

# The governance web: New roles and responsibilities for the digital era

*The digital era will see an increasingly dynamic and fluid configuration of power and responsibility among governments, civic actors and the global marketplace*

*Governance webs integrate competencies and contributions from a broad range of participants*

*G-webs are inevitable - governments must play an active role in them to meet citizen and market expectations for a more responsive, resourceful, efficient and accountable form of governance*

*The Internet is driving the redefinition of roles, relationships, and institutional forms in the public sphere*

*Governments need new management competencies, resources, and flexibility in organizational design in the digital economy*



D I G I T A L 4 S I G H T

# Governance in the Digital Economy

# The governance web:

## New roles and responsibilities for the digital era

*“The revolutions in communications are changing the scale of human activities . . . Societies have tended to function reasonably when there is congruence of scale among economic activities, social organization, and political and administrative control units. But increasingly what is happening is a mismatch of scale.”*

— Daniel Bell

### Scorecard

#### Phenomenon

#### Government-market-civil society networks

#### Description

The digital era will be characterized by an increasingly dynamic and fluid configuration of power and responsibility among governments, civic actors and the global marketplace. Whether streamlining government service delivery or resolving complex global issues, governments are either actively seeking or can no longer resist or broader participation from civil society and the market (i.e. the private sector). Research into this phenomenon suggests three fundamental findings:

- Governments need to integrate competencies and contributions from multiple participants to meet citizen and market expectations for a more responsive, resourceful, efficient and accountable form of governance
- The Internet is driving the redefinition of roles, relationships, and institutional forms in the public sphere
- While greater shifts in power and authority to the market and civil society are inevitable, most governments currently lack the management competencies, resources, and flexibility in organizational design to manage the perils, or leverage the benefits, of this phenomenon

This case examines several fledgling networks among government, the market and civil society to help government decision-makers understand and engage the emerging model of digital-age governance: the governance web (g-web).

#### Key Participants

- **Government:** local, subnational, national and inter-governmental organizations
- **Market:** global corporations, small and medium sized businesses, industry associations
- **Civil society:** Advocacy networks, NGOs, civic associations (including religious groups, trade unions, professional associations, and interest-based groups), community-based organizations, individual citizens

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## Scorecard continued...

<b>Phenomenon</b>	<b>Government-market-civil society networks</b>
<b>Technology Enabled Change</b>	<p>The central contributions of the Internet to the development of governance webs are largely a consequence of its decentralized and internetworked structure, which:</p> <ul style="list-style-type: none"><li>• Enables new linkages among people, knowledge and institutions in the creation of dynamic governance webs and new value propositions</li><li>• Amplifies many of the diverse forces and mechanisms by which societies order their affairs, giving clear advantages to network-enabled actors over entrenched hierarchies</li></ul>
<b>Success Indicators</b>	<p>Leading g-web success indicators will include:</p> <ul style="list-style-type: none"><li>• Broader participation from the market and civil society</li><li>• Superior performance and process integration</li><li>• Greater knowledge sharing and diffusion</li><li>• Improved transparency and accountability</li><li>• Increased agility and flexibility in responding to leading issues and challenges</li><li>• Decentralized and participatory decision-making</li><li>• Greater efficiency and cost-savings</li><li>• Improved confidence and trust in the performance of governments</li></ul>
<b>Perils</b>	<p>The paths to transformation will be laden with perils that governments can avoid or mitigate with proper planning. These include:</p> <ul style="list-style-type: none"><li>• Conflicts over different notions of the proper roles and powers of governments, market and civil societies</li><li>• An ineffective, disintermediated, state system that generates social/political conflict and fails to meet human needs</li><li>• Less local democracy and accountability as power is shifted to global institutions and powerful market and civic actors</li><li>• Global divides in civic participation as digitally-enabled NGOs and citizens gain influence but the majority of voices remain marginal</li></ul>
<b>Future State</b>	<p>Digital-age governments face an increasingly dynamic political and economic environment shaped by fluid, shifting and spontaneous networks that coalesce to engage on political issues. The promise of digital-age governance is that of a more adaptable world in which power is increasingly shared. The key question is whether the emerging reality of networked governance will strengthen or diminish society's capacity to manage the long list of interconnected challenges and issues this century</p>

## The limits of industrial-age government

Industrial-age government emerged as a tightly controlled collection of seemingly permanent and rationally ordered structures and institutions. This confident and authoritative body was the center of legitimate power due to its attainment of a central role and responsibility for planning, anticipating problems and overcoming obstacles in guiding the development of modern nation-states.

The underlying rationale for large and complex government structures was that progress, both social and economic, depended on maintaining order through administrative control. The disorders of early industrialization made the need for a central authority seem urgent. Since citizens and civic associations (civil society) and business and industry (the market) were largely contained within the geographically defined space of the nation-state, attention was focused on the problem of identifying and ministering to manageable units within a territorially bound society. Government focused on mitigating the weaknesses of each sphere of public life and not on the potential roles that civil society and the market could play in advancing the processes of governance.

In the more complex and interconnected digital-era environment, the industrial-age command-and-control model characterized by hierarchy and centralization is becoming untenable. Growing global economic interdependence, fast-paced technological change, and a plethora of transboundary and cross-disciplinary issues present enormous challenges to today's government institutions. Governments face a reality in which they are increasingly dependent for authority on a network of powers and counter-influences of which they are just a part. While there has not been a great leveling of the political playing field, even the most powerful governments cannot escape the influence of the marketplace or international public opinion. Nor can they easily reverse — or even curtail — the current diffusion of political authority and responsibility to the market and civic actors. The challenge for governments is to be a leader in building new institutions of governance, leveraging the power and innovative capacity of the market and the capabilities of an increasingly networked citizenry.

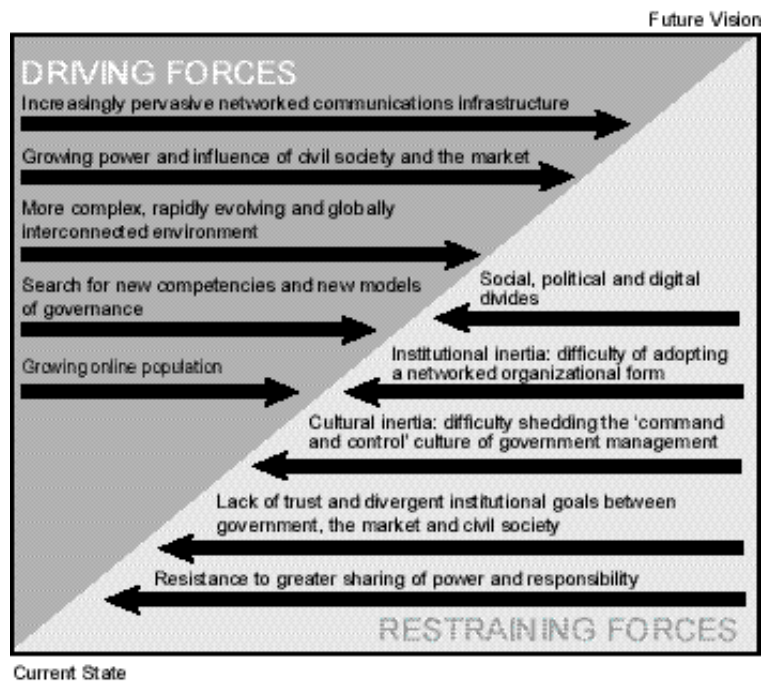


Figure 1. Governance Force Field Analysis

## From government to governance webs

A fundamental shift in governance is unfolding as the scale of activity in the market and civil society overwhelm the political and administrative institutions of government. According to Harvard Social Scientist Daniel Bell, the management of scale has been one of the oldest problems in social institutions. Bell says, "Societies have tended to function reasonably when there is congruence of scale among economic activities, social organization, and political and administrative control units. But increasingly what is happening is a mismatch of scale."<sup>1</sup> As industrial-age institutions crack under pressure for change, governments are in danger of losing the legitimacy and authority to govern. To manage this mismatch in scale, governments need to make a transition from *industrial-age government*, in which a single agency, ministry, or level of government assumes central control of political responsibility, to *digital-era governance webs*, in which a network of civic and market actors participate in the "ordering" and "management" of public affairs.

Institutionalized or methodical attempts by governments to create g-webs are rare and immature. Examples of governments using the Internet to design and orchestrate a g-web are even more exceptional. Many emerging g-webs are characterized by conflict — and some involve government as an unwilling participant — because governments have been slow to

adapt to new realities. But, as this case will demonstrate, precursors to more institutionalized forms of market and civic participation in governance are appearing in virtually all traditional government domains. The imperatives for governments going forward are first to identify the roles and competencies that governments must discard, maintain or acquire, and second, to design the institutional/organizational frameworks through which the complementary strengths of the market and civil society can be leveraged.

### **The changing governance environment: government and the market**

Though it usually stops short of directly determining policy outcomes, the market shapes the overall structures within which governments and other political, social and economic institutions must operate and make decisions. In contrast to previous eras, structural power is not centered in or working through any particular country — it floats freely in a global network of corporations, financial institutions and strategic locations.<sup>2</sup> In this context, governments face two interrelated challenges: 1) working with the market to adapt their regulatory mechanisms and governance processes to better support innovation and wealth creation, and 2) ensuring the ascendance of digital networks will also be a force for sustainable social development.

### **Upheavals and transformations**

The changing economics of the information-based economy have put the survival of many industrial-age firms at risk.<sup>3</sup> In the digital economy, firms must provide much higher value at much lower costs to capture and retain the scarce attention of customers. To become more competitive, innovators are not choosing to build internal capacity, but to create a new organizational form for value creation we call the business web (b-web).<sup>4</sup> In b-webs, internetworked, fluid — sometimes highly structured, sometimes amorphous — sets of enterprises, teams and individuals come together to create value for customers. Emerging leaders in the digital economy are mobilizing people and resources to unprecedented levels of performance and greatly enhancing flexibility and innovation in business models, management and marketing. The result has been unprecedented market capitalizations and profits, accompanied by significant and shifting concentrations of resources and wealth.

### **New global networks**

While the market is in a period of rapidly accelerating innovation and globalization, government has been not only slower to catch up, but also in many ways constrained by emerging

imperatives set by the market. Three interconnected political-economic phenomena are central:<sup>5</sup>

- *Global corporations* play a major role in the globalization of production, world trade, foreign investment, and financial markets, as well as the production and diffusion of new technology, private research and development, employment, and the provision of goods and services.<sup>6</sup> For governments, the ongoing importance of global corporations to national economic activity means that government policy makers cannot ignore their needs.
- While stimulating economic growth, *Global trade* imposes limits on state autonomy and induces shifts in domestic policy as nation-states become participants in regional and international trade regimes such as NAFTA, APEC and the WTO.
- *Global finance* has imposed an external financial discipline on governments that has contributed to both the emergence of a more market-friendly state and a shift in the balance of power between states and financial markets.<sup>7</sup>

### **New partnerships**

Government decision makers increasingly agree that public-private partnerships will become the primary way to organize and implement a growing number of government services, and in some cases, to create social and economic policy. Three major motivations have propelled the growth of public-private partnerships. The first is the redefinition — and reduction — by some governments of their role in the provision of goods and services in the economy. The second is the pressure of mounting debt and intractable deficits — particularly through the 1990s — that led governments to sell assets or reduce costs. The third is the desire of governments to tap the knowledge, technology and resources of the market. In leading partnerships, governments leverage the strengths of the market by sharing risks and financial reward with private sector participants through a g-web delivery model.

### **The changing governance environment: Government and civil society**

Civil society has traditionally operated in a governance space constrained by hard boundaries set by governments.<sup>8</sup> In the digital era, governments will be less able to control the context in which they become engaged with civil society. New civic networks - from local to national to transnational - escalate the power of civil society relative to governments and the market in democracies and increase the influence of civic actors (domestic or foreign) in the politics of the undemocratic nations.

### Upheavals and transformations

The civic institutions and organizations that were constructed around the social contract among government, the market and citizens are less and less able to relate to the people's lives and values in most societies. Increased disillusionment with traditional political and civic institutions, however, is occurring at the same moment that many Western nations are experiencing a momentous transition from membership to advocacy in civil society. Citizens are

now more likely to drop in and out of organizations and issues than they are to make a long-term commitment to membership in apolitical associations.<sup>9</sup> Indeed there has been a dramatic growth in NGOs that are active around an increasingly wide range of issues and projects at local, national and international levels.<sup>10</sup>

### New global networks

The construction of networks of knowledge and action by local actors that cross the boundaries of nation-states has led many commentators to announce the emergence of a global civil society.<sup>11</sup> As civic actors continue to adopt the Internet as an organizing tool, governments can expect to encounter more transnational, visible and diversified civil and uncivil networks. While transnational NGOs and advocacy networks interact with governments and the market over particular issues, these networks are not constrained by the state system itself.<sup>12</sup> Like global capital, they owe no allegiance to any particular nation-state. A majority of transnational civic actors, however, are Western groups projecting themselves into the international arena and developing countries. The NGOs that are emerging in recently democratized regions of the world still have little access to international decision makers, except through coalitions with more powerful organizations.

### New partnerships

Civil society is becoming an important partner (and independent force) in the renewal of local politics and the democratization of global decision-making.<sup>13</sup> As the attention of national governments turns to strategic issues related to globalization and power over matters of everyday life is increasingly found at local and regional levels, the space for civil society actors has grown. The persistence of certain social welfare problems such as poverty and urban decline is resulting in increased efforts by governments to engage civil society to help address them.<sup>14</sup> In many cases, community organizations have developed entirely grassroots network solutions in the absence of government initiatives.

In the global arena, civic actors are benefiting from an international context more amenable to non-national ties and partnerships.<sup>15</sup> The past decade of UN-sponsored conferences such as the 1992 Earth Summit in Rio and the 1995 World Conference on Women in Beijing, suggests that government policy makers increasingly rely on NGOs for their specialized expertise and capacity to engage grassroots energies.<sup>16</sup> In international service provision and humanitarian relief work, NGOs are receiving a greater percentage of development assistance from development agencies and governments than ever before.<sup>17</sup>

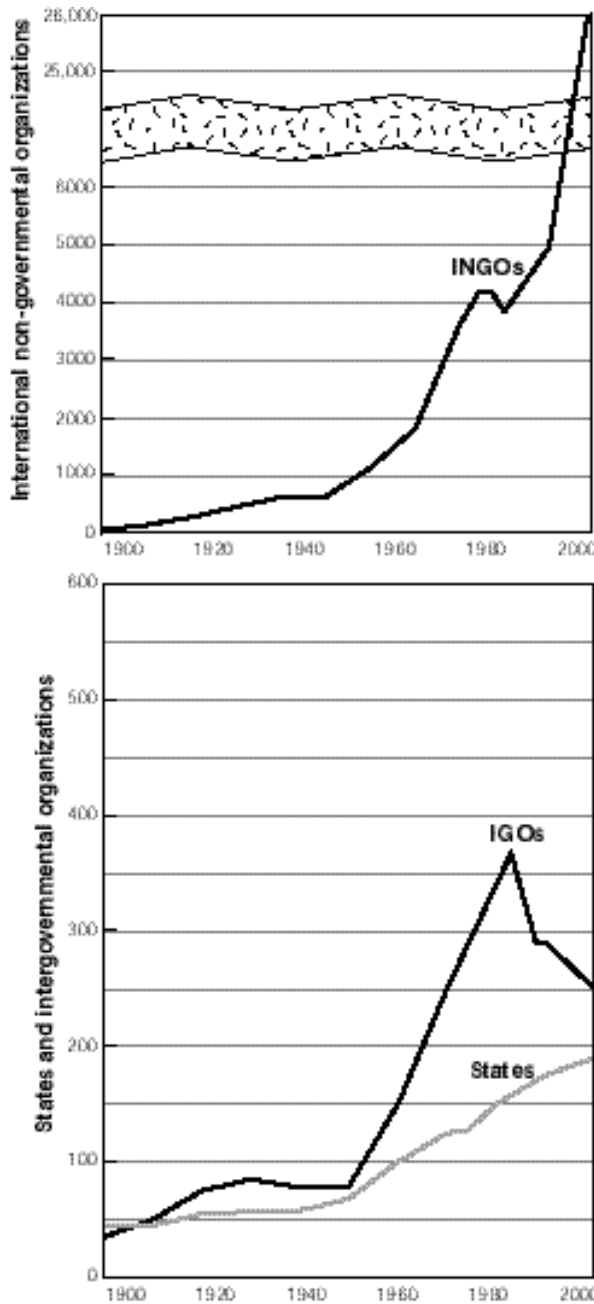


Figure 2. Growth of states, IGOs and INGOs over time

## Emerging trends in governance

As budding models of internetworked governance mature, governments that actively pursue a g-web strategy will co-define, rather than react to, the emerging trends in governance.

