

Handout for IASC Workshop on Polycentric Governance at ASU, March 12, 2020, First Afternoon Session

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Concerns about Institutional Changes that may Undermine the Long-Term Sustainability of Polycentric Governance

<i>Characteristics of High-Performing Systems of Polycentric Governance†</i>	<i>Conditions for Effective Self-Organization (under Polycentric Governance)</i>	<i>Sources of Friction in Self-Organization and Implications for Institutional Change in Polycentric Systems</i>	<i>Examples of Problematic Syndromes in Poorly-Performing Systems of Polycentric Governance</i>
<p>Structure*</p> <ol style="list-style-type: none"> Many and Diverse Decision Units Autonomy (formal or de facto) Overlapping Jurisdictions (or Functions) Overarching System of Law, Norms, Values <p>Process*</p> <ol style="list-style-type: none"> Multiple Processes of Mutual Adjustment Low Costs of Group Formation, Entry/Exit <p>Outcomes*</p> <ol style="list-style-type: none"> Institutional Diversity Resilience of Orderly Patterns of Outcomes Efficient Production of Diverse Public Goods Coordination at the Macro-Level (not required by all) 	<ol style="list-style-type: none"> Forums for discussions to identify shared interests Access to information and monitoring of outcomes and behavior Capacity to evaluate information and to learn from experience Basic civic skills (for respectful contestation) Varied perceptions, experiences, and skills within the group Access to external assistance (if needed) Direct or indirect access to levers of policy change Repertoire of shared values & experiences 	<ol style="list-style-type: none"> High Transaction Costs <ol style="list-style-type: none"> Veto points and costs of coalition-building generate incremental bias Bottom-up accumulations of programs build complex systems Negative Externalities <ol style="list-style-type: none"> Collaboration easier if ignore negative effects on outsiders Exploitation can be effectively disguised under complex schemes Need for Expertise or Assistance <ol style="list-style-type: none"> Experts not accountable to public Public entrepreneurs may seek rents Network Effects <ol style="list-style-type: none"> Bonding ties can be powerful, exclusive, and limit communication Bridging links can be influential but also vulnerable to erosion of support Links between policy domains often weak, but can be useful in fights Loss aversion <ol style="list-style-type: none"> Most actors place strong emphasis on avoiding loss and protecting gains Groups with little contact with each other can harbor unreasonable fears of existential threats 	<ol style="list-style-type: none"> Coordination Failures (at multiple levels of aggregation) Neglecting Negative Externalities (can reinforce & deepen existing inequalities) Strategic Use of Complexification (and high administrative burdens) Over-Deference to Experts (Technocratic Governance and democratic deficits) Over-Dependence on Public Programs (can undermine capacities for self-governance) Rent-Seeking and Governance Capture (of a Policy Domain) Monocentric Contagion (opponents of monopoly power in one domain may not be able to get help from factions in other domains) Hyper-Partisanship and Erosion of Shared Values

*Distinctions among *structure*, *process*, and *outcomes* can be problematic. In any *sustainable* polycentric system of governance, its processes *must* generate outcomes that reinforce structural conditions and support continued operation of those same processes. Thus, in the long term, the structures, processes, and outcomes of polycentric governance are mutually endogenous. In analyses limited to short time periods, however, structural conditions can be treated as if they were determined exogenously.

†Material in this column was adapted from Mark Stephan, Graham Marshall, and Michael McGinnis. "An Introduction to Polycentricity and Governance." In Andreas Thiel, William Blomquist, and Dustin Garrick, eds. 2019. *Governing Complexity*. Cambridge University Press, 21-44.