację, w której dobre rządzenie przyczynia się do zmniejszania zakresu wpływu publicznego natomiast powiększa kanały partycypacji. Praktyczne zastosowanie idei dobrego współrządzenia w postaci różnorodnych rządowych planów odnowy przeprowadzanych w przeciągu kilku ostatnich dekad, doprowadziło do skupienia się raczej na formie rządzenia a nie na jego treści. Wymagany jest jednak wspólny wysiłek, aby skierować współpracę regionalną na cel w postaci zrównoważonej gospodarki, przyjmując za oczywiste takie zasady dobrego współrządzenia, jak otwartość, głos obywateli, jakość stanowionego prawa, kontrola korupcji, odpowiedzialność, efektywność oraz spójność. Dokumenty szczebla lokalnego wymagają zaistnienia „republiki miejskiej" jako przyszłego wizerunku władz miejskich, aby te przetrwały, nie zaś złudzenia globalnej wioski.

Słowa kluczowe: dobre współrządzenie, samorządy lokalne, globalizacja.