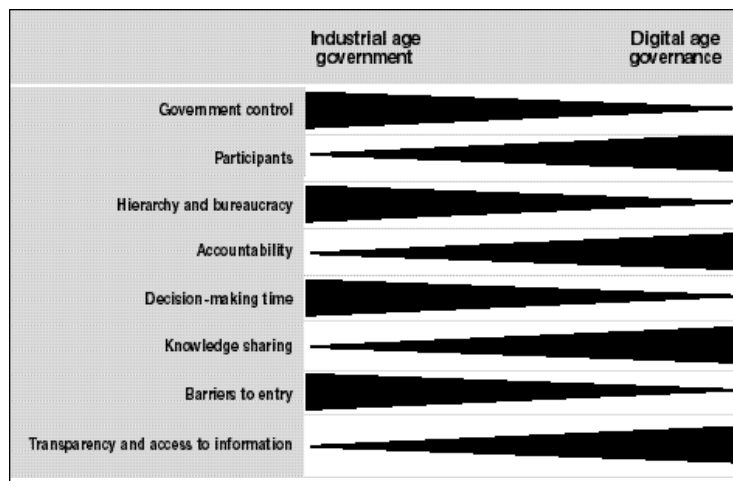


Figure 3. Governance transformation chart

## Organizational networking

Governance webs are emerging as the leading organizational form for integrating the activities of institutions and organizations to create new value. Enabled by information technologies, g-webs will evolve and operate at light speed, with the unique ability to easily integrate new nodes that share the same interoperable communication codes. G-web leaders will need to manage an increasingly supple arrangement of rights and responsibilities to maintain an agile, open and fluid network of participants.

### Transparency and openness

The Internet enhances both free association and the free flow of information and knowledge through unmediated channels — two powerful prerequisites for a more autonomous and influential citizenry in the g-web phenomenon.<sup>18</sup> Knowledge diffusion is escalating the number of players that can command attention and authority in political affairs, undermining government attempts to establish or maintain information monopolies. Governance webs will drive increased transparency and openness as the Internet provides access to information about the activities of global corporations, governments, and even NGOs.

## Knowledge management

Governance webs provide unparalleled opportunities for the creation and management of knowledge. By reducing the cost and time-space barriers to effective communication and coordination, the Internet enables g-webs to acquire, process, and disseminate new knowledge and public information more effectively than industrial-age institutions. Governance webs that cultivate sophisticated knowledge management capabilities will also benefit from a superior capacity to incorporate diverse perspectives and real-time information into decision-making.

### Democratizing decision-making

Increasingly, power and responsibility in decision-making will be shared and negotiated by diverse participants in local, national, regional and international arenas. Managing the changing scale of decision-making and the growing number of participants will drive g-webs to invent and refine new digitally enabled models of decision-making. Ensuring proportional representation among participants, building trust and creating consensual processes for negotiating differences will be vital to reducing conflict and enabling greater collaboration in the next generation of g-webs.<sup>19</sup>

## Case Studies

This investigation of new opportunity spaces for governance in the digital economy focuses on eight different networks that have emerged as the three spheres of public life — government, the market and civil society — overlap. The case studies survey the governance landscape, touching down on a range of issues and initiatives along a number of axes, including **territory** (local to global), **governance space** (services to policy-making), **g-web integration** (collaboration to conflict), **power shift** (market to civil society), and **government control** (lead to bystander). Each of the eight cases provides insight into impact of the Internet on governance and the emerging roles for government, civil society and the market in governing a networked world.

### Local, national and international g-webs

At the local level, networks are emerging among local government, business and civil society to empower communities and distribute the benefits of the information revolution to regions bypassed by global networks of information and wealth creation.

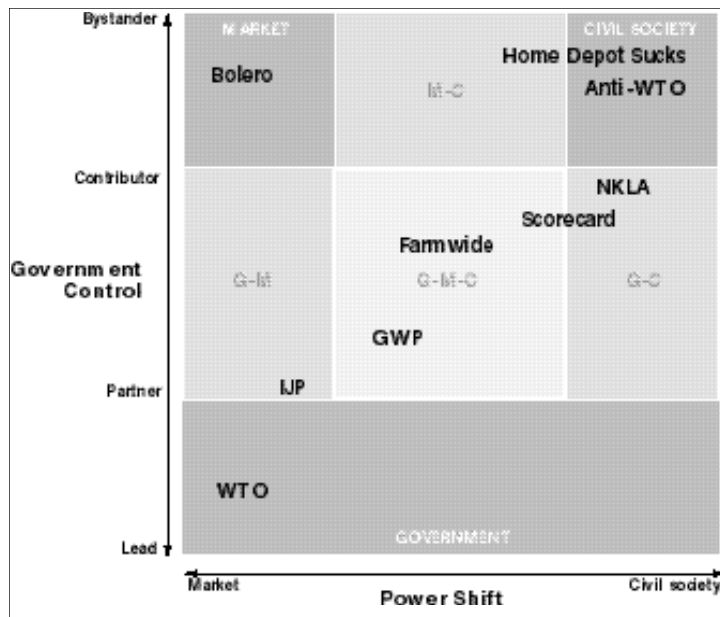


Figure 4. Typology

- *Neighborhood Knowledge Los Angeles: Community empowerment and the Internet*, explores an innovative effort to empower communities to preserve their neighborhoods through Web-enabled access to underutilized public data  
URL: "<http://nkla.spsr.ucla.edu/index.cfm>"

At the national and sub-national level, governments are managing devolutions in responsibility to local and regional bodies and a broadening of participation as the market and civil society become integral players in spaces where governments had previously maintained a monopoly.

- *Integrated Justice Project: A new model for public-private partnerships*, identifies a best-practice approach to partnerships in a joint effort to create a more efficient, technology-enabled justice system in Ontario, Canada  
URL: "<http://www.integratedjustice.gov.on.ca/>"
- *Scorecard: Digital-age models for environmental protection*, demonstrates how the Internet can give communities greater access to the information and tools they need to protect their environment  
URL: "<http://www.scorecard.org>"
- *Farmwide: Information-age agriculture in the Australian Outback*, draws key lessons from a multi-stakeholder approach to economic development in Australia's rural farm communities  
URL: "<http://www.farmwide.com.au/>"

At the international level, governments are beginning to function less as sovereign entities and more as nodes of an international "polity." A decentralized form of global governance is emerging as governments, international

institutions, the private sector and NGOs, as well as individual citizens, accept or claim joint responsibility for managing economic globalization, preserving a transnational rule of law, responding to international conflicts and humanitarian disasters, and defining and upholding international principles and values.

- *The Global Water Partnership: A network for sustainable water policy*, examines the creation of new knowledge and solutions for sustainable water use through Internet-enabled tri-sector policy networks  
URL: "<http://www.gwpforum.org/>"

- *Information-age lobbying: Advocacy networks and the WTO*, considers the implications of the ability of Internet-enabled activists to mobilize public opinion and gain greater influence in international trade and investment negotiations such as the MAI and WTO  
URL: "<http://www.agitprop.org/artandrevolution/>"

- *Corporate watchdogs and the Internet: The Home Depot Sucks campaign*, suggests the Rainforest Action Network's campaign against Home Depot is an indicator of an emerging model of corporate governance in which civil society uses the Internet to pressure the marketplace to accept voluntary codes of conduct  
URL: "<http://www.homedepotsucks.com>"

- *Bolero: the self-regulating market?*, assesses the significance of a phenomenon in which an electronic trading platform and electronic trading policy have been designed and implemented in the absence of government responses to the need for international rules.  
URL: "<http://www.bolero.net>"

### Neighborhood Knowledge Los Angeles: Community empowerment and the Internet

Neighborhood Knowledge Los Angeles (NKLA) is a university-community-government partnership aimed at improving and preserving neighborhoods. The cornerstone of the project is an online tool that provides easy access to a vast collection of public data about properties and neighborhoods facing urban decay. The NKLA project integrates databases containing information about public (city, county, state, federal) and private (e.g. investment, toxic release notices) activities that can be tracked at the neighborhood level to develop an interactive Neighborhood Electronic Monitoring System (NEMS). NKLA's evolving information system uses a mapping interface to plot near "real-time" information on city



maps posted on the Web site. Rather than having to look at each database separately, public officials, citizens and businesses can search by zip code or other parameters to view comprehensive information on one property, or see at a glance which communities might be headed for trouble.

### History of NKLA

NKLA was first developed at UCLA's Advanced Policy Institute in the School of Public Policy and Social Research as a participatory research project with residents from Vernon-Central, a low-income neighborhood in Los Angeles. This initial project attempted to better understand the patterns and processes of residential disinvestments. Neal Richman, director of NKLA and associate director of UCLA's Advanced Policy Institute, found that the best predictor of housing abandonment is tax delinquency. The researchers involved with the NKLA project began using tax data to look for a characteristic pattern in housing serving low-income residents. Property tax delinquency, they found, is often followed by building code violations and tenant complaints, and eventually, abandonment.

After coming across a similar early warning system in Chicago, graduate student Daniel Krouk proposed that an interactive database approach could yield a powerful policy research tool with wider use and accessibility than a traditional research study. An online project prototype was developed and presented to the city of Los Angeles Housing Department, which provided initial funding. The Fannie Mae Foundation and the U.S. Department of Commerce Telecommunications and Information Infrastructure Assistance Program were also approached and subsequently provided major financial assistance. Other project participants include the Los Angeles Library Department, the Los Angeles Community Redevelopment Agency and the Community Development Technologies Center.

### The government-civil society network

A condition of funding was that the UCLA team find a home for NKLA in a non-profit organization so that the tool would be directly accountable to an active constituency. This encouraged NKLA researchers to develop effective community partnerships that placed this tool in the hands of



Figure 5. NKLA screen capture

community members looking for “early warning signs” that properties in Los Angeles are headed for unlivable status. Since the NKLA launched in September 1999, citizens and community organizations have been using its online databases to look for properties with tax problems, code violations or other difficulties, such as tenant complaints or fire violations, that could be precursors to abandonment and deterioration in their neighborhood.

The focus of the project is not just on identifying problems. NKLA has developed a code enforcement tracking system that enables residents to monitor the City of Los Angeles responses to housing code complaints and violations — similar to the way online customers track their Fed Ex packages. Users are supplied with information on conducting their own inspections, contacting City inspectors using electronic forms for complaint letters and other documents, and finding assistance in resolving housing concerns, including mediation groups. NKLA researchers also work with grass-roots community organizations, tenant groups and activists, such as the Western Center on Law and Poverty, to promote code enforcement by government officials. According to Richman, the NKLA project and its community partners played a role in developing the city's comprehensive slum housing ordinance, which mandates that all properties be inspected for code violations every three years. That, in turn, is helping improve compliance by property owners.

Another innovative application of NKLA technology is a spin-off project called Interactive Assets Mapping of Los Angeles (I AM LA). One early criticism of NKLA was that it often reinforced the image that

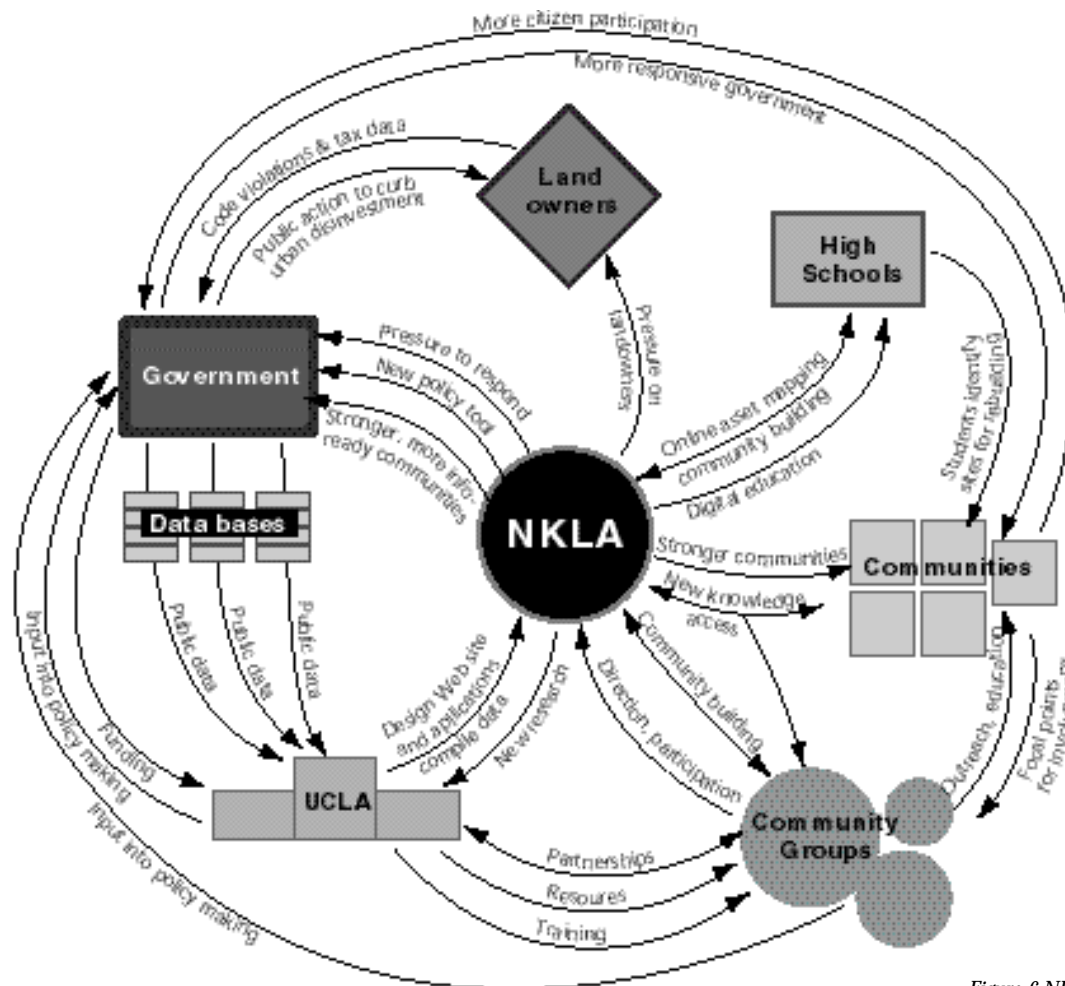


Figure 6. NKLA value map

low-income communities only contain “deficits,” such as nuisance properties and environmental hazards. Moreover, the information displayed by NKLA was not produced by those who actually live in the community. Through a community asset mapping program, I AM LA helps identify strengths for rebuilding. Using a combination of GIS and Internet technologies, for example, youth in the Vernon Central community conducted an electronic “treasure hunt” to describe spaces important to them and their community. Residents can find information about church groups, organizations, social programs and youth activities through database-enabled neighborhood Web pages.

One group that finds the NKLA tools useful is Concerned Citizens of South-Central Los Angeles, a nonprofit organization that works with residents to improve conditions in their neighborhoods. Executive Director Juanita Tate says “All of this is made possible through access to information gleaned from public data. We couldn’t do this on our own

because we can’t afford this kind of research or these kinds of people. Our university partnerships with UCLA and Occidental have been great.”<sup>20</sup>

### The changing governance environment

NKLA and similar projects in other cities are good examples of how technology-enabled networks between civil society, government and other public institutions such as universities can improve the process of governance by empowering more participants to become involved in problem identification and resolution. In particular, NKLA exemplifies three phenomena enabled by the Internet.

### Integrating institutions

The Internet blurs boundaries among institutions — in the case of NKLA, among a university, city and county governments, and community organizations. As separate entities, none could accomplish what NKLA does by pooling resources and competencies. The university contributes research and technological skills to the development of NKLA technology and the

training of community members and government officials. The community organizations serve as focal points for engaging and organizing the community around the project. The various government agencies function as sources of public information and as legitimate entities for enforcing violations and directing funds towards community reinvestment strategies.

### ***Turning information into knowledge***

Spotted early enough, a community's decay could be reversed through a combination of well-targeted public programs and private sector investment. But although the danger signals are all on public record, they are effectively inaccessible to the public, buried deep within the bowels of city hall. NKLA illustrates what can be done with what would otherwise be underutilized public information. Richman says that the key value that UCLA brings to this project is its researchers' ability to transform raw public data into formats that are meaningful and useful to community residents and local government policy-makers.<sup>21</sup>

### ***Community empowerment***

For communities left out of the high-tech boom, new technologies provide real hope when they are applied to concrete social problems. Community outreach, access to technology, and training help low-income and linguistically isolated communities connect to effect social change. NKLA's powerful combination of interactive mapping and citizen participation could easily be replicated to track information on issues such as employment, public health and migration patterns.

## **The Integrated Justice Project: A new model for public-private partnerships**

Developed to streamline the justice system in Ontario, Canada's most populous province, the ***Integrated Justice Project*** is a joint initiative of three ministries and a consortium of four private companies. The ministries of the Attorney General, Solicitor General, and Correctional Services combine to form the public arm of the partnership. ***EDS Systemhouse*** leads the private consortium, which includes ***DMR Consulting Group***, ***KPMG LP***, and ***Teranet Land Information Systems***. The project includes a common systems architecture, improved and integrated case management, technology-enhanced courtroom procedures, and an upgraded desktop computer implementation project. The IJP is still under development, and the plan is to have all systems operational by the end of 2001.

### **The government-market network**

The IJP's innovative partnership allows the two sets of partners to combine resources and competencies while sharing the risks, benefits and financial

rewards. The Ontario government gains increased access to financial resources and technologies; in return, the government has ceded some of its control over the justice system and the possibility of financial returns to the private sector. The consortium gains a new market, and has the potential for greater upside gains than they would have in a traditional procurement relationship. In return, it shoulders some of the risk.

