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NORALV VEGGELAND

Lillehammer University College, Norway
e-mail: noralv.veggeland@hil.no

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The Narrative of the Modernized Regulatory State

Abstract

RESEARCH OBJECTIVE: Scholars have formulated a wide definition with reference to societal values. Phillip Selznick (1985, p. 363) has, for instance, provided an uncritical understanding of regulation that is of particular relevance. He states that the central meaning of regulation "...refers to sustained and focused control exercised by a public agency over activities that are valued by a community."

THE RESEARCH PROBLEM AND METHODS: The research problem is to analyze of regulation of the societal values according different scholars. This statement is critical followed up in this paper.

THE PROCESS OF ARGUMENTATION: According to Selznick, the emphasis on valued communal activities is important because the regulatory effort helps to uphold public standards, ethics and norms. He underestimates, in the early phase of the 1980s, the power concentration proceedings by the upcoming of the regulatory state in the Western domain. In the paper this process is analyzed in terms of empirical facts.

RESEARCH RESULT: The research result published in the paper is that in its widest sense, we may define regulation and its implementation by the government as the totality of all mechanisms of social protection and control. We find bureaucracy and democratic deficit as embedded consequences of this type of governance.

CONCLUSIONS, INNOVATION AND RECOMMENDATIONS: According to the theory of the regulatory state, the task of research is to present national and international "narratives" of

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different institutional arrangements and the practice of regulatory governance. Alongside this approach, there is the view of networking theory that emphasizes the study of political economics. Taming of the undemocratic power of the regulatory state issue will be essential for future politics. Besides too much regulation is an obstacle to innovation.

KEYWORDS:

administrative reform, network, privatization, risk policy,
democratic deficits

MECHANISMS

Recently the two scholars, Christopher Hood & Ruth Dixon (2015), both from the University of Oxford, published the report: "A Government that Worked Better and Cost less? – Evaluating Three Decades of Reform and Change in UK Central Government." Their conclusion is that what was achieved with New Public Management (NPM) and more regulation is higher public Costs, more Complain and less Parliamentary Democracy.

What does regulation mean, following NPM reforms, with regard to contemporary politics? Under the heading of 'The Rise of the Regulatory State in Europe', the international known, the Italian Professor Giandomenico Majone, early offered one succinct answer: 'Privatization and deregulation have created the conditions for the rise of the regulatory state to replace the dirigiste state of the past' (1994, p. 77). He continued to explain that, 'Reliance on regulation – rather than public ownership, planning or centralized administration – characterizes the methods of the regulatory state'.

We may, however differentiate these mechanisms. In our context, there are four explanatory conceptions of regulation that can be put forward:

1. Law-directed conception: regulation as authoritative rules.
2. Economics-directed conception: regulation as efforts of state agencies to manage the economy.
3. Politics-directed conception: regulation as mechanisms of steering and democratic control.

4. Sustainability-directed conception: regulation as a mean to handle environment threats and the 'risk society of the new modernity' (Beck, 1992).

These conceptions articulated point to an evolution from a narrow, judicial notion of regulation to a much broader one that accounts, both in theory and practice, for values and agreed normative actions.

In the regulatory state, the concepts of regulation as authoritative rules and agreed normative action lead to the important distinction between 'hard regulation' and 'soft regulation'. Hard regulation requires legal actions and mechanisms of enforcement to bring about adherence and sanctions when there is a failure to comply (May, 2002). On the other hand, the use of soft regulation is sometimes viewed as regulation through persuasion and deliberative discourse, with agreement being the preferred outcome (Streeck, 1995; Amdam & Veggeland, 1998). Soft regulation both turns to deliberative solutions (McGowan & Wallace, 1996) and allows that commitments made between parties are not strictly legally binding, which give actors more leeway regarding how to achieve regulatory goals and development objectives (Mörth, 2002).

The soft-regulatory strand comprises guidelines with various forms of encouragements to achieve desired outcomes, but this approach means that the rules can be different, for example, across national borders, as long as it is possible to determine that the rules fulfil some common objectives that are agreed upon in a satisfactory way. This is deliberately agreement-based regulation, which the European Union has termed 'the open method of coordination' since the launching of the Lisbon Process in 2000. Shortly formulated, soft regulation connotes the following (Veggeland & Elvestad, 2008):

- Deliberative work on identifying both the 'best solutions' and the 'best practices'.
- An approach based on the exchange of information and the sharing of development programs.
- Mutual confidence and some sort of compatibility between regulatory systems.
- A high degree of institutional interaction between regulators.
- The foundation of the networking and partnership-building society (Castells, 1996; Veggeland, 2003; 2013).