### ***Shared risk and financial reward***

Unlike an outsourcing program, the IJP uses a process called Common Purpose Procurement. The consortium shares part of the surplus if the program saves the government money, although the amount is capped at full recovery of the investment. Conversely, if the project does not generate savings, the private firms share the financial loss with the government. This arrangement allowed the government to leverage its investment, obtaining 75 per cent of the estimated C\$200 million program budget from the private partners. Currently, the Ontario government spends 3.5 per cent of its total budget, or \$2 billion per year, on the justice system.<sup>22</sup>

The IJP agreement sets common goals for the public and private partners, and ensures that each group is appropriately dedicated to the success of the project. Ailsa Hamilton, director of the public side of the project, says that with the shared risk, "nobody's gonna send us a dud."<sup>23</sup>

### ***Information management***

Cost saving is not the only driver for the IJP. Recent judicial inquiries into violent crimes in Ontario have determined that better communication in the justice system might have prevented further crime in these and other cases. This has helped the IJP garner support.

The IJP strives to improve the current "silo" system of government organization, in which numerous, isolated stores of information are housed in different departments and jurisdictions. Changes to one set of data are not reflected in other "silos," creating inconsistencies that can lead to critical errors. The IJP will house a single database available to all authorized users, leading to a seamless, "end-to-end" justice system.

The project will also use electronic tools to email case contributors about important events, and schedule court sessions. An electronic file will be created for offenders, including a digital mug shot and personal information. Instead of typewritten transcripts, court proceedings will be recorded digitally. Most important, the integration of all of this information into a searchable database will allow justice workers to find important data that was previously difficult, costly or even impossible to find.

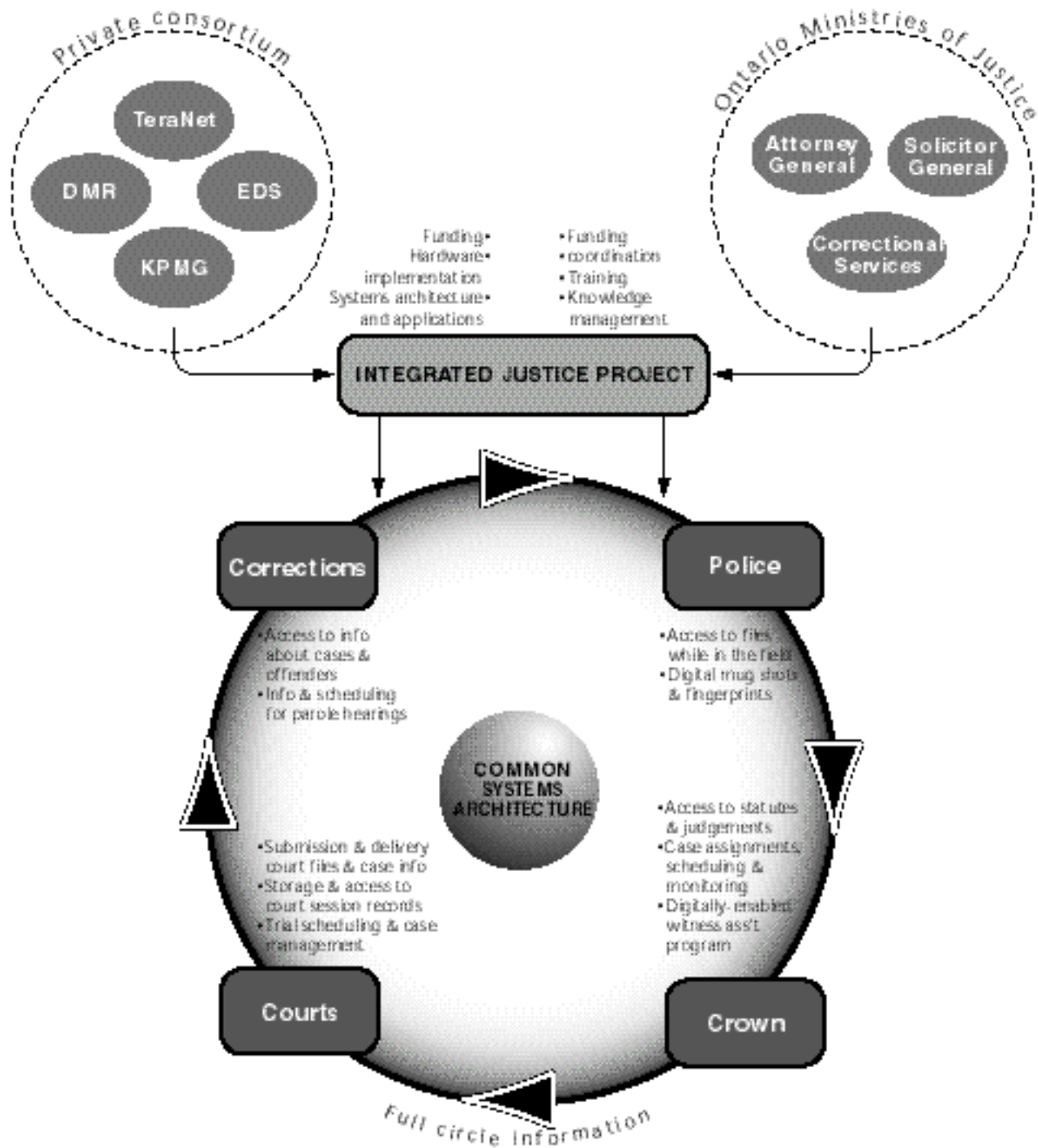


Figure 7.IJP

***Institutional integration and organizational design***

With three ministries and four major corporate partners, organizational design and communication present major challenges for the IJP. The IJP has put a

unique spin on traditional relationships by having public and private staff work side by side on project teams, working towards common goals. Hamilton describes the situation as “fully mixed”, saying that it’s difficult to identify whether a project team member comes from the public or private side. When conflicts

occur, which, according to Hamilton, is rare, both sides defer to the initial agreement for clarification. The 300-page contract document was designed meticulously so conflict could be resolved quickly.

One of the trade-offs of gaining efficiency through public-private partnerships is the loss of public sector jobs. While job loss is arguably transitional as public sector jobs are replaced by private sector jobs, public sector labor unions such as *OPSEU* (Ontario Public Service Employees Union) object to the replacement of court reporters and other staff with electronic systems. Once fully implemented, the project will eliminate 2,500 such jobs. *OPSEU* says courthouses will be like “giant automated banking machines” and contends “no matter how good the technology, there still needs to be a qualified, trained individual in the courtroom [to ensure that] the court record is accurate and complete.”<sup>24</sup>

### **The changing governance environment**

In any public-private partnership there are important choices to be made about the nature of both the government-market relationship and, increasingly, the government-to-government relationship. The IJP represents a best-practice approach to resolving some of these choices.

### **Partnerships versus privatization**

Privatization and outsourcing are traditional government approaches to achieve efficiency and leaner budgets. The Internet provides an infrastructure for greater creativity and innovation. Forward-thinking governments will seize this opportunity to choreograph and deliver government services with a wide range of public and private participants. Leading government partnership models will also create incentives for the market to align itself with the interests of the government and, ultimately, the public at large. These goals will be accomplished through well-structured partnerships such as the IJP, which share risk and reward, as well as operations and decision-making.

### **End-to-end justice system**

Bureaucratic fragmentation has stifled the effectiveness and innovative capacity of industrial age institutions. Indeed, the promise of tighter integration of processes and information management systems is one of the key forces driving e-government. This competency can be acquired through partnerships with process experts in the private sector. For the IJP, the payoff lies in its ability to overcome coordination problems among silos in the justice system, allowing staff to perform tasks more quickly, cheaply and efficiently, with fewer cases falling through the cracks.

### **New management models**

The success of the IJP will depend on the ability of g-web leaders to manage human capital across the newly integrated justice system. The highest performance will be achieved when collaboration and problem-solving can occur at all points in the lifecycle of the justice system. The IJP’s full circle information system not only facilitates the flow of information across several government agencies, but also provides an infrastructure for an internetworked management approach.

### **Organizational learning**

Organizational learning will also play a fundamental role in the success of public-private partnerships. The IJP faced one of its biggest organizational learning challenges in training and fostering technological understanding necessary for diverse user groups to handle the advanced information management systems. Significant effort has been invested into the education of participants such as lawyers, Crown attorneys, correctional staff, and municipal administrators. The IJP has created unique pages on its Web site for these different parties, providing details on upcoming events, answers to common questions, and other useful information. This investment will improve the performance of the g-web and bring a large group of Canadian public officials up to world standards.

### **Scorecard: Digital-age models for environmental protection**

Like other social movements in the United States, the environmental movement of the 1960s took an adversarial stance towards the state and the market. By the 1980s, however, a largely grassroots social movement had spawned a small but powerful circle of well-resourced lobby groups such as the Sierra Club, the National Audubon Society, and the Natural Resources Defense Council (dubbed the Group of Ten<sup>25</sup>) with a demeanor closer to their government and business counterparts than to their grassroots predecessors.<sup>26</sup> While “professional” members of the environmental movement enjoyed unprecedented influence, ordinary citizens and small community organizations faced enormous barriers (both technical and financial) to participation in environmental protection and policy-making. And while policy-making was opened up to prominent NGOs in the Group of Ten, the government continued to maintain a monopoly on monitoring compliance and enforcing regulations. Thus, what had started three decades before as a populist and decentralized movement had, by the 1990s, evolved into a technical, centralized and bureaucratic system.

Two forces are now converging to unsettle this

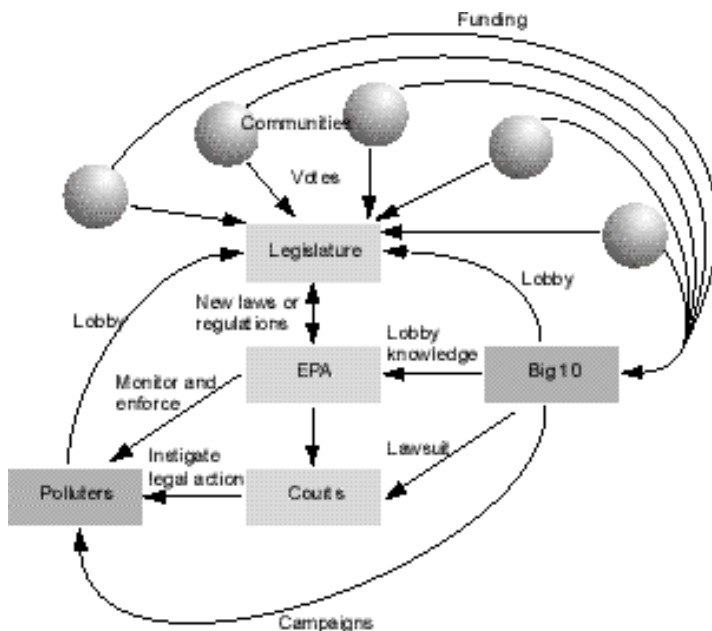


Figure 8.Scorecard1

centralized approach.

- The community right-to-know movement — galvanized after incidents such as Love Canal — has grown considerably in strength and numbers over the past two decades.<sup>27</sup> As communities have become aware of the impacts that toxic chemicals are having on human and environmental health, community leaders are becoming vocal in demanding access to information about nearby environmental hazards.
- Empowered by the widespread deployment of GIS, Web-enabled databases, and computer simulations, environmental groups are gaining the ability to collect, manage and distribute large volumes of environmental data. Governments are not only under pressure to make information available; they are increasingly unable to monopolize the management of information.

These forces are driving the evolution of new, more decentralized and community-based regulatory enforcement. The Environmental Defense Fund's (EDF) Web-enabled interface to databases of toxic

releases across the United States, called Scorecard, is a primary example of this new model of environmental governance.<sup>28</sup>

### The government-civil society network

The story begins with the creation of the Toxic Release Inventory (TRI) by the US Environmental Protection Agency (EPA) in 1986. After the tragedy in Bhopal, India, where a chemical explosion in a Union Carbide plant in 1984 killed over 3,500 people and acutely injured tens of thousands of others, policy-makers came under intense pressure to protect the American public from a similar disaster. The Emergency Planning and Community Right-to-Know Act, drafted in 1985, contained a provision called the Toxic Release Inventory (TRI) that empowered the EPA to collect emissions levels on 328 deadly chemicals in use in commerce. With considerable foresight, Congress required the TRI data to be made available to citizens via computer. The bill met furious opposition from industry, and even some EPA officials, but narrowly passed. The first report, released in 1989, showed that billions of tons of toxic waste were being released into the environment. Observers credit this report with spurring the chemical industry to intensify the search for low-pollution technologies.

Not long after the development of the TRI, groups in



Figure 9.Scorecard screen capture

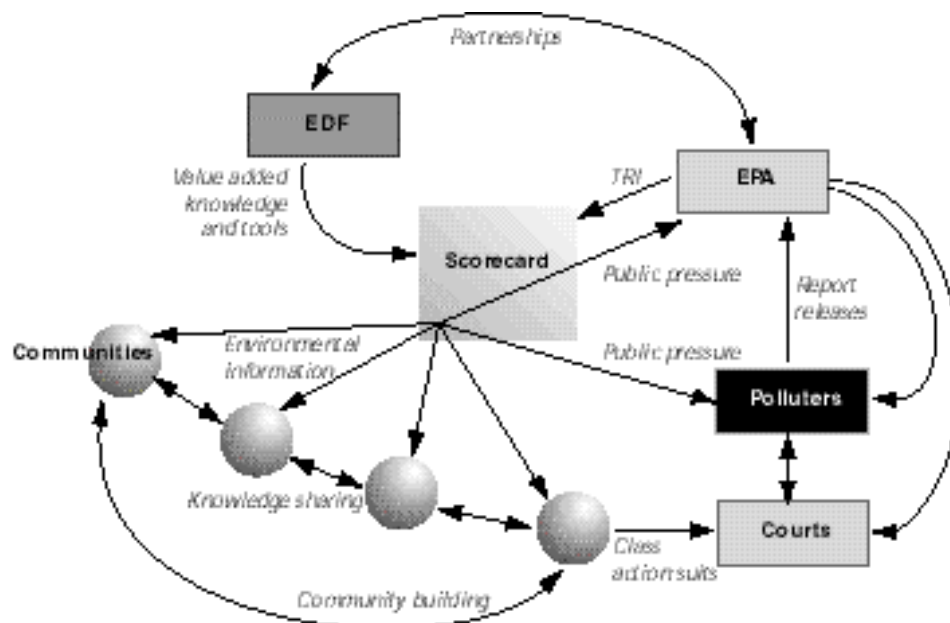


Figure 10. Scorecard2

civil society recognized the enormous power of this information and began building systems to harness it. Of the many that have emerged, EDF's Web-based Scorecard is the most sophisticated. Scorecard combines data from over 300 different scientific and government databases to profile local environmental problems and health effects of toxic chemicals. Visitors to the site can type in their zip code and get instant access to a wealth of information about pollution sources in their region. Scorecard took more than a year to develop with more than a million dollars worth of programming time — much of it donated. Scorecard's immediate popularity surprised the EDF — the site received more than a million hits in its first two days in April 1998. Since the launch, EDF has focused on increasing its profile and user-base by arranging for public-service space for banner-ads on major e-commerce sites and Web portals, and placing Scorecard links on over 5,000 community portals, city sites, real estate sites and other environmental organizations' sites.

### The changing governance environment

Scorecard's contribution to the changing nature of governance is its ability to harness the power of publicly available information to provide individuals and organizations with powerful online tools for assessing environmental risks and taking action.<sup>29</sup> Scorecard's added value to the TRI is captured in the following factors:

#### **Ease of use**

Scorecard provides accessible and powerful interfaces to complex data. One innovative application, the Internet map server, dynamically generates environmental data charts as the cursor crosses geographic areas. The creators of Scorecard built an easy-to-use tutorial that steers users to information about environmental hazards in their community. Visitors to the site can also personalize the way Scorecard displays information and send emails and faxes directly to polluters.

#### **Contextualized information**

Paul Orum, editor of *Working Notes on Community Right-to-Know*, a Washington, D.C. newsletter, said in 1996, "There's nothing in TRI that says this much exposure to a certain chemical will have this health effect. We're still sorely lacking in a public-health infrastructure that can tell people the impacts of toxics to which they are exposed."<sup>30</sup> Scorecard offers layman explanations about each type of pollutant it tracks and their associated health effects — turning raw information from TRI and other sources into practical knowledge.

#### **Community-orientation**

Scorecard's "Enviroguide" provides an environmental profile and quick answers to basic questions about a community's environmental quality in dynamically generated homepages. These pages lead users directly to other online sources of environmental information about their community. Scorecard also has an online forum where concerned citizens post questions, give

advice, find other concerned people in their community, and network with people who have had similar experiences.

**Tools for action**

Scorecard comes complete with a set of tools for local organizing and conducting educational meetings. A list of polluters includes the plant supervisor phone number. Other tools enable users to send free faxes to polluters or email complaints to the EPA. Scorecard has partnered with a nonprofit Internet venture VolunteerMatch to help users to find volunteer opportunities with environmental organizations.

**Trust**

On several occasions the EDF has used the Freedom of Information Act to obtain and post data that the EPA had withheld in the face of objections from the chemical companies.<sup>31</sup> EDF's commitment to providing easy access to accurate information fosters a level of trust among citizens that the EPA would be hard-pressed to match.<sup>32</sup> The perceived independence of EDF from industry and government lends itself to the creation of an online milieu where citizens feel comfortable exchanging information and finding solutions to problems in their community.

**Farmwide: Digital-age agriculture in the Australian Outback**

Australia is a land of great distances. It is a long way from most of the world's markets and many of its farming communities sparsely populate an expansive rural geography. Participation in the digital economy is especially difficult for Australian farmers who have to overcome the disadvantages of isolation in remote and rural areas.<sup>33</sup>

One Australian project targeted toward the farming community in rural Australia is striving to accelerate the transition to digital-age agriculture. Through Farmwide — a commercial venture led by the National Farmers Federation (NFF), Australia's major farm lobby group — the market, civil society, and government play complementary roles in economic innovation, knowledge and community building, and the drive to overcome access barriers in the Australian Outback. Farmwide shows how new online networks are enabling more participants to contribute to the creation and

continuity of competitive advantage in the digital economy.<sup>34</sup>

**The government-market-civil society network**

Farmwide, a wholly owned subsidiary of the NFF, was created in 1986 to create commercial opportunities for farm organization members. Starting in 1995, Farmwide began to focus on improving farmer's access and effective use of information technologies. Its first undertaking was the Farmwide Online Services Pilot Project in January 1996, supported by the Commonwealth Department of Transport and Regional Development.<sup>35</sup> The success of the pilot project resulted in a \$5.5 million grant from the Regional Telecommunications Infrastructure Fund's Networking the Nation program to create the Farmwide Regional Access Network (FRAN).

**Farmwide Regional Access Network**

The objective of FRAN is to find innovative ways to overcome the technical barriers to widespread adoption of online services.<sup>36</sup> Farmwide has identified a number of goals to address the technical barriers including the construction of new Internet points of presence (POPs) that will allow quality access for the cost of a local call; the design and development of a "Woomera" modem<sup>37</sup> to address line quality problems; and trials of two high-bandwidth satellite data delivery technologies. Many commercial technology partners including Maestro Modems, Gilat Satellite Services and Ozemail have helped find technical solutions to the barriers to rural access.



Figure 11. Farmwide screen capture



**Farmwide Community Portal**

The most significant obstacles to getting farmers online are social, not technical. Lack of confidence and skills in using the Internet, low awareness of the potential benefits and difficulty finding relevant Australian content are obstacles that have prevented many farm families going online. Farmwide initiated a rural skills training program<sup>38</sup> and is developing an ongoing stream of new online content tailored to the Australian farming community. According to Mark Nedham, Farmwide’s Director of Infrastructure Development, the Internet will allow “rural and regional businesses to expand their horizons,” and “play an active role in Australia’s Information Economy.”<sup>39</sup>

latest on commodity markets, weather, farming machinery and other agricultural inputs, world farming news, and a host of information vital to productive farming enterprises. Farmers now have the ability to check prices and offerings with suppliers around the country and overseas, allowing for greater choice and scope in their business decisions.<sup>40</sup> More farmers are beginning to build personal Web pages on the Farmwide portal and are taking advantage of online trading and e-commerce to purchase agricultural inputs and access new markets. Knowledge networks are forming among farmers using Internet Relay Chat, newsgroups, listservs and online discussion groups to share marketing, technical and educational information both locally and internationally. A rural email

The Farmwide Community portal aggregates the

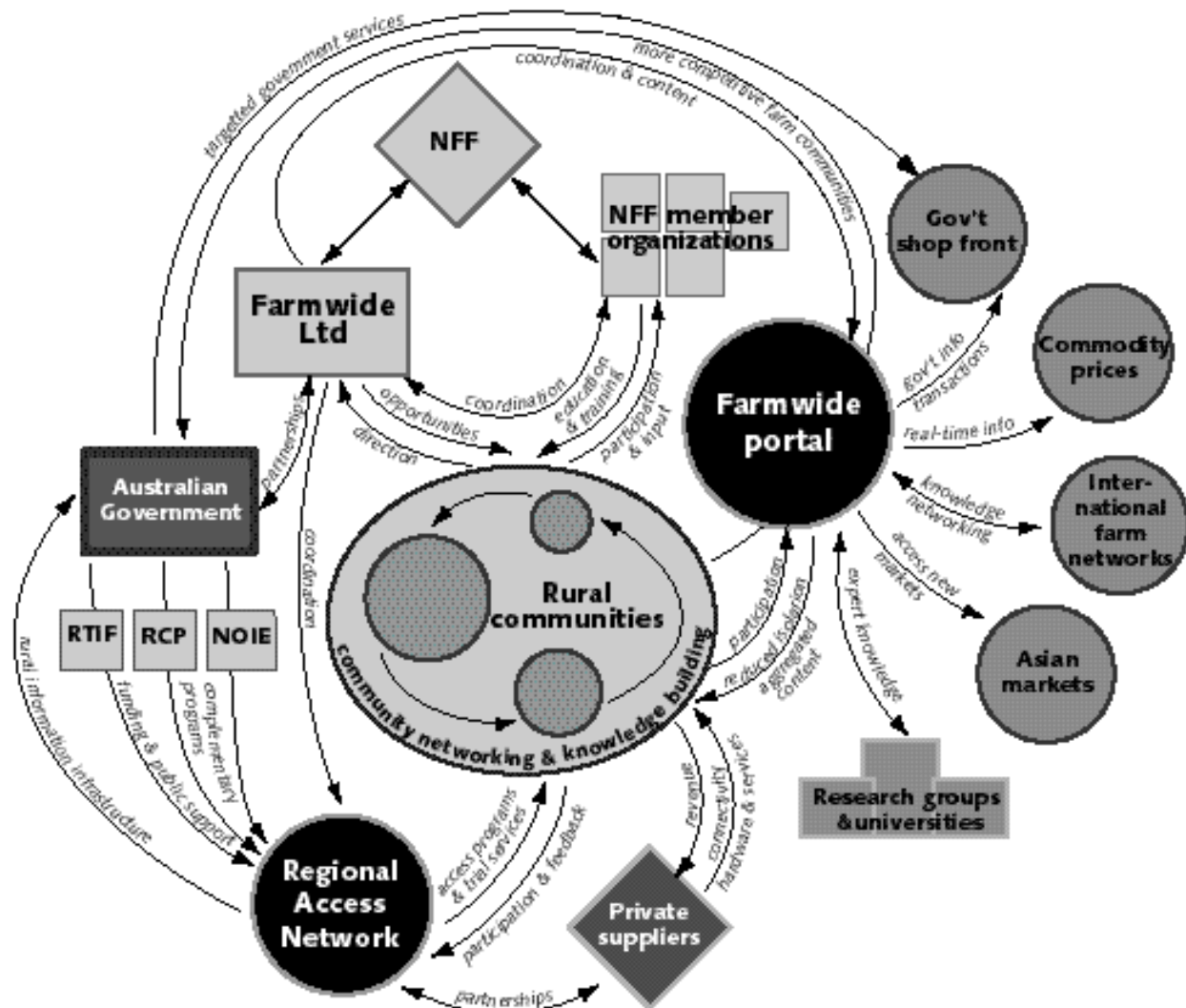


Figure 12. Farmwide value map

directory enables farmers to search the Farmwide Community for people with similar needs and interests by name, location and interest. Farmwide has also developed a specialized agricultural search engine called AgSearch.

According to Farmwide's online participants, one of the most significant benefits of the Internet lies in its ability to help farm families alleviate the isolation of living in remote areas. Instead of waiting 10 days for mail and making expensive international calls, email and the Internet offer immediacy at a comparatively low cost. Farm families can access educational material, health information, and other goods and services that were scarcely available before. The Farmwide portal provides access to government services through the Government Shop Front page, which contains a list of links to pertinent government services and information online. As Farmwide develops, the project will focus on expanding and improving its offerings in video-conferencing, online learning, direct online trading, online banking and shopping.

## The changing governance environment

Agriculture is a sector of vital importance to the Australian economy. With the economic output of Australia's rural communities accounting for nearly 20 per cent of all Australian exports, the competitiveness of their farmers is a national issue. But the national government cannot tackle this issue alone. Nor should it. Increasingly, matters of community and economic development are being taken up by the market and civil society.

### ***A multi-stakeholder development process***

Many participants have contributed to the development of a stronger and information-rich agricultural economy in Australia. This level of participation has been coordinated and achieved through the NFF's commitment to use information technologies to empower rural communities. The NFF's grassroots organization facilitates the process of educating participants about the benefits of the Internet, and ultimately drives the uptake of online services. Their intimate understanding of the needs of farmers assists in the development of useful content and services that outside parties could not easily replicate.

Governments have also played a crucial role. The establishment of the RTIF, Rural Communities Program, National Office of the Information Economy and significant state and local government initiatives all aimed at increasing awareness, access and skill levels for rural Internet users have provided the funds necessary to meet the expensive infrastructure requirements. The Australian

government collaborated with Farmwide to make government services and transactions targeted towards farm communities available through the Farmwide portal. And telecom deregulation has allowed private ISPs to provide services to rural Internet users. The number of ISPs grew from 64 to over 640 during the trial, resulting in greater competition and reduced prices.<sup>41</sup>

### ***Knowledge networks enable economic innovation and greater self-reliance***

Traditionally, rural communities have focused development efforts on local resources — land, labor, and capital. In the digital economy, the successful mix of resources will include the ability of rural people to use knowledge and technology to create competitive advantage in global markets. The Internet provides greater access to these markets, but it also supports the creation of knowledge networks — a competitive advantage in an economy where knowledge is the fundamental source of productivity and power. Knowledge networks foster a more integrated, adaptable, and resourceful community that can face the changing economic and political environment together.

In some cases farmers will network internationally, reaching out to other farmers and associations, or by seeking expert advice. Dr. Roslyn Prinsley of the RIRDC points to a current scheme where scientists are working online with remote farmers to help them use decision support software that projects crop yields.<sup>42</sup>

Successful rural communities, however, will not rely solely on outside experts or centralized government agencies. Community members will benefit significantly when they actively collaborate with one another in the shift from resource intensive development towards knowledge-intensive approaches to agriculture. Through the Farmwide Community portal, for instance, local people can market their skills and knowledge locally, reducing reliance on expensive outside expertise while developing valuable skills within the farming community. Developing the networked human capital of rural communities enables them to leverage that knowledge for competitive advantage.

## The Global Water Partnership: A network for sustainable water policy

Not long ago, water was considered an unlimited resource, always available in adequate amounts and acceptable quality. Water problems were thought to be largely technical — how to increase supply and satisfy demand. Today this is no longer the case. Increasing demand for water as a resource and as a sink for industrial pollution and human waste has

lead to a worldwide crisis of water scarcity and degradation. Water has become an international political concern. Some observers even predict the outbreak of war among nations who depend on common water sources.

Impending turmoil has provoked national and international responses. The interdisciplinary and transboundary nature of water issues, however, means that technocratic and centralized approaches will not adequately address the problems. According to Klas Sandstrom of Linköping University in Sweden, “It is no longer feasible, in a long-term, cost-effective and environmentally friendly manner, to increase water supply by building new dams, pipeline and wells. Future solutions must be found at the end-user of the pipe: by improving water use efficiency, reducing conveyance system losses, reusing water, and optimizing allocation.”<sup>43</sup> Supply management — where resources, knowledge and power tend to be centralized — must be replaced by demand management. A demand management approach requires a vastly decentralized but cohesive effort to work with the grassroots, business and industry, and all levels of government from all parts of the world to raise awareness of the problems and change perceptions of water; to cultivate new knowledge and policies about water management at the local and global level; and to generate the political and social will to adopt and implement new water management systems. In short, the issue begs a networked response.

### **The government-market-civil society network**

The Global Water Partnership (GWP) is an attempt to develop a comprehensive interdisciplinary approach to water management, drawing on expertise from many fields and professions from all regions of the world. Formally established in August 1996, the GWP helps translate broad international principles for water management — conceived in 1992 at the Dublin conference on Water and the Environment — into action. This international network is open to all parties involved in water management, including governments, UN agencies, multilateral banks, professional associations, research organization, private corporations, and NGOs.<sup>44</sup> The 2<sup>nd</sup> World Water Forum held in March 2000 attracted 3,500 participants from 158 countries.

While a core role of GWP is to improve communications and knowledge sharing within the water community, it also aims to identify policy measures, management instruments, investment priorities and implementation strategies that can be operationalized through regional or “river-basin” partnerships. In doing so, the GWP gives national governments the flexibility to evade three problems

they typically face in dealing with complex issues that grow slowly and affect people across many jurisdictions:

- **Gaps in knowledge and expertise.** Governments increasingly need the assistance of more specialized organizations to deal with complex issues such as the looming crisis of water scarcity. The GWP pools of knowledge and expertise of private firms, scientists, NGOs and government officials to create more effective policy-making units.
- **The political cycle.** A regular turnover in political leadership could divert attention and resources away from issues such as water management, which require consistent and coherent efforts over a long time period. The GWP provides governments with a stable institutional framework through which they can meet their target of producing a shared vision on water management by the year 2025.
- **Territoriality.** Like most environmental problems, issues of water scarcity and degradation do not respect political boundaries. By shifting some responsibility to international and regional bodies, the GWP provides governments with the appropriate organizational scope and scale to address water management issues.

### **The GWP Partnership**

The partnership has four components. The highest policy-making body of the network is the Consultative Group (CG), with representation from all participants. The Technical Advisory Committee (TAC) consists of professionals and scientists in disciplines related to water use. The GWP network is divided into several regions of the world, each with its own Regional TAC. The regional units will be developed through consultations with the major stakeholders, combining workshops and regional meetings, to establish a shared view of appropriate strategies, mechanisms for implementation, and priorities for action and investment. A small Secretariat is hosted by the Swedish International Development Cooperation Agency (SIDA). It supports the international bodies, facilitates implementation of CG decisions and is responsible for monitoring the network’s programs. Through this lean and largely informal structure, the GWP can decentralize decision-making and strategy implementation to regional and local bodies while still ensuring a high degree of knowledge exchange across the entire global network of participants.

### **Water Forum**

The Internet supports the communication and coordination needs of the decentralized GWP network. It reduces the need for time-consuming and costly international face-to-face meetings to

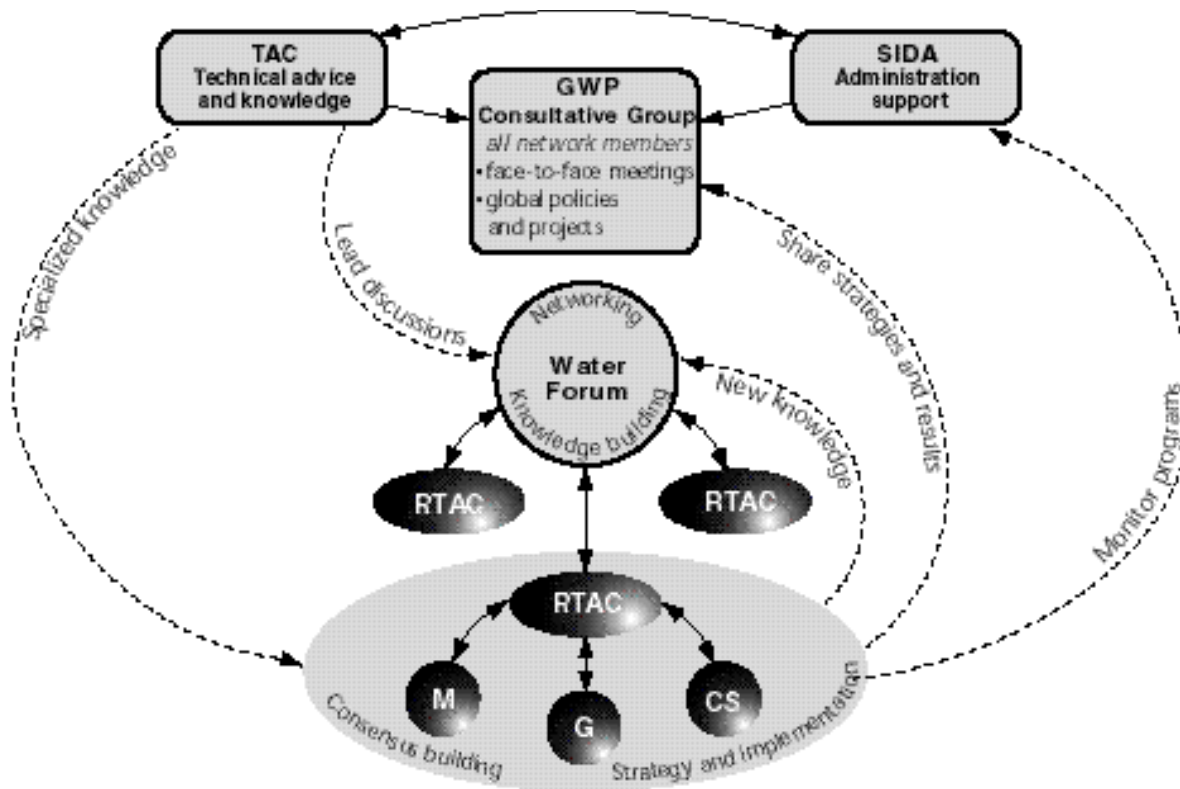


Figure 14.GWP

create and share new knowledge, or to respond to new issues and developments. Participants are free to contribute and gather as much information as they want, whenever they want, through the Water Forum: a key Internet-enabled communications tool in the GWP. The Water Forum is open to anyone. This Web site offers an independent venue for international agencies, individuals, local communities, the private sector, academia, governments, and nongovernmental organizations so that consistent and collaborative management of water can advance at global, regional and local levels.