The wider concept of regulation indicates two basic claims, namely, the organizational change of public institutions and the making of embracing agreements and control arrangements as the conditions for the rise of the regulatory state. Reliance on regulation – rather than on public ownership, planning or bureaucratic administration – indicates that the methods of this form of state bias the minimizing and/or marketizing of the public sector that would then be followed by regulatory governance (Pollitt & Bouchaert, 2004). The latter indicates a shift of the traditional governmental apparatus to a variety of New Public Management (NPM) institutional and structural forms, which are often contextually bound to social models and administrative traditions that interpret regulatory measures differently (Cassese, 1996; Knill, 2001; Djelic, 2006).

Lastly, this wider concept indicates that there is an aspect of political economy to this regulatory state method, namely the *institutional-replacement* element of this method, mentioned in the quotation by Majone above (1994). According to Selznick (1985) the goal of this method is to achieve what is ‘valued by a community’. However, if we are to be able to say whether or not institutional replacements and innovations have led to what is valued, we need certain *criteria and guidelines* by which we can assess success or failure. Besides, as we advance towards a new modernity, indications of general consequences from transformed social-institutional paradigms imply new social risks (Taylor-Gooby, 2004). How might we avoid regulations that generate vulnerability and counteract the risks, that is, how to tame the regulatory state? What does a community value and what can a community consider to be either a success or a failure, or likewise ethical good or bad? Here we aim to address these vital questions by employing an exploratory and critical perspective. Such an approach for the study of the arrival and the rise of the contemporary regulatory state should contain these six elements:

- Basic conditions and an analysis of political economy.
- Methods and mechanisms
- Social models and administrative traditions.
- Institutions and structural replacements.
- Basic institutional impacts.
- Efforts, criteria and guidelines, which help to tame the regulatory state and uphold public standards and good governance (Olsen, 2005).

Certainly, the commencement of the actually regulatory state meant an embracing of institutional innovation in the Western world (Veggeland, 1999; 2008). This paper views innovation not only as the application of new institutional solutions to new international and national economic problems, which arose in the wake of the 1970-80s stagflation crisis, but also partly as new solutions to old problems, for example, overloaded public budgets and the hollowing-out of government (McCracken et al., 1977).

Accordingly, regulatory innovation is here understood as sustained attempts by governmental institutions to alter the behavior of others indirectly through law, standards, goals, partnerships and contracts, and also through creating new implementing and controlling institutions and bodies. Contextually, we are here talking about the methods of regulatory governance, the use of the principles and measures of New Public Management (NPM), Market-Type Mechanisms (MTMs), arm's-length bodies in the public sector and legal control (OECD, 2002; Lane, 2000). These mechanisms and bodies need either to be established by taking advantage of de-regulation or to be controlled and tamed by re-regulation. Innovations with regard to new institutions, which characterize the regulatory state order, are new benchmarking institutions, quality-securing and output-measuring systems, judiciary powers, surveillance agencies and not least the independent central bank. The last was organized as a governmental arm's-length body in the framework of a non-Weberian bureaucratic and non-interventionist style (Veggeland, 2004a).

Another significant part of this style and of the regulatory state is the monetarist economic regime, which authorizes the independent central bank to regulate the flow of money in the macro-economy (Stewart, 1972; Friedman, 1962). The central bank regulates profits, investments and wages in a supply-side directed economy through decisions on interest rates and currency measures, with the view of balancing inflation and aggregated employment. The parliament sets the upper and lower limits for the inflation rate but is excluded from the implementation of its own decisions; the bank is responsible for their execution.

The driving force behind the methods of regulatory governance are the intentions of to enhance the ability to compete more effectively in the global age, to produce tangible outcomes and to

reduce risks – all of which involve mechanisms of standards-setting, information-gathering, benchmarking and behavior-modification in an increasingly vulnerable society (Beck, 1992; Black, 2005). National implementations of the methods of the regulatory state neither necessarily create convergent developments nor necessarily reduce risks. The methods as organizational ideas in general become influenced by path-dependent interpretations and become diversified. This tendency occurs because of different European social models and administrative traditions, which change the contextual framework and thereby the ideas themselves (Røvik, 2007).