Participants are encouraged to set up a “kiosk” on the site to profile their background and current activities. Once they establish a kiosk they can join discussion groups and exchange information to further international dialogue. To help forge partnerships between entities with varying expertise in water resources management, the Water Forum has networking facilities for GWP participants. The Water Forum also provides links to various databases, libraries and other Web sites.

### The changing governance environment

The GWP case speaks to the potential added value of the international policy network. The decentralized and inclusive nature of the tri-sector GWP gives it a particular advantage in five essential areas of global policy making:

#### *Decentralized global governance*

The substantial growth of Intergovernmental Organizations (IGOs), global corporations and NGOs, the rapid development of different forms of international regimes, the changing scope, subject and structure of international law, represent a shift away from a purely state-centered politics. The GWP and other similar international networks such as the World Commission on Dams are predictors of an institutionally decentralized form of multi-layered global governance. This construct already constrains state action in the context of trade, human rights and environmental protection and is on the springboard in other areas. Hofstra University law professor Peter Spiro claims “The aim is not a superstate but rather the establishment of norm-creating multilateral regimes and, ultimately, some sort of global constitutional order.”<sup>45</sup> Networked organizational

structures such as the GWP, allow for a great deal more flexibility and agility than one centralized global water authority could achieve.

### ***Broadening participation***

If the term “global citizen” is to have any meaning, it has to be accompanied by a series of rights and responsibilities, including the right to participate in international decision making. The GWP’s seven regional advisory committees provide a venue for local organizations to contribute to the sharing of best practices on water management. The GWP claims that since 1998 about 15,000 people at local, district, national, regional and international levels have participated in the development of the GWP’s strategies for sustainable management of water resources. Some advocates want to push more UN decision-making forums in the direction of the International Labor Organization (ILO), which gives formal voting rights to business and labor delegates as well as governments. What’s ultimately important, however, is that international policy networks acquire information from geographically and culturally diverse sources as an input to policy making. Sometimes referred to as the “strength of weak ties,” networks take maximum advantage of the tensions and differences among disparate groups.<sup>46</sup>

### ***Managing knowledge***

Network organization allows the GWP to acquire, process, and disseminate new knowledge more rapidly than mainstream policy bureaucracies. The GWP Web site — the Global Water Forum — is consolidating relevant knowledge about water issues and disseminating it on a global scale. NGOs play two vital roles here: 1) by championing a lateral expansion of knowledge creation and decision-making and 2) by spreading knowledge at the grassroots and promoting the societal changes to make international agreements and partnerships work. Agreeing on the “correct knowledge,” however, is a highly contested process. According to Wolfgang Reinicke of the World Bank, “A global public policy network can sort through conflicting perspectives, help hammer out consensus, and translate that consensus into actions its members will be more inclined to support and implement.”<sup>47</sup>

### ***Overcoming market and intergovernmental failures***

Tri-sectoral networks provide a valuable public service by remedying the weaknesses and failures of existing government-market arrangements. By operating closer to local communities and disadvantaged groups, NGOs can be cheap and efficient providers of services and conduits for local knowledge. For decades the dominant paradigm of environmental engineering and control over nature

has prevailed over ecological and community-based approaches in water management. By bringing new voices and perspectives to the water management debate, the GWP is offsetting the tendency of governments and private partners to pursue capital and resource intensive mega-projects. Indeed, the GWP stresses that an essential ingredient in facilitating change will be the commitment of grassroots actors such as the Dutch NGO Both ENDS.<sup>48</sup> Both ENDS is working to facilitate grassroots participation in the GWP’s regional consultations on river basin management by partnering with less powerful NGOs, such as Vitae Civilis (Brazil), Censat Agua Viva (Colombia), Econet (India), FONI (Kenya), Klub Gaja (Poland) and MilieuKontakt Oost Europa (Netherlands).

### **Information-age lobbying: Advocacy networks and the WTO**

A shift from scarcity to abundance of information is affecting political decision-making and ultimately modifying the relationship between government, the market and civil society in favor of those who excel in the art of communication. Until recently, the central control and high barriers to entry in traditional broadcast media have limited the effectiveness of public information campaigns to those with tremendous resources. The open nature of the Internet levels the playing field somewhat by enabling smaller players without substantial resources to access a centralized broadcast communications system to add their messages to the prevailing political discourse. Where decision-making structures have not been formally opened up to new participants, these groups can leverage their ability to disseminate their point of view publicly with the hope of indirectly influencing the decision-making process.

### **The government-civil society network**

Most trade liberalization agreements have been negotiated far from the public gaze where NGO participation has been largely unwelcome. In 1998, tables began to turn as NGOs and citizens used the Internet to derail negotiations for the controversial Multilateral Agreement on Investments (MAI).<sup>49</sup> The strength of the offensive against the MAI attracted the notice of other international organizations. The World Trade Organization, also a prime target of activists, began to take steps to establish regular dialogue with NGOs and to open itself to public scrutiny. Some advocates of the free market economic system applauded these attempts, citing the need for the WTO to shed its secretive culture and communicate better with the general public to build a broader popular constituency for trade liberalization.

The events leading up to and during the Seattle conference in November 1999 indicate that the WTO's efforts to engage the public were insufficient. As captured by media, WTO delegates were met by tens of thousands of activists from around the world who managed to close down the opening ceremonies and disrupt proceeding for the duration of the conference.<sup>50</sup>

**An organizational and informational network**

The civic movement's impact in Seattle was due to a high level of unity and communication among citizens, academics, community organizations, associations, NGOs, labor unions and the independent media. International trade and investment has become a galvanizing issue capable of weaving together the many divergent threads of social activism that have emerged on the political scene since the 1960s. Organizations that could rarely agree on a common set of goals and principles could all

agree that they didn't like the process or the perceived implications of the WTO negotiations.<sup>51</sup> The WTO, as the main institutional manifestation of international trade, has become the locus of contemporary social criticism and action.

Throughout 1999, tens of thousands of people opposed to the World Trade Organization (WTO) used the Internet in an international effort to build an organizational and informational network. Anyone with a computer and a rough knowledge of English could take part. Referring to the WTO negotiations in a recent post-mortem panel, Sylvia Ostry, former chair of the Economic Council of Canada, pointed out that because of the Internet "... the whole process has become infinitely contestable. What used to be a monopoly of governments and the private sector is now available to everyone 24 hours a day."<sup>52</sup> The main rallying point was the StopWTORound

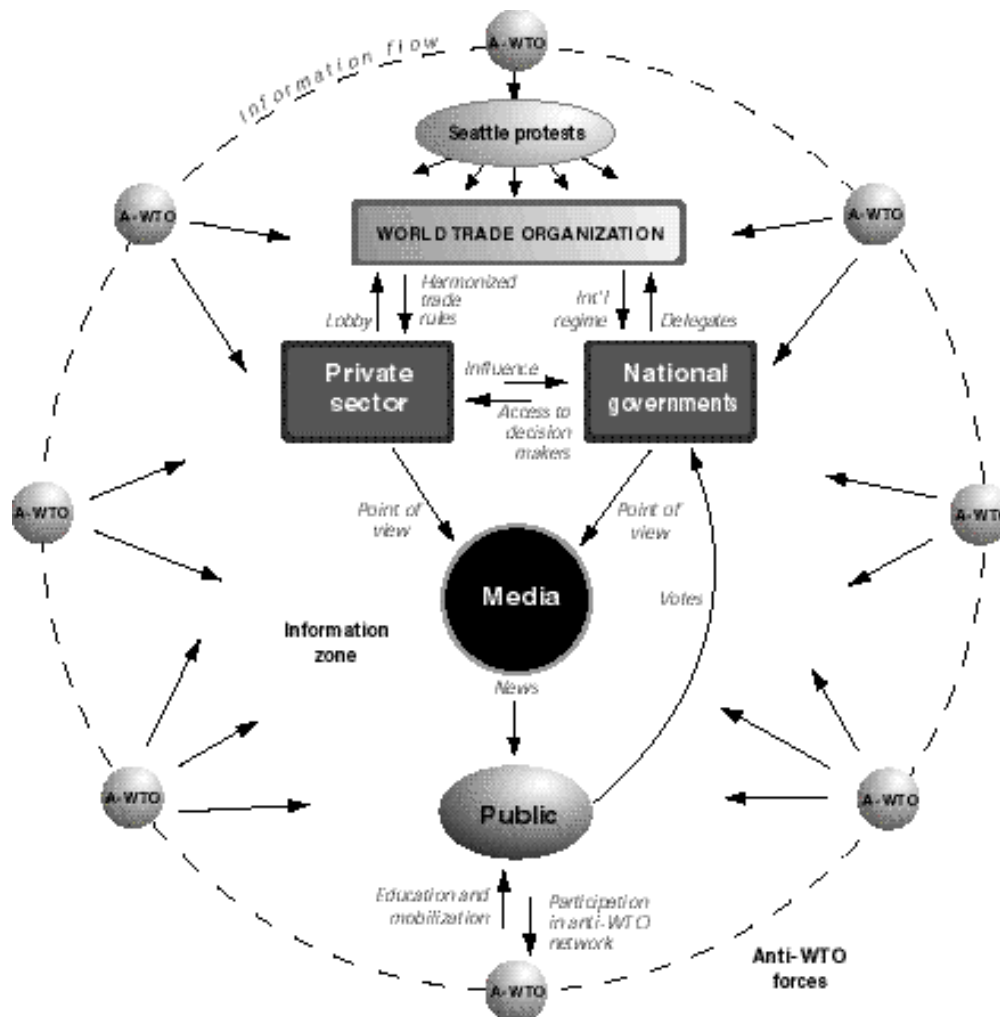


Figure 15. WTO

distribution list. This put people in touch with the whole movement and enabled them to link to specialized groups such as the Corporate European Observatory in Amsterdam and the Third World Network in Malaysia. Frequent Internet updates from national anti-WTO movements in Europe, Australia, Canada, the US and India, and the slightly less frequent updates from Africa, Latin America and Asia, added to the volume of information available through the work of thousands of citizen activists producing conferences, seminars, public education, Web pages, bulletins, leaflets, news coverage and academic papers. Equally strong was the organizational coordination and collaboration of the dispersed activists and organizations that prepared many months in advance to tackle the logistics of organizing thousands of people for the protests on the ground.

#### Expanding participation to civil society?

NGOs and advocacy networks cannot claim full responsibility for the breakdown of the Seattle negotiations. Other factors, including structural flaws in the WTO's decision-making process, lack of preparation, and the developed world governments' disagreements with the developing nations were key factors in the demise of the Seattle round. US Trade representative Charlene Barchefsky blames the WTO's expansion to 135 mostly poor members for making the negotiating process "exceptionally difficult to manage."<sup>53</sup> In the end, however, who or what was ultimately responsible for the failure of the talks is less important than who will be at the table the next time the WTO meets. It is still unclear how governments will respond to the failed round of trade talks. The only certainty is that future of international trade politics will never be the same.

Pascal Lamy, EU trade commissioner, blamed the WTO's "medieval" procedures for the failure and says it must improve the balance between efficiency and transparency.<sup>54</sup> Also challenging the resistance to broader participation, former Quebec premier Pierre-Marc Johnson argues "No democratic society should accept to leave so many people by the side of the road."<sup>55</sup> Susan George, president of the Globalisation Observatory in Paris, on the other hand, is skeptical about the willingness of governments to open trade negotiations to public scrutiny. "The European Commission," she says, "is anxious to resume negotiations . . . They will meet again, if possible behind closed doors, and will make sure opponents of out and out globalization do not get another media platform like Seattle."<sup>56</sup> Commentators Guy de

Jonquieres and Frances Williams appear to implicitly support this claim in the Financial Times that claims, "Many governments doubt a way forward can be found through the 'Geneva process,' the regular meetings of WTO ambassadors. They think the priority is to rebuild confidence through discreet diplomacy and informal contacts in other settings."<sup>57</sup>

#### The changing governance environment

Several lessons from the failures of the MAI and WTO negotiations exemplify the changing structure of power in the international arena. Each lesson points to a diffusion of political power and the inevitable emergence of international policy networks where governments can no longer handpick their partners.

##### ***Network forms of organization are ascending***

Organization and knowing how to organize have always been sources of power. Today, self-organizing networks are fast challenging established hierarchies as a source of power. Grassroots activist networks generally consist of dispersed, often small groups who communicate, coordinate, and act in a fashion akin to the Internet — often without central leadership. While less predictable and even unstable, networks appeal particularly to actors who either had to operate in isolation or would not give up their independence and autonomy. Whether fluid and transient advocacy networks such as the anti-WTO mobilizations will evolve into coherent alliances and social movements has become a significant political question.

##### ***Hierarchies are ill-equipped to respond to networks***

Hierarchies have a difficult time fighting networks that are increasingly agile, resilient and well organized. Governments, the quintessential hierarchies, are grappling with this new reality. Command and control hierarchies are hampered by their cumbersome structure and their "obey and agree" modality. A single intergovernmental agency is helpless in the face of thousands of independent computer operators passing information on to all that want to know. Indeed, the Internet's founders in the US military had precisely that goal in mind — ensuring that information could move from point to point, even in the event of a nuclear war.

##### ***The power of international advocacy networks***

Power is migrating to actors who are skilled at developing networks, and who are using them to enhance their ability to organize and exchange information. At present, social movements and international lobbyists appear to be well ahead of governments in using this form to their advantage. The goal of NGO advocacy is to organize the

strategic articulation of information to democratize unequal power relations. As a result, the judgments of NGOs can be decisive in promoting or withholding public and political support for global institutions such as the WTO. In addition, as NGOs continue to work outside of existing formal frameworks, they are moving independently to meet goals and establish new standards that governments and corporations are themselves compelled to follow through force of public opinion.

**Lower barriers to entry**

The Internet allows geographically dispersed activists to magnify their impact by cheaply and effectively coordinating their actions. While it takes skill to wage an effective online campaign, the Internet is lowering the barriers to entry for individuals and organizations aspiring to make a political impact in the international arena or in the affairs of foreign countries. While it can be argued that large, well-financed NGOs are more effective in dealing with powerful governments and large corporations, it is increasingly easy for independent activists and small lobby groups to construct sprawling networks that have a high capacity for transnational operations.

**Transparency and openness are emerging global imperatives**

The days when international decision-makers can meet behind closed doors are waning. Those governments and institutions that have resisted the advance of new players will have to permit an unprecedented level of public scrutiny and participation. International partnerships such as the GWP suggest that this trend is not to be feared. Rather, broadening participation can lead to many benefits in international policy networks, including increased legitimacy, accountability and effectiveness.

**Corporate watchdogs and the Internet: The Home Depot Sucks campaign**

As much as national governments and multilateral bodies are feeling the impact of Internet-enabled advocacy campaigns, so too are global corporations. In some campaigns, as in the case of the Free Burma Movement, targeting corporations such as Pepsi and Levi Strauss was merely a means of achieving broader political goals. On the other hand, many global corporations are discovering that their own economic, social and environmental practices in the developing world have an international audience — including their most affluent markets.

Consumer activism predates the Internet. Consumer boycotts and selective purchasing laws forced divestment from South Africa and helped end apartheid. While the South African boycotts took decades to take effect, the Internet is accelerating the speed of social change. Listservs and anti-corporate sites are amplifying the ability of consumers to network, spread their message and organize widespread actions to turn consumers away from retail outlets. Organizations such as *Corporate Watch* and *Adbusters* use the Internet to trade information about how products marketed and sold in North America, Europe and Japan are produced in the developing world. Consumers can easily acquire such information and make an impact on corporate policy by spending in accordance with their principles. For corporate managers who underestimate the power of the advocacy networks to influence market behavior, Home Depot's experience with the *Rainforest Action Network* (RAN) is a cautionary tale.<sup>58</sup>

**The market-civil society network**

Environment groups claim that Home Depot is the largest retailer of old growth rainforest wood in the US. Its position as a linchpin in the lumber industry has won Home Depot considerable success, but it has also made the company an attractive target for rainforest activists. In 1997, the Stealing Home Coalition (led by RAN) hit Home Depot with a major campaign to convince the company to stop selling old



Figure 16. Home Depot Sucks screen capture



growth lumber or using it in the company's products. Home Depot responded that it had no way to track the wood sources of its 50,000 products, including cabinets, door handles and hammer handles that contain several types of wood. Yet, within two years, its suppliers were working with environmental and forestry groups to certify that their wood products are not taken from endangered areas.

**Anti-sites and other information-age tactics**

The Home Depot campaign blended information age tactics with traditional grassroots organizing. Through the Internet, RAN was able to coordinate actions and effectively communicate their justifications for the Home Depot Sucks campaign. Web sites protesting Home Depot's activities were created and mirrored around the world. These **anti-Home Depot** Web sites have links to Home Depot email, statistics about rainforest depletion, documentation about Home Depot's activities, lists of actions and protests across North America, and links to organizations working on the campaign. RAN even posted "talking points" on its Web site to help activists argue their position in the media.

Their Internet communications and networking strategy was coupled with an effective campaign of synchronized street protests. RAN mobilized a network of 30,000 members and 150 grassroots Rainforest Action Groups (RAGs) across the world.<sup>59</sup> Their competency in reaching beyond their organization to build alliances with indigenous groups, human rights and environmental organizations, small businesses and local politicians, and profile celebrities bolstered their cause.

Faced with ongoing bad PR and the possibility of losing store locations,<sup>60</sup> Home Depot signed an agreement with RAN to stop all sales of old growth wood products by 2002. RAN's Old Growth Campaign Director Michael Brune says "Home Depot still needs to develop concrete steps to phase out old growth wood . . . and to establish a timeline, but the Rainforest Action Network is eager to work with them on this."<sup>61</sup> RAN has since announced plans to move on to some of Home Depot's competitors, effectively broadening its "old growth free" campaign to the entire home improvement industry. Now that Home Depot has set a de facto industry standard, it is conceivable that RAN will successfully establish, in partnership with major home improvement retailers, an industry wide environmental standard for the home improvement industry — a role traditionally played by government or industry itself.<sup>62</sup>

**The changing governance environment**

The Home Depot Sucks campaign contains two important lessons about networks between civil society and the market that have implications for the emerging nature of governance.

**Civil society is circumventing government's regulatory/mediating role**

We are witnessing the emergence of an era in which civil society could supersede government in its ability to influence some behaviors of the market. Rather than appeal to government to intervene or pass legislation against Home Depot, RAN attempts to sort out the issues in the marketplace. Indeed, government's need to maintain a stable economy and a healthy job market can often prevent it from regulating in some areas. When mass consumer power can be quickly and cheaply marshaled to affect a corporation's bottom-line or public image, it can place corporate decision-makers on the defensive. Corporations need to develop better sensors for social criticism and be prepared to engage critics before potentially costly campaigns are launched.

**Lack of trust and divergent institutional goals encourage confrontation**

Lack of trust is a major barrier to cooperation between NGOs and corporations. NGOs are frequently suspicious of the motives and intentions of corporations that approach NGOs with partnership proposals. NGOs often avoid alliances with business partners because of inherently opposed institutional goals, a reluctance to be used as a vehicle for good corporate PR, or fear of being perceived as having "sold out." Corporations, on the other hand, must protect of their reputation, independence and bottom line. Like Home Depot, most corporations are still struggling to figure out how to handle NGO

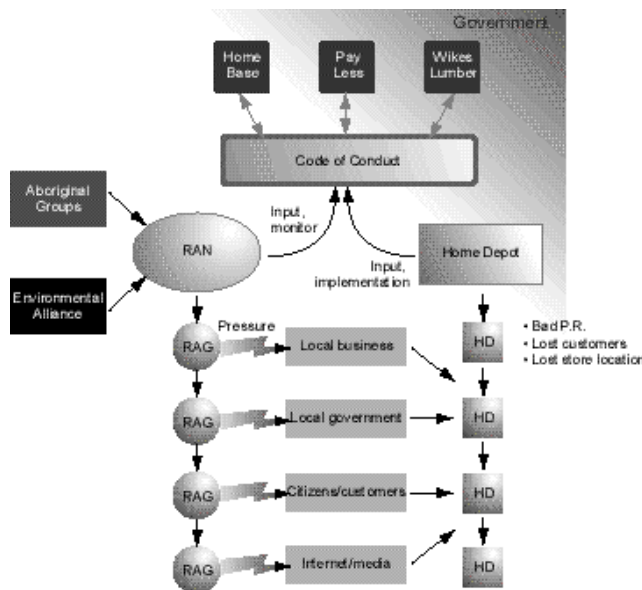


Figure 17. Home Depot Sucks campaign

participation.<sup>63</sup> Still, there are grounds for optimism.

While cases are still few in number, some NGOs have become involved in designing and monitoring codes of conduct for corporations. Stung by fierce NGO campaigns on the Brent Spar episode and its operations in Nigeria — where ties to the dictatorship of General Sani Abacha made it a target for human-rights groups — Shell adopted a new Statement of General Business Principles that includes commitments on human rights and the environment. In regions such as Latin America, it now regularly consults with NGOs on social and environmental issues. Royal Dutch/Shell's changing attitude toward NGOs and Nike's agreement to work with NGOs on establishing global labor standards and monitoring practices, are indications that corporations are beginning to see advantages in collaborating with civil society, beyond the traditional customer relationships. While less permanent and binding than legislation, corporate codes of conduct are indicative of a more dynamic and diffuse system of corporate governance where citizens are claiming a leading role.

### **Bolero: the self-regulating market?**

*Bolero* is a new b-web vying to form a Distributive Network for the worldwide trading and shipping community. A Distributive Network uses “mediating technologies” to facilitate exchanges of goods and services across space and time.<sup>64</sup> Bolero's value proposition lies in the promise of great efficiencies and costs savings through the elimination of the high transaction costs associated with the current paper-based trade system. By supplying a digital communications infrastructure to enable the transfer of secure electronic documents, Bolero hopes to attract major multinationals to adopt its trading platform.<sup>65</sup>

More significant than the efficiency the new system is Bolero's move toward self-regulation. The international governance structure that Bolero has assumed — and the process by which it was created — contains lessons about the future roles of government and the market in governing the global economy. While similar to other “self-regulating” industry groupings such as Visa, Bolero uniquely brings together two distinct industries to create a trusted third party that governs through a form of private legislation.

### **History and background**

Bolero is no high-tech start-up. A joint venture of the world's banking and logistics industries, Bolero is jointly owned by *SWIFT* (Society for Worldwide Interbank Financial Telecommunication) and the *TT Club* (Through Transport Club), a mutual insurance

company involving many of the world's port authorities and logistics operators. Approximately \$5 trillion per day is transacted over the SWIFT network, and the TT Club represents the interests of nearly 6,000 operators in 80 countries. The members of these two organizations in turn deal with almost every company that engages in cross-border trade.

Bolero leveraged the knowledge and relationship capital of both parent organizations to develop the trade system and attract keystone members. Doug Tweddle, Director of Compliance and Facilitation at the *WCO* (World Customs Organization), says, “What makes Bolero different is the nature of Bolero's backers. If they are serious about eliminating the paper they have to deal with in connection with international trade, then I believe it will happen.”<sup>66</sup>

### **The government-market network**

Bolero spent significant effort on its electronic trade platform, but needed a legal backbone to govern its trade processes. During the development phase Bolero found that most governments had yet to create legislation to govern international electronic trading. Frustrated with the slow pace of legislative change, and not wanting to wait to launch its advanced technology, Bolero created a bridge between existing paper-based trade document legislation and the electronic trade model. This bridge comes in the form of the Bolero rulebook, which is intended to “provide the legal framework on which users will replicate the legal results currently achieved in a paper environment.”<sup>67</sup>

Rather than starting from scratch, the company realized that the existing paper-based legislation could be used as a foundation for setting rules to govern its new technology. Bolero used a consultative process to develop an extensive international legal feasibility study dealing with the communication and storage of electronic messages. The survey was carried out in 18 major countries, and concluded that the current state of legislation governing paper-based trade documentation could be successfully extended.

The logistics of the process are deceptively simple. Each user is required to sign the rulebook, or multilateral contract, that regulates the Bolero trading environment. If a company violates the contract, disputes are resolved and enforced by national courts. Although the need for legal compulsion is expected to be rare, the availability of legal recourse is an important assurance for Bolero's clients. “Welding the technology to the legal framework is one of the things that makes us unique,” explains Peter Scott, commercial director for Bolero.<sup>68</sup>

While the company recognizes that it has created a

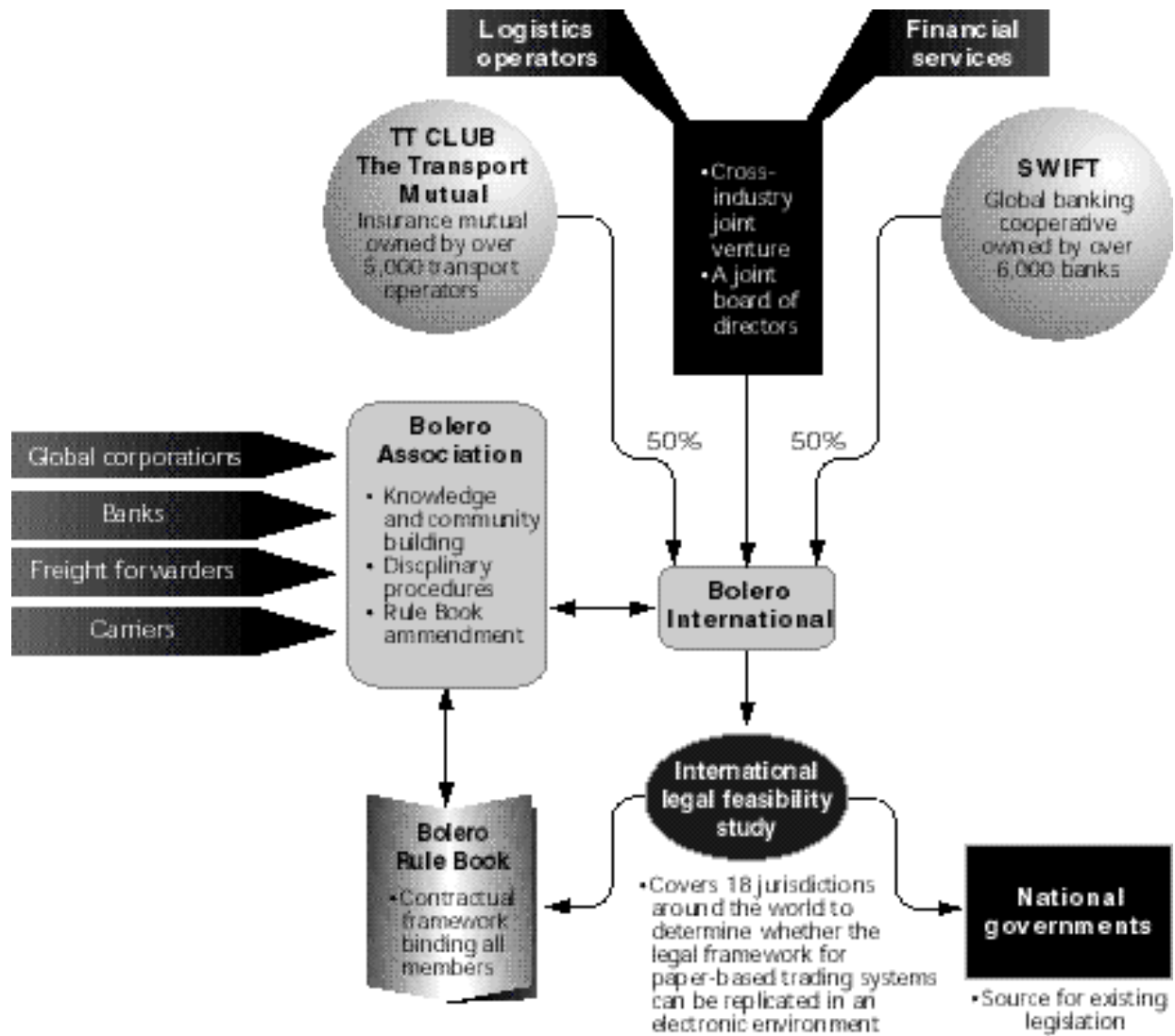


Figure 12. Bolero

substitute for government policy, Bolero nonetheless relies upon government for the enforcement of contract law and to maintain the openness of international trade that allows the Bolero system to work. To keep up with changes in government policy, the company constantly monitors and consults with various intergovernmental bodies including **UNCTAD** (United Nations Conference on Trade and Development), **UNCITRAL** (United Nations Commission on International Trade Law), and the **ICC** (International Chamber of Commerce).

Still only a few months out of the launch, Bolero's work appears to be holding up. Do governments feel that Bolero has stepped on their toes? Apparently not. In fact, Alan Asay, legal counsel for Bolero, says that

governments are generally pleased with the Bolero model.<sup>69</sup> The true test will come when and if governments draft formal electronic trade document legislation and must validate, alter, or dismiss Bolero's quasi-legislation. Bolero has gambled that governments will support its system. If its instincts are right, Bolero is poised to grab a very large share of this ever-growing, \$420 billion industry.

### The changing governance environment

Like most businesses, Bolero relies on governments to provide a framework and environment in which it can legally transact business. But unlike most businesses, Bolero's system is not covered under any existing legislation. Forced to choose between waiting

for government legislation and attempting to do it on its own, Bolero opted to forge ahead. Bolero is an example of how the market is increasingly creating centralized decision-making structures to achieve the coordination necessary to make a global trading infrastructure effective — without government intervention. When the market moves first, leadership shifts, even if systems such as Bolero are built on the foundations of existing laws. In particular, Bolero illustrates two market-led phenomena that are more prevalent in the digital economy: self-regulation and industry coordination.

### **Self-regulation**

As the marketplace operates and evolves at breakneck speed, expectations for a more agile and responsive form of governance — and increasingly self-governance — emanate from many corporate, economic and financial institutions. New developments in sectors ranging from biotechnology to information technology are shifting leadership for policymaking to players with the technical expertise and industry knowledge and connections to draft effective rules and regulations. Increasingly, this means self-regulation — especially where governments have not moved quickly enough negotiate global rules. One of the virtues of Bolero's contractually-based approach to self-regulation is, as Adam Asay points out, that "Because [Bolero's] constituents are a more focused group than the general populace, they can readily note when their needs have changed, and can benefit from a responsive legal structure."<sup>70</sup>

Bolero's implementation strategy offers insight into effective self-regulatory systems. To create its rulebook, Bolero commissioned an exhaustive legal study that examined nearly every large jurisdiction in the world to determine if Bolero's system was compatible. It was able to identify areas that would present challenges to the system, and build the contract to deal with these difficulties. Once the rulebook was drafted, Bolero entered a beta testing stage, where 120 major companies in a variety of industries evaluated the system alongside traditional paper-based systems. This proved to be a successful pilot program, with many of the flagship companies adopting the system when Bolero fully launched in September 1999. There are competing electronic trading systems, but these are generally restricted to a particular company, industry or trading community. Bolero hopes to apply the international research and become a globally accepted standard.

### **Industry coordination**

In the industrial age business paradigm, b-webs such as Bolero were marginal, hampered by the barriers of time and space. The Internet is changing this as new virtual communities and associations become a

leading forum for industries to achieve coordination and make decisions that are in the common interest of all participants. Bolero has wisely this strategy to help drive wider adoption of its trading platform and to refine its rulebook through member consultation and input. A separate international organization known as the **Bolero Association**, to which all Bolero users belong, administers the Bolero rulebook, and acts as the governing body for the Bolero standard. The Bolero Association also fosters a community around the trade standard by holding regular online and offline meetings. Through this association, Bolero can both encourage innovation through ongoing interaction with its user-base and enhance its leadership credibility by sharing power and keeping the rules and rule-making processes as transparent and democratic as possible.

## **New roles and relationships in a networked world**

The management of fluid social, economic and political structures will define the early stages of governance in the digital era. Unplanned changes in the character of governance however, are threatening to social, economic and political stability. Now that the underlying transformations in social and economic organization are becoming apparent, societies will need to bring greater structure to these new models of governance. A new social contract is required in the age of globalization and governance webs will be the fundamental political unit for negotiating its substance. The crucial task ahead will be managing a collective process of designing and orchestrating new roles and relationships among government, the market and civil society. Our exploration of nascent governance webs sheds light on the emerging "division of labor" for a networked world.

### **The emerging roles of government**

As the g-web model of governance matures, governments will take on new roles that tend more toward mediation and facilitation than toward command and control. Core functions such as policing, national defense, taxation, and redistribution of wealth will remain within the sphere of government — although increasingly subject to external and domestic scrutiny, influence and prescription. But in areas such as international policy-making (e.g. Global Water Partnership), environmental protection (e.g. Scorecard), economic development (e.g. Farmwide), and even the justice system (e.g. Integrated Justice Project), g-webs will facilitate more inclusive decision-making processes and enable more innovative, efficient and constructive delivery of services through partnerships

among government, civil society and the market.

In the delivery of services, governments will increasingly provide a public mandate, coordination, funding, information, and public accountability, but let partners take care of tasks such as day-to-day operations, technology implementations, project monitoring and evaluation, and community outreach. Neighborhood Knowledge Los Angeles and Farmwide, where civic organizations and private sector participants play a lead role in delivering social goods, exemplify this approach.

In policy-making, governments may organize participants and ultimately legally enact and “enforce” policies but citizens’ groups, NGOs or private corporations may help set the policy-making agenda, provide the content and become partners in implementation. Such is the case in the Global Water Partnership, and perhaps in future meetings of global financial institutions such as the WTO, IMF and the World Bank.

Broadly speaking, governments will typically play the following core roles in g-webs:

### ***Consensus building***

No institution is better positioned in society to mediate among competing social and economic interests than government. Historically, mediation is one of the core reasons we have government at all. With the abundance of competing interests and perspectives in the digital age, governments will continue to face the increasingly complex task of helping discover common ground among g-web participants.

Governance webs will create the most value when participants agree on a common set of goals and values. If g-web leaders fail to build adequate social consensus, they risk spawning adversarial g-webs that compete for power and authority. This is most evident in the failure of the Seattle round of WTO negotiations. The value-systems of WTO negotiators and the anti-WTO movement are in deep conflict, each producing a radically different conception of how to manage the perils and distribute the benefits of globalization.<sup>71</sup> Achieving genuine consensus on rules for international trade and investment will require governments to open global institutions to greater public scrutiny and meaningful citizen participation in a process of establishing a public mandate for institutions such as the WTO.

### ***Designing new organizational structures***

Governments face two basic organizational design issues in building g-webs: 1) *Organizational scale* — determining the appropriate degree of centralization versus decentralization for handling different roles and responsibilities and 2) *Organizational control* —

adopting an appropriate degree of hierarchy versus self-organization for managing the g-web.