It is often said that changes of social-institutional paradigms always have backgrounds marked by crises. Crises in the techno-economic system affect especially deeply the institutional orders, just like as the stagflation crisis of the 1970-80s did (March & Olsen, 1989). We shall return to this crisis later, but I shall for now mention that, at this stage, new techno-economic crises seem to arise without our knowing much about their socio-institutional impact, such knowledge occurs first in the aftermath.

One actual coming crisis appears to be the sharp rise globally of food prices, in particular, the prices of rice, corn and grain, which have risen up to 50-100 per cent and more. People who are very dependent on such staple foods and live in poor countries tend to be deeply and adversely affected, and it is not at all surprising that these conditions lead to turbulence. Hence, we see extensive rioting and upheavals in many countries around the world these days. What has happened? We can find one main reason for the rising prices of food, and thereof the crisis, in certain changes within the actual techno-economic system. Around the world, cultivated land for food production has been transformed into land for the production of bio-fuels. The motivation behind this change in production has been the fear of an imminent global warming caused by the increase of atmospheric carbon dioxide due to the extensive use of fossil fuels.

The economist Erik S. Reinert (2008) has recently introduced a noteworthy approach to the food crisis. He contextualizes the current food crisis by referring it to the simple exchange economy that exists among certain indigenous people living in the Pacific. Fish, vegetables, fruits and ordinary, everyday utilities were exchanged in a different system from the exchange system of prestigious items,

like canoes or gold. Exchanges of the latter items were protected by ceremonies and could not, in fact, be obtained through the exchange of food. Until recently such a divide existed in also in Western economies – food markets were divided from energy markets. But the global economy has broken this taboo of division: bio-fuels, destined for the rich part of the world and its relentless consumption of luxury, compete directly with the food resources of the poorest. It disturbs ethical values negatively and challenges politics. Altogether, what we are witnessing is a crisis arising out of technological replacement and thereby substantial changes in the system of economic exchange, and this in turn heavily influences the socio-institutional order worldwide.

What we examine in this paper are historical crises, changes and risks that have led to the arrival of this now threatened regulatory state, and also the mechanisms and aspects constituting the challenges that this kind of state faces. We shall also analyze both which mechanisms threaten the socio-institutional balance and which are supposed to have taming or moderating effects (Veggeland, 2004a; 2007; Iversen, 2005; Held & Koenig-Archibugi, Eds., 2003; Iversen & Wren, 1998).

THE REGULATORY STATE: RISK AND POLICY STYLE

Let us first discuss the origins of the regulatory socio-institutional mode of state formation (Osbourne & Gaebler, 1993; Dyson, 1980). Top-down national state intervention – that is, macroeconomic stabilization, income redistribution, market regulation and central public planning – characterized the dominant model of central planning in Western states during the first two decades after the Second World War. Institutions, which were organized hierarchically, due to Weberian bureaucratic structure, implemented policies. Economic growth in the Western countries was strong, and their national economies were relatively closed. Bureaucratic control and public ownership were important elements of the state regulation. The power of the government was little disputed indeed (Millward, 2000; Majone, 1996).

The international economic crisis beginning in the 1970s led to a demand for new forms of governance that would central planning and management. The new model of governance in the public domain

that arose was dominated by neo-liberal ideas calling for increased competition in the market and in the public sector, welfare reforms and deregulation (Friedmann, 1987; Majone, 1997). Management by objectives replaced bureaucratic control, and frameworks of deregulation have been regarded as the most characteristic trait in this model.

Paradoxically, this period also introduced an incredible increase in the number of new regulations and the extension of regulative policies, which also reached new areas. This expansion occurred both on national and European (EU) levels (Tranøy, 2006; Moran, 2003; Hooghe & Marks, 2001). Yet, this paradox was no more than apparent: the traditional forms of regulation, planning, and control collapsed under the pressure of both new technological advances and new economic and ideological forces arising out of globalization. This process has been called deregulation, but the concept used in such a manner that it creates the wrong impression. There has definitely not been any reduction in public regulation in the direction of *laissez-faire*. Instead, what has taken place is the implementation of policies based on a combination of deregulation and re-regulation on different levels of policies and management, with deregulation for the purpose of meeting the demands of the new market and re-regulation for market-correcting objectives and the promotion of human, social and environmental rights (Scharpf, 1999). In short, new forms of top-down planning and regulation have replaced the old ones. These new forms are also growing at a quicker rate than that of the removal of their predecessors (Majone, 1997).