The extent to which governments can determine these two factors in the digital age will depend heavily on context, including a nation’s organizational and political legacies and the influence of the market and civil society.

- ***Organizational scale.*** A fundamental task for decision-makers in the digital era will be sorting out which political functions to centralize and which to decentralize. Information and communications technologies create incentives to standardize many global processes such as regulation, which naturally leads to the need for some form of centralized governance structure. Bolero is an example where decision-making has been centralized to achieve the coordination necessary to make a global trading infrastructure effective. Yet these same global standards can allow organizations to more efficiently decentralize the sites of decision-making. The GWP can decentralize decision-making and implementation to regional and local bodies while still ensuring a high degree of knowledge exchange across the entire global network of participants.

- ***Organizational control.*** In the industrial age, most government processes and structures were organized hierarchically. To preserve its effectiveness and legitimacy in the digital age, the command-and-control model of government must give way to an internetworked approach. Many emerging g-webs are self-organizing — no one participant is “in charge.” In self-organizing webs, value creation is collectively managed, but typically depends on norms (or rules) that govern participant behavior. NKLA illustrates how the Internet, as a platform for institutional integration, enables a university, community organizations and local governments to “self-organize” around the prevention of neighborhood deterioration. The relationship dynamics in these webs, however, will be less stable and predictable than industrial age institutions, and governments will have less ability to restrain the actions or agendas of civic and market participants.

Depending on the situation, some measure of hierarchy and central control could be the only responsible and realistic way of accomplishing the goals of the governance web. The IJP is an example of a more structured and hierarchical g-web where several government agencies and a private sector consortium are integrating their expertise with new technologies in a top-down implementation of a more efficient, “end-to-end”

justice system. Given the importance of the justice system to a democratic society, a self-organizing approach to its operations would be irresponsible and politically impossible.

### ***Setting ground rules for participation***

To perform effectively, governance webs will require an institutional framework, including a set of rules and responsibilities and a governance structure for making decisions and enforcing rules. An effective governance structure will help broaden participation, manage group dynamics, create trust and commitment (especially where alignment on goals and values is weak), and facilitate progress on issues and challenges in a way that best serves the community of participants as a whole. Governments are in a good position to set, monitor and enforce the rules by which governance webs operate and create value, but they will face serious challenges when the market and civil society do not share the perspective or goals of government.

In service delivery, the process of establishing ground rules will be largely legalistic and contractual. The Integrated Justice Project, for example, is structured by an extensive legal contract that defines the rights and obligations of the public and private participants. Setting ground rules for multi-stakeholder policy-making, on the other hand, will be more difficult and less formulaic. These processes can often fail when, as noted above, a rift in value systems or interests makes consensus difficult. Nevertheless, a collective process of establishing acceptable norms and procedures, mediated by government will pay off in the long run, resulting in better governance, greater transparency and accountability, and a broader political consensus. Many international knowledge sharing and policy-making forums, such as the GWP, are moving in this direction.

### ***Protecting the public interest***

As the ultimate representative of “the people,” governments need to be careful to balance inputs and protect the broader public interest when non-state actors take on broader roles in governance. In the marketplace, much needed scientific and technical innovations can be subordinated to corporate ends.<sup>72</sup> In civil society, factionalism and self-interested politics can overtake the need to build broader social consensus and cooperation.<sup>73</sup> One strategy for governments is, through international agreements, finding common agendas to avoid pitting country against country, and region against region. Governments will need better sensors for probing new developments in the marketplace and more nimble institutions for making judgments about where government intervention is needed and where it gets in the way. Finally, when governments design new

institutional frameworks for citizen participation, they will need to ensure democratic accountability is maintained amid significant transformation.

### ***Maintaining democratic accountability***

In the transformation of the institutions of governance, governments’ greatest challenge may be maintaining accountability to their electorate. Cases such as Bolero, the GWP, the WTO and Home Depot illustrate how the political space for the pursuit of effective governance is no longer geographically determined. Addressing complex transboundary issues in isolation is simply unworkable — and lacks credibility — for nation-states, civic actors or corporations, whose fortunes are more tightly entwined than ever before. More international decision-making and a shift in power towards politically powerful non-state actors, is exacerbating the so-called democratic deficit. Increasingly, political decisions are dictated less by local concerns and citizens than by the political agendas of international actors. With citizens already feeling that their national governments do not hear individual voices, this trend could provoke deeper levels of political alienation.

However, when powerful state and non-state actors make decisions that cut across the boundaries of national communities, the questions of who should be accountable to whom, and on what basis, are not easily resolved. Government still possesses the moral authority to create new forms of accountability, but it will require the cooperation of the market and civic actors to ensure that governance webs establish a series of checks and balances that flow through multiple political arenas and cover existing institutional gaps.

Proposals to manage the profound shift in accountability have ranged from libertarian forms of direct democracy to a global representative assembly. Yet it remains important to keep the issues in perspective. If wholesale models of direct democracy are undesirable and impractical (and for most people, unwanted) in the current structure, there is little reason to believe they will become the norm in the digital era. More fruitful innovation will come in structures that are founded on extending representational principles into the digital age. The advance in reshaping accountability will come in broadening concepts of franchise and constituency beyond geographic definitions.

As well, the tensions between harmonizing and diversifying of new models and structures of governance are worth underlining. While an overarching global government is a utopian goal for some, it will not happen. In their essay entitled *Globalization and Localization*, Scott Lash and John

Urry point out that localities are centrally important in contemporary societies in three fundamental ways: First, localities provide a context in which to make sense of and interpret global processes. Second, localities provide contexts for social interaction and the institutionalization of trust and cooperation. And third, localities enable innovation to take place in relatively decentralized systems.<sup>74</sup> So while new international decision-making and administrative bodies will emerge in profoundly important areas such as security, finance and the environment, there will not be one model for all issues and all regions of the world.

Instead, a multilayered form of governance is emerging in which the basic building blocks will be groups, associations and government agencies that coalesce in multiple and overlapping networks of power. Two primary models suggest themselves:

- New international constituent assemblies that form around specific issues and draw representatives from geographically-defined communities as well as interest-based associations of market and civic actors that meet criteria for intra-organizational democracy and representation.
- New inter-governmental structures that unite political jurisdictions to resolve common issues such as the European Union and other subcontinental alliances of nation-states, as well as groupings of subnational jurisdictions or even local confederations that cross existing boundaries to form regionally-based governance bodies.

### ***Budgeting and dispensing public funds and resources***

Most governments command and administer a vast amount of public funds and human resources. In the shifting of roles and responsibilities, governments will need to look carefully at the roles that the market and civil society can play and decide how and where to most effectively deploy their public resources. The Australian government's investment in Farmwide's Regional Access Network, the City of Los Angeles' grant to UCLA for the implementation of its Neighborhood Electronic Monitoring System, and the Ontario government's shared risk and reward arrangement with a private consortium in the Integrated Justice Project, are examples of strategic public investments in partnerships with civil society and the market. The emerging model is one where governments retain control over the allocation of public funds, while civic and private partners create a great deal of the value, including the creation of policy in some areas.

### ***Providing public information***

Governments are one of the largest sources of

underutilized public information. Both the private sector and aspects of civil society are much further ahead in using new technologies to disseminate and leverage information. As several of the preceding cases illustrate, government should move faster to make more public information more available and accessible to people and organizations that could put it to productive uses. The Environmental Defense Fund built Scorecard to aggregate hundreds of sources of public data to create a powerful nationwide tool for assessing environmental risks. NKLA harnesses public data to help citizens and policy-makers spot and improve troubled neighborhoods. Farmwide offers access to government services through its community portal. These and other strategies should become part of a more concerted effort by g-webs to explore and leverage new forms of value from public information.

### **The emerging roles of civil society**

Many of the cases highlight a central theme emerging from the g-web phenomenon: new networks can empower civil society to play greater roles in governance at local, subnational, national and international levels. Partnerships between government and civil society can help strengthen the capacity of people and communities to resolve their own problems on one hand, and result in government policy that better reflects the needs and aspirations of citizens without the expansion of government bureaucracy on the other. NKLA, Farmwide, Scorecard and the GWP each demonstrate that citizens, civic organizations and NGOs can be effective change agents and make important contributions to decision-making with a blend of effective leadership and adequate access to information and resources. Proponents of broader participation in decision-making believe that civic participation will result in optimal social, political and economic outcomes - enhancing legitimacy, increasing accountability from entrenched powers, and, ultimately, fostering the development of social capital and community. But, as with governments, civil actors will face significant challenges fulfilling new roles competently and responsibly. Governance webs are a new opportunity space where civil society can and will make significant contributions to its own development, as well as the emerging forms of governance.

### ***Bringing new constituencies into the digital economy***

Community networking initiatives enable civic associations and community groups to bring marginalized communities into the information economy quickly and inexpensively.<sup>75</sup> Members of these communities require education, training, and access to technology: civic organizations can help

provide the necessary skills tools by leveraging existing relationships with their constituencies. Farmwide demonstrates how successful these initiatives can be when well established organizations such as the Australian National Farmer's Federation and various government agencies collaborate to provide adequate resources and public funding. But even in the absence of large government grants, volunteer fundraising and support have allowed grassroots community networks to proliferate. Using open source software or shareware, civic organizations can inexpensively build and maintain community networks and portals so that access and the ability to publish content can be free.

### ***Building social capital, community and an active citizenry***

As virtual communities of interest flourish in the age of globalization, civil society and local governments need to work closer together to foster greater civic participation and community building at the local level. Community-based networks such as NKLA are helping weave a tighter social fabric by drawing together participants from disparate groups in the community. Once established, these networks can also introduce qualitative changes in the process of democratic deliberation by opening up a virtual space in which to develop citizen relationships and competence and promoting citizen feedback to elected officials. The Advanced Policy Institute (API) at UCLA, for example, has played a pivotal role in appealing to NKLA's user community to comment on a report from the City of Los Angeles' task force on affordable housing. The task force's report was posted on API's HousingCrisisLA Web site, which offers several structured and non-structured options for providing feedback to city council.

### ***Providing innovative social goods***

The independence of civic actors from the institutions of government and the market can be one of their greatest assets. Unconstrained by bureaucracy or an orientation to moderation and compromise, civic actors have the freedom to be more courageous and innovative than government in providing social goods. Independence, for example, allowed the Environmental Defense Fund to bring a level of functionality to Scorecard that the Environmental Protection Agency couldn't provide because of the strength of the chemical industry lobby. While governments are becoming more open to strategic partnerships with groups such as the EDF, they have reason to remain cautious with respect to the inherent political pitfalls of dealing with organizations that stridently seek to shape social policy or change market behavior.

### ***Democratizing global institutions***

On an international level, advocacy networks and NGOs develop around issues where theorists of international relations and collective action would not predict collaboration among states acting in their (narrowly defined) sovereign interests. The participation of more civic actors in global politics will shift traditional political roles and, consequently, alter the form, processes and issues of global institutions.<sup>77</sup> Examining the functions of advocacy networks and NGOs in the GWP, the Seattle round of WTO negotiations, and some complementary examples, suggests the following key roles for civil society:

- ***Providing a vehicle for local participation.*** The need to build a bridge of accountability from local communities to global institutions reinforces the role that civic organizations should play in invigorating local citizen participation. Local civic organizations will be essential partners to global institutions that need to ensure that they do not overlook the realities of local conditions in their search for harmonized national fiscal and social policies. The GWP's regional decision-making bodies represent an appropriate strategy for providing a scaled-down space where local knowledge and experience can be incorporated into strategy and implementation.
- ***Setting agendas and framing debates.*** Through grassroots contact, NGOs and advocacy networks are good at identifying important issues and defining international agendas for collective action. Their agility and fluidity makes them particularly appropriate to a period characterized by rapid shifts of problem definitions. Rather than being forced to react to publicly to a high profile campaign, governments and corporations that tap into this grassroots knowledge directly will gain the opportunity to co-opt dissent early and channel it into successful social or political projects.
- ***Negotiating outcomes.*** If managed well, the participation of a broader group of civic stakeholders in the decision-making process should produce better, more representative outcomes. Consider the negotiation of the global climate treaty during the 1992 Earth Summit in Rio de Janeiro. Environmental lawyers and scientists proposed most of the treaty's structure and content, while environmental activists lobbied government delegates and mobilized public pressure to push through a pact that virtually no one thought was possible when the talks began.<sup>78</sup>
- ***Implementing and monitoring solutions.*** It is no longer unusual for international service NGOs to outperform national governments in implementing on the ground solutions, especially in humanitarian



operations. Amnesty International, Greenpeace, Oxfam, Doctors Without Borders, Oxfam, and others, often perform more effectively and receive greater legitimacy than government-sponsored international efforts.<sup>79</sup> NGOs are also taking a leading role in monitoring progress on international issues and can be a valuable source of quantitative and qualitative data about a range of social and environmental health indicators worldwide.

- **Mobilizing public opinion.** A primary competency of NGOs and advocacy networks is the ability to mobilize public opinion internationally through access to the global media system, and now the Internet. This capacity to raise awareness and influence behavior, if harnessed for the right purposes, will be instrumental in fulfilling the goals of new international policy networks. This is an important lesson for the WTO. If a broader consensus on trade liberalization (or other leading transnational issues) could be achieved with the participation of civic actors, then NGOs could expend energy garnering public support for important reforms rather than polarizing the debate and frustrating progress.

### **Civil society and political responsibility**

If civil society is to play a greater role in local, national and global politics, then an enhanced notion of political responsibility will need to be recognized and embraced by civic organizations in three core areas: institutional capacity, representation and accountability, and international cooperation.

#### **Strengthening institutional capacity**

In a networked world, community groups, NGOs and citizen coalitions could become major hubs of democratic activity. The challenge for civil society is to find ways to strengthen its institutional capacities and contribute more meaningfully to global problem solving without losing its autonomy, popular base and capacity for change. One strategy could entail constructing a series of self-organizing civic meta-networks to lend some measure of permanence and stability to the ever-fluid advocacy networks that dot today's political landscape. Civic leaders must be cognizant, however, that "scaling-up" civic organizations risks contradicting the political function of advocacy by removing it from a level of authentic community concerns.<sup>80</sup> Therefore, civic groups should also take the lead in capturing the frustration of a disaffected and dubious citizenry and transforming it into increased interest and participation in building new civic institutions: local, national and global. To accomplish this, civic groups need to address issues and express their viewpoints in way that resonates with a broader base of citizens.

Governments that want to nurture productive partnerships with civil society will also have to determine their responsibilities for fostering the development of new civic institutions, including: establishing workable regulatory frameworks and clear roles and responsibilities, adopting transparent procedures, and considering various options to fund and support the operations of non-profit groups where necessary. On an international scale, governments could move to further institutionalize the political rights of citizens and NGOs to participate in international decision-making by guaranteeing that a percentage of seats at international negotiating tables will be available to NGOs and by helping oversee a fair process for assigning them to NGO representatives.

#### **Rethinking representation and accountability**

Many civic organizations need to establish a more profound understanding of the importance of representation and accountability in their work. Although many civic activists may feel they speak for the public good, the public interest is a highly contested domain. Single issue NGOs are often myopically focused on their own agendas - they are not always interested in balancing different visions of the public good, or acknowledging the central role the market plays in providing the wealth and growth of strong societies. Having a role in setting a broader agenda will carry with it a requirement to think and act beyond narrow interests.

Lisa Jordan of the Bank Information Center in Washington D.C. and Peter van Tuijl of NOVIB (Netherlands Organization for International Development Cooperation) suggest, "The hallmark of an NGO which fully embraces the concept of political responsibility is its capacity to sustain coherence and consistency between the goals it professes and the manner in which it pursues them."<sup>81</sup>

#### **Facilitating international cooperation**

The Internet may help expand participation in international policy-making, but if expanded participation means the same G8 governments and global corporations are joined by prominent NGOs at the negotiating table, then not much will have been accomplished. Although their presence may fulfill the "trisectional requirement," this dominance means that the majority of voices remain silent. Prominent NGOs have not done enough to establish a dynamic of cooperation between civic organizations in the developed and developing worlds. In fact, many European and North American NGOs have been charged with paternalism, and in some cases, with reinforcing inequality between the affluent/information-rich nations and impoverished/information-poor nations.

Transnational NGOs can help address the inequity of power relations at the international level by forming cross-border NGO networks that support (not define) the activities of citizens and NGOs in developing nations by providing unprecedented channels of influence.<sup>82</sup>

### **The emerging roles of the market**

As the underlying force in the digital economy, the private sector has a fundamental position in the emerging world of networked governance. Indeed, the network technology and new global business processes advanced by the market are largely responsible for driving the creation of a more internetworked environment. Governance webs present an opportunity for the market to broaden the roles it plays in public life — in fact, the success of digital-age models of governance will depend on it. With creative and genuine partnerships, governments can leverage significant innovation (and resources) from the private sector. Actively pursuing the creation of significant new value propositions with the market, and understanding the motivations and needs of the market, will transform the face of government as both parties adapt to new roles.