Generally regulation defines governmental or state interference with market and socio-cultural processes. However, we should do well at this stage to define more accurately the term 'risk regulation' because it is a part of a rather complex web of policy concepts. There are at least two approaches to the term: a risk approach (Beck, 1992; 'The Risk Society') and an institutional style approach (Majone, 1994; 'The Regulatory State').

1. *The risk approach*: For our purposes, the term may refer to two different policies: either a differentiated, technical, particular case-orientated policy aimed at the reduction of risk and problem-solving actions or an institutional change-orientated policy that inadvertently creates new risks and

negative externalities (Taylor-Goodby, 2004). Examples of the latter might be the increasing transactional costs as a repercussion of governmental fragmentation (Scharpf, 1997) or increasing vulnerability because of expanding international interdependence and the network economy (Pierson, 2001).

2. *The institutional-style approach*: This approach refers to the emergence of a state role as regulator, which has advanced rapidly since the 1970s (Majone, 1997; 2003). The traditional roles of the state as direct employer, property owner and service producer have since then declined through privatization and arm's-length agencies and bodies. The use of regulatory measures entails both indirect state governance and the creation of new regulatory institutions. The institutional style of the regulatory state as such consists of organizational policy, the creation of adaptive agencies and bodies, and legal surveillance and control policy – policies as a whole that aim to extend the regulatory state order of institutions and mechanisms (Beetham, Byrne, Nagan & Weir, 2002).

Here we examine risks and in a political and ethical perspective how to moderate those risks with those analytical partitions and the following as points of departure:

- A) Institutional, change-orientated, regulatory policy of intention creates unintended new risks and negative externalities.
- B) Institutional style of the regulatory state comprises organizational change policy, the creation of adaptive arm's-length agencies and bodies, and connected legal surveillance and control policy.
- C) Both the inclination towards institutional risk and policies that seek socio-economic security represent a combination that figures as a major driving force behind the regulatory growth, for example, in the development of the numerous EU regulations (Scharpf, 1996; Veggeland, 2007).
- D) A policy for taming the regulatory state generates a wide range of new regulations, ethical and 'soft' regulations as well as legal and 'hard' regulations.

Part of this framework for regulatory policy is the global network economy, which means increasing international competition (Castells, 1996; Meyer, 2000). In the wake of the arising network economy,

at least two characteristic features have appeared that require regulation. A new organization of enterprises, often termed the 'post-Fordist' style, emerged in the 1970s and began to dominate the industrial sector. Smaller networking enterprise entities were made competitive through customized and flexible specialization (Storper & Scott, Eds., 1992; Amin, Ed., 1994). Trade with services across borders increased heavily and pulled public services into global markets. This pushed the latter sector towards organizational reforms that featured fragmentation and the principles of New Public Management, as well as the establishment of arm's-length bodies in order to target competitiveness (Pollitt & Bouckaert, 2004; Veggeland, 2003). These two things created – and continue to create – on the one hand, an increasing need for international market enlargements through deregulation, and, on the other hand, the need to re-regulate for a host of different reasons, such as the correction of market imperfections, the steering of actors through regulatory means, agreements, contracts, regulatory consumer protection, sustainability, and so on.

The regulatory state enjoyed a high state of legitimacy in the Europe towards the end of the previous century. It was visible, among other things, in the political changes in many European countries. In the 1990s, elected social-democratic governments replaced market-liberal governments of the 1980s, as in the UK and Scandinavia. Social-democratic parties have traditionally distanced themselves, both ideologically and politically, from the liberal and conservative parties, and have placed a greater emphasis on public planning and regulatory control (Giddens, 1998).

MAJONE'S CONCEPT OF THE REGULATORY STATE

Giandomenico Majone has called the new institutional form of state, which appeared at the end of the 1970s and continues to expand to this today, 'the regulatory state'. He considered the European Union a prime example of this form of state (Majone, Ed., 1990; 2003). The form is characterized ideologically by neo-liberalism, institutionally by frenetic innovation inclination (Moran, 2003; Black, Lodge & Thatcher, Eds., 2005), and socially by anti-interventionism and liberal welfare reforms (Iversen, 2005; Veggeland, 2007). Characteristic traits

of the new form of state include the deregulation of markets and the decentralization of steering capacity, together with ever more networking abilities and multi-level governance.

Equally important for our purposes is Majone's (1990) identification of the paradoxical development that has accompanied this period that features much talk about deregulation and a market orientation: there has been the dominant tendency towards the growth of a comprehensive policy of regulation and strategic planning on all tiers: the European, national and regional levels. On reflection, this is not so surprising. Traditional forms of regulation and control, inherited from the interventionist state, have broken down in the face of powerful technological, economic and ideological forces, that is, the techno-economic paradigm changed radically (Millward, 2000). New forms of regulation and institutional planning paradigms needed to be developed in order to serve other and different political and social goals of control and management.

The passing of laws and the publication of directives increased dramatically. Wide-reaching laws, regulations and legal agreements dominated. The new form of regulatory governance gained its legitimacy first and foremost from legality and goal attainment, and only very indirectly from decision-making institutions of representative democratic assemblies (Schmitter, 2000; Scharpf, 1999). Institutional benchmarking instruments prioritized the evaluation of results, which replaced bureaucratic administration control. Strategic planning is part of this system, because the attainment of goals and the achievement of results require more and more extensive and thorough planning than reforms based on the standardized, patterned activities of the interventionist state. In this regulatory system, each individual social activity must be planned in a way that the setting of goals and the evaluation of results become practical possibilities (Veggeland, 1999; 1994a).

Additionally, Europeanization processes brought about more of the same tendencies so that the EU as a complete regulatory state pushed member states in the same direction. For example, the French Conseil d'Etat has calculated that the national government issues only 20 to 25 per cent of all legal binding norms applicable in France without any prior consultation in Brussels. Presumably, an analogous situation prevails in all other member states (Lavenex & Wallace,

2005). Also, in the Nordic, EEA¹ country Norway the same trend is visible; from 1995 to 2008 more than 5000 legally binding EU norms have become Norwegian laws and rules. A large part of EU laws and regulations are formulated as directives. These are then tailored to fit the laws and regulations in each of the member states. To a large degree, the laws devised to regulate the market for the free flow of goods, services, capital and labor make new demands on forms of market-orientated strategic planning on all administrative levels (Veggeland, 2005; Hayward & Menon, Eds., 2003).

The concept of deregulation in the sense of eliminating rules, therefore, is misleading. As Majone (1997, p. 143) has noted, in the wake of deregulation new forms of re-regulation follow:

What is observed in practice is never a dismantling of public regulation – a return to a situation of *Laissez-faire* which never existed in Europe – but rather a combination of deregulation *and* re-regulation, possibly at different levels of governance.

With reference to the regulatory state order, Thierstein (1997) has asserted that it is no longer adequate to focus only on formal political institutions such as elected bodies and the hierarchy of bureaucratic order in the framework of the classical Weberian type. The political system develops a network of hybrid institutions, which are part of the planning and decision-making process on different levels, but operates at arm's-length from the hierarchy. These agencies must be recognized as an integrated part of a political system in the process of institutional change (Majone, 1997). It has been argued that the concept of 'governance', understood as political steering practice based on regulatory agreements between public, semi-public,² and private actors in political and planning arenas, captures this wider perspective. Europe integrates through a combination of the efforts made by local, regional, national and supranational actors, and these actors can be either public or private (Thierstein, 1997). This dimension represents an important

1 European Economic Agreement (EEA). Norway is member of the European Free Trade Association (EFTA) but is outside of the EU. EFTA negotiated forward the EEA with the EU in the early 1990s, which Norway signed and implemented in 1995.

2 Arm's-length public bodies are run in accordance to private law.

starting point in the understanding of the transformation of the interventionist state.

In the wake of agreement-based structures of governance, the notion of democratic deficit has emerged (Chrysochoou, 2004; Veggeland, 2003). Global market forces and international bodies of regulation and agreements such as the EU seem to undermine the power and influence of the national parliaments. The legitimacy of this state order appears, then, to be under threat (Beetham & Lord, 1998).

While both the critiques that the regulatory state suffers from democratic deficit and the explanations of its strengthening position may often lack an empirical basis, Majone (1997) has still insisted that this deficiency does not lessen the importance of the main issue. What remains at stake is the increasing number of voters who are convinced and willing to support a new model for the governing of their society. This is a model, which includes the marketization of the public sector, increased competition in the economy along with the risk of failures, greater emphasis on developing the supply-side of the economy, and vast reforms of the welfare state (Pollitt & Bouchaert, 2004; Beetham & Lord, 1998)

Such forms of regulation create the need for detailed knowledge about and active joint participation in processes of governance on all levels. Majone (1997) has also pointed out that this factor, in addition to giving market actors and lower tiers of the administrative hierarchy greater responsibility, has led to the establishment of specialized public and private partnerships and semi-public (hybrid) companies. Their tasks are connected with the collection of information, the development of objectives, the supervision of the implementation of project programmes, joint participation in the management and the evaluation of results. Such agencies and institutions operate outside the line of organization and outside the hierarchical control or supervision of the central authorities. Typical traits in the regulative form of state are, according to Majone, as follows (1997, p. 146):

Administrative decentralization and regionalization; the breakdown of formerly monolithic entities into single-purpose units with their own budgets; delegation of responsibility for service delivery to private, for profit or not-for-profit, organizations, and to non-departmental bodies operating outside the normal executive branch

framework. Competitive tendering and other contractual or quasi-contractual arrangements whereby budgets and decision making powers are devolved to purchasers who, on behalf of their client group, buy services from the supplier offering the best value for money.

What distinguishes the regulatory model from the traditional, bureaucratic model are the emphases on discretionary decision-making rather than rule-governed decision-making and the combination of expertise and independence with specialization within a relatively narrowly defined area of regulation and activity. The institutions operate at a distance from the central authorities and are only indirectly under democratic control; they are 'unelected' (Vibert, 2007; Majone, 1997) has argued as though this model were unconditionally superior to more traditional methods of making and implementing policy.

There are numerous arguments against this view (Veggeland, 2003; Le Galès, 2003; Sachs, 2006). Some argue that distributive policies, or policies with significant re-distributive implications, for example, should remain under direct democratic control and Weberian bureaucratic executives. The regulatory model is most relevant in commercial sectors, public and private, where economic mechanisms and competition instruments are used, or as organizing principle for administrative activities where expertise, flexibility and reputation are the key to greater effectiveness.

The arm's-length bodies and agencies of the regulatory state, committees and corporations are important because of their inherent specialized knowledge and the possibility of making credible policy commitments. Majone (1990) underlines, however, that the real comparative advantage of agencies is the combination of expertise and long-term commitment.

Long-term policy commitment is notoriously difficult to achieve in a democracy, which is a form of government *pro tempore*. The time-limit imposed by the requirements to hold elections at regular intervals is a powerful constraint on the arbitrary use of the winners of the electoral contest of the powers entrusted to them by the voters. The segmentation of the democratic process into relatively short periods of time has serious consequences whenever the problems faced by society require long-term solutions. However, political principals

can transfer power to their agents within limits set by law, but they cannot transfer legitimacy in the same way; the new institutions have to achieve their own legitimacy.

McGowan & Wallace (1996) have asserted that the paradigm followed by the regulatory state based on management by objectives and independent arm's-length agencies is expressed differently in institutional terms in Western countries. Their view agrees with the approach of forming path-dependence running from a diversity of social models and administrative traditions (Knill, 2001; Pierson, 2004). For that reason the regulatory state of the EU does not one-dimensionally create administrative convergence in Europe; more often the resulting outcome is divergence (Page & Wouters, 1995).

Let us consider some examples:

The comprehensive and deep reaching planning required in steering by goals varies in dimensions from country to country. McGowan and Wallace have noted that in the US, with its traditional skeptical approach to planning, the ability to regulate has been developed and based on the judiciary and the use of courts to control the implementation and results of regulatory policies rather than independent agencies.

In Japan, on the other hand, regulation has its basis on strategic planning. We must not equate the Japanese view of the planning paradigm in the sense of how it existed in the Communist planned economy. Instead, planning focuses on particular sectors to promote swift development and growth, to prepare the ground for foreign investment, to ensure state finance and to devise a suitable trade policy (Itoh, 1992).

In this regard, the social democracies in Nordic and Continental Europe seem closer to the Japanese approach, perhaps going even further in their enthusiasm for public-planning actions. The culture of the social-democracy states has been developed over a long period and favors planning on all levels and within all sectors. But this highlighting of differences does not mean that a convergence of the different models and paradigms will not occur in the long term (Veggeland, 2007).

SUMMARY

Majone (1997, p. 148) has provided an overview of the key traits that distinguish the interventionist state from the regulatory state order. According to the theory of regulation, the task of research is to present 'small narratives' of different institutional arrangements and the practice of governance. Alongside this approach, there is the view of networking theory that emphasizes the study of the 'politics (of) how to catalyze coordination processes at different levels and how to construct appropriate institutions' (Thierstein, 1997, p. 13). Taming of the undemocratic power of the regulatory state issue will be essential for future politics.

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