### **Governing the global economy**

The central role of the market will be to continue to do what it does best — innovate, generate wealth and spur economic growth. The hypermobility and liquidity of the market, however, is putting great strain on the ability of governments and the private sector to maintain a stable policy environment. Recent turmoil in global markets has reinvigorated the debate about the appropriate roles for government and the private sector in the governing the global economy. Economists such as Susan Lee have argued that government intervention and oversight cannot possibly improve on the outcomes produced by market forces. In this view, a digital world unencumbered by government is not only possible, but also desirable.<sup>83</sup> Others, such as David Held of Open University, believe that in the readjustment of the relationship between states and markets, the state is not in full retreat but merely in transition. While the market will expand its realm of operations and influence, policies that constitute emerging legal regimes, such as deregulation, are dependent on consensus among states to further globalization.<sup>84</sup>

Through their legislation, sets of rules and behavior, governments have a fundamental role in fostering the environment for an innovative and growing market sector. Failing to provide a context in which competition, productivity and wealth creation flourishes undercuts government's ability to fulfill its

responsibilities and undermines the platform for increasing living standards for citizens.

A major challenge comes from the key properties of new information technologies and globalization: the magnitude of transaction volumes made possible by e-commerce and the fact that e-commerce is not bound by conventional jurisdictions. Saskia Sassen, a professor of sociology at The University of Chicago, suggests, "This is partly a result of the overarching tendency in economic analyses of globalization and information industries to emphasize certain aspects: industry outputs rather than the production processes involved, the capacity for instantaneous transmission around the world rather than the infrastructure necessary for this capacity, the inability of the state to regulate those outputs and that capacity insofar as they extend beyond the nation-state."<sup>85</sup> For Sassen, a focus on the *practice* of global operation, coordination and control, rather than the *outputs* of information industries, brings to the fore the fact that many of resources necessary for global economic activities are not hypermobile. Important management components of the global economy including banking and specialized corporate services materialize in global cities such as New York, Tokyo, London and Frankfurt. Because of their strategic character, and the density of resources and linkages they concentrate, global cities could become effective centers for organizing new g-webs.

### **Developing new technologies**

Given its substantial resources and incentives to finance new technological development, the high tech industry is clearly best equipped to produce and roll out the communications infrastructure that will enable networked approaches to governance. Indeed, government deregulation in the telecommunications sector has spawned development of a new type of b-web — the Distributive Network — that is rapidly transforming the way we exchange and deliver information, goods, and services.<sup>86</sup> As the communications infrastructure becomes ubiquitous and applications proliferate, the possibilities for new models of decision-making and government service delivery will grow. Farmwide is a good example of how a mix of public and private investment in Internet infrastructure has enabled farmers to transform the way they conduct business.

Governance webs are a forum in which a broader set of participants from government and civil society could give timely consideration to the long-term consequences entailed by the use and proliferation of new technologies. These g-webs must be empowered not just to undertake studies, but also to establish new controls and propose remedial actions to governance bodies when new developments, such as

artificial intelligence and biotechnology, pose potentially unacceptable risks.

### **Broader policy-making roles**

The globalization of economic processes and the high rate of innovation achieved by the market will come with new political responsibilities and policy-making roles. The specialized technical expertise of corporate decision-makers will help enable governments to make wise and informed policy choices in the digital age. As with civil society, the market will play a vital role in setting agendas, negotiating outcomes and implementing solutions in national and international decision-making forums. However, more corporate participation in policy-making is coming with demands for soft laws and voluntary compliance rather than hard government laws and regulations. For example, the code of conduct established between Home Depot and RAN and Bolero and its members represent more agile corporate governance structures than government legislation, as they can be more easily negotiated and updated to reflect the changing circumstances. For government policy-makers, there will increasingly be a trade-off between enabling greater efficiency in the market through self-regulation on one hand, and protecting the public interest and ensuring accountability on the other.

### **New business models and processes**

The market will lead the way in defining new business models and processes in the digital economy. Business model innovation and the ability to dynamically “sense and respond” to customer needs are now fundamental to competitive advantage. Through partnerships, both governments and civic groups can glean new insights into how to orchestrate a high performance governance web or define a compelling value proposition for digital-era citizen/customers. The IIP’s organizational model, in which public and private staff work side by side on project teams, is an appropriate strategy for ensuring that best practices in management and business modeling are shared between public and private entities.

### **New models for accountability and social responsibility in the digital economy**

As the market accumulates structural power and shoulders a broader service delivery and policy-making role, a new challenge arises: marrying its growing influence to an inevitable social responsibility and applying its capacity for innovation and wealth creation to the leading governance issues of our time. In a networked world, corporations will increasingly face competitive and social imperatives to balance the claims and interests of shareholders, employees, customers and the public at large, and in some many cases, to open corporate

decision-making to greater scrutiny.

Already, a shift in attitudes of some corporations is apparent in new relationships with NGOs where business projects only go ahead with the consent of stakeholders, and in corporate policies that require employees to spend time contributing to community-based organizations.

Ultimately, governments still control the legal context in which government-market networks operate. While arguably more difficult at the international level, governments retain the sovereign right to set rules and frameworks that can hold private actors accountable for their actions.<sup>87</sup> Louis W. Pauly and Simon Reich support this observation in arguing that “Durable national institutions and distinctive ideological traditions still seem to shape crucial corporate decisions—markets in this sense are not replacing political leadership and the necessity for negotiated adjustments among states.”<sup>88</sup>

Today most governments believe they should only intervene in the case of market failure, but what constitutes market failure is open to wide interpretation. To date, governments lack a coherent set of effective international institutions for determining whether “market failure” extends to justifying government intervention in addressing regional economic disparities and trade imbalances, or, in the imposition and enforcement of new labor and human rights standards for global corporations.

Where government has not acted, civil society actors are stepping in to impose non-conventional forms of marketplace accountability. Civic actors have in fact been more successful than governments in effectively scaling-up their operations to the level of global corporations. Internet savvy NGOs and advocacy networks have sprung up to monitor the operations of global corporations, and consumers have banded together to demand greater social responsibility from the businesses they patronize. As Richard Higgot of the ESRC Centre for the Research of Globalisation and Regionalisation at Warwick University, predicts, “You’re not going to have a global information economy without a global civil society.”<sup>89</sup>

## Give-get in governance webs

Three spheres	Gives	Gets
Governments	<ul style="list-style-type: none"> <li>• Leadership</li> <li>• Resources</li> <li>• Consensus-building and mediation</li> <li>• Planning and process management</li> <li>• Public funding</li> <li>• Public information and research</li> </ul>	<ul style="list-style-type: none"> <li>• New competencies</li> <li>• More effective policies and services</li> <li>• Greater international cohesion and collaboration</li> <li>• Agility and responsiveness</li> <li>• More competitive nation</li> <li>• More capable and self-organized citizens</li> <li>• More accountable and socially responsible private sector</li> </ul>
Market	<ul style="list-style-type: none"> <li>• Market incentives</li> <li>• Innovation</li> <li>• Hardware and software</li> <li>• Subject-matter expertise</li> <li>• Human, financial and physical resources</li> <li>• New business models</li> <li>• New management models</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue</li> <li>• Prestige, public visibility</li> <li>• Market penetration</li> <li>• Political influence</li> <li>• More efficient and responsive government</li> <li>• More autonomy</li> <li>• Better relationships with citizen/customers and host communities</li> </ul>
Civil society	<ul style="list-style-type: none"> <li>• Focal points for community involvement</li> <li>• Specialized knowledge</li> <li>• Grassroots credibility and legitimacy</li> <li>• Education and advocacy</li> <li>• Human resources</li> <li>• Social and political values, preferences and goals</li> </ul>	<ul style="list-style-type: none"> <li>• Political influence</li> <li>• Community development</li> <li>• Better access to new technologies</li> <li>• Greater operating funds</li> <li>• Greater social capital</li> <li>• More responsive and benevolent government</li> <li>• More accountable and socially responsible private sector</li> </ul>

## Future Vision

While we are still in the very early days of a profound transformation, the promise of digital-age governance is a more adaptable world in which power is increasingly diffused. The key question is whether the emerging reality of networked governance will strengthen or diminish society's capacity to manage the long list of interconnected challenges and issues in this century.

The transformation issues for government will be deep and difficult. Vertical structures or the "silo system" of bureaucratic organization will not allow governments the organizational agility or decision-making capacity they need to remain effective administrative units and, more importantly, to marshal the leadership that the digital age demands.

The success of the new digitally enabled models of multi-stakeholder governance is not guaranteed.

Admitting more participants, designing broader forms of accountability, fostering organizational agility and sharing responsibility: these will be challenging, and occasionally agonizing, advances. Yet, the inevitability of new governance webs in the digital age is unarguable. The issue for governments is their role in them: as active participants, or unwilling bystanders.

At minimum, governments and citizens need to tolerate more experimentation, risk and failure. The failure to act carries a greater risk than making some false starts before getting it right. The customer, the citizen, the subject, is ill served by governments that cede power and responsibility by default rather than by design.

Government-market-civil society networks — the governance webs — are the essential route to transforming government. By integrating the

enormous resident value in the private sector and citizenry into new value propositions, government is appropriately exploiting the potential and the power of the digital economy.

— Anthony Williams

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ENDNOTES

- 1 Daniel Bell, *The Coming of Post-Industrial Society: A Venture in Social Forecasting* (New York: Basic Books, 1999)
- 2 See Daniel Bell's new foreword to the 1999 reissue of *The Coming of Post-Industrial Society: A Venture in Social Forecasting* (New York: Basic Books, 1999).
- 3 Lash and Urry, for instance, argue that structural power was centered in Britain in the later nineteenth century, remained in flux during the inter-war period, and became centered in the US during the post-1945 settlement. Scott Lash & John Urry, *Economies of Signs and Space*. (London: Sage, 1994) or see Saskia Sassen, *Globalization and Its Discontents: The New Mobility of People and Money*. (New York: The New Press, 1998)
- 4 For a thorough discussion of the new economics of the digital economy see, Don Tapscott, David Ticoll and Alex Lowy, *Digital Capital: Harnessing the Power of Business Webs*. (Boston: Harvard Business School Press, 2000)
- 5 Don Tapscott, David Ticoll and Alex Lowy, *ibid*.
- 6 For more on these themes see David Held, Anthony McGrew, David Goldblatt and Jonathan Perraton, *Global Transformations*. (Stanford: Stanford University Press, 1999)
- 7 In 1999, the United Nations Conference on Trade and Development (UNCTAD) reported that there were 60,000 global corporations with 500,000 foreign subsidiaries, which had sales of \$US11 trillion. A small number of these corporations dominate world markets for oil, minerals, food, and other agricultural products, while a hundred or so play a leading role in the globalization of manufacturing production and services. UNCTAD (1999), *World Investment Report 1999: Foreign Direct Investment and the Challenge of Development*. (New York: United Nations) <http://www.unctad.org/en/pub/pubframe.htm> (February 24, 2000)
- 8 Governments are not powerless to intervene in financial matters or resist prevailing economic directions, but intervention carries an increasingly high cost.
- 9 The contemporary role for civil society in political, social and economic issues is a matter of considerable ideological and political divide. Broadly speaking, many Western nations subscribe to the view that engaging civic institutions in political and social affairs is beneficial to society. Pointing to the failures of bureaucratic means, advocates for civil society argue that local civic institutions are more capable of addressing local needs. Ranging from service delivery to civic education to legal and political representation of disenfranchised groups, the potential for civil society-government networks is vast and still largely unexplored. The positive view ascribed to relations between civil society and government, however, is neither universal in the West, nor in many other places around the world. Some countries and localities hold the view that a strong state (or government) is better able to shape a coherent path for the nation or constituency, and make more reasoned, less fettered decisions about the allocation of public goods. In this tradition, political parties and elections ensure a pluralism of political choices and a stable society.
- 10 Harvard professor Theda Skocpol, for one, has documented these transformations in civil society and worries that too many valuable aspects of the old membership-based civic tradition are not being reproduced or reinvented in the world of "memberless organizations." Theda Skocpol, "Associations Without Members," (*The American Prospect*, July/August 1999)
- 11 Robert Keohane and Joseph Nye observe that the number of international NGOs has quadrupled from about 6,000 to over 26,000 in the 1990's alone. Robert O. Keohane and Joseph S. Nye Jr. "Globalization: What's New? What's Not? (And So What?)" (*Foreign Policy*, Spring 2000). Lester Salamon of John Hopkins University goes as far as to say that we are in the midst of a global "associational revolution" that may prove to be as significant as the rise of the nation-state. Lester Salamon, "The Rise of the Nonprofit Sector," (*Foreign Affairs*, July 1994)
- 12 The Association for Progressive Communication, a global federation of 24 non-profit Internet service providers, serves over 50,000 NGOs in 133 countries. <http://www.apc.org> The Carnegie Endowment for International Peace counts more than 5,000 transnational NGOs (NGOs based in one country that regularly carry out activities in others) Carnegie Endowment for International Peace, *Transparency and Civil Society*. <http://www.ceip.org/programs/transparency/transparency%20main%20page.htm> (February 24, 2000)
- 13 NGOs are becoming most active in spaces where the state is receding, or losing its capacity to intervene, but where an effective system of global governance is still absent. See Peter Spiro, "New Global Communities: Nongovernmental Organizations in International Decision-Making Institutions" (*Washington Quarterly*, Winter 1995)
- 14 See Benjamin Barber, "The Search for Civil Society: Can we restore the Middle Ground Between Governments and Markets?" (*The New Democrat*, March/April, 1995). Thomas Carothers, "Civil Society," (*Foreign Policy*, Winter 1999-2000). Lester Salamon, "The Rise of the Nonprofit Sector," (*Foreign Affairs*, July 1994). Carnegie Endowment for International Peace, *Transparency and Civil Society*. <http://www.ceip.org/programs/transparency/transparency%20main%20page.htm> (February 24, 2000). and Jessica Matthews, "Power Shift" (*Foreign Affairs*, January/February 1997).

- 15 A cross-cultural study by Benjamin Gidron, Ralph Kramer and Lester Salamon documents a long-standing pattern of collaboration between government and civil society in almost every industrial country that has been studied. Benjamin Gidron, Ralph Kramer and Lester Salamon, eds., *Government and the Third Sector: Emerging Relationships in Welfare States*. (San Francisco: Jossey-Bass Publishers, 1992)
- 16 In the post-cold war world there has been a shift of focus from security matters, in which national allegiances are central, to so-called global issues, in which they are not. The emergence of environmental issues that defy the capacity of individual states to provide solutions, for example, has led civil society (particularly NGOs) to take the lead in trying to initiate collective action at the international level.
- 17 At the first World Conference on Women in Mexico City in 1975, 2,000 government delegates and 6,000 NGO delegates attended. Five years later, 8,000 NGO delegates went to the 1980 women's conference in Copenhagen. In Nairobi in 1990 there were 11,000. In 1995, Beijing hosted the Fourth World Conference on Women; 40,000 NGO delegates attended, along with 6,000 governmental delegates. Over the course of four conferences in 20 years, the number of government delegates to the international conferences had merely tripled while the number of NGOs had increased more than six fold. See Riva Krut, "Globalization and Civil Society: NGO Influence in International Decision-Making," (UNRISD, Discussion Paper No. 83, April 1997) <http://www.unrisd.org/engindex/publ/list/dp/dp83/toc.htm> (April 10, 2000)
- 18 NGOs were receiving 10 per cent of development assistance from the 21 members of the OECD Development Assistance Committee (DAC) in the 1990s compared with 0.2 per cent in the 1970s. See Riva Krut, *ibid*.
- 19 A study by RAND concludes, "One cannot reject a hypothesis that democracy and networked communication are positively correlated . . . To the extent that the inherent characteristics of a communications technology enable others to respond readily and easily via the same medium and to the same audience, that particular technology can facilitate the aspirations of those who seek to bring about democratic change." Christopher R. Kedzie, *Communication and Democracy: Coincident Revolutions and the Emergent Dictator's Dilemma*. (RAND, 1997) [http://www.rand.org/publications/RGSD/RGSD127/abstr\\_act.html](http://www.rand.org/publications/RGSD/RGSD127/abstr_act.html) (February 18, 2000)
- 20 Political conflict will undoubtedly endure in the digital era. The inclusion/exclusion of participants in governance webs and the architecture of relationships among them will configure the dominant processes and power relationships in our societies. Thus, while many g-webs will broaden participation to previously marginalized actors, these entities will continue to be a focal point of political contestation for stakeholders or interest groups that remain outside the web.
- 21 Gary Chapman, "Project Applies Power of Net to L.A. Housing Woes," (*Los Angeles Times*, November 22, 1999)
- 22 "History of NKLA" <http://nkla.spsr.ucla.edu/Master.cfm?Page=History/Main.cfm> (January 28, 2000)
- 23 IJP information page, [http://www.integratedjustice.gov.on.ca/02\\_q\\_and\\_a.html](http://www.integratedjustice.gov.on.ca/02_q_and_a.html) (February 3, 2000)
- 24 All comments from an interview with IJP director, Alisa Hamilton (January 12, 2000)
- 25 OPSEU, "Computers replace court staff," (Press release, November 2, 1998) <http://www.opseu.org/ops/ministry/guardians1.htm> (January 25, 2000)
- 26 The Group of Ten includes the Sierra Club, the Sierra Club Legal Defense Fund, Friends of the Earth, the Wilderness Society, National Audubon Society, Natural Resources Defense Council, Environmental Defense Fund, National Wildlife Federation, Isaak Walton League, and the National Parks and Conservation Association.
- 27 The professionalization or institutionalization of environmentalism was a result of two trends: growing concern about the environment among the general public — which provided a huge pool of funders and hence, a revenue base for established environmental organizations. An increasing willingness on the part of governments to become involved in environmental protection — which opened up a direct channel for influencing public policy. Its worth noting that despite the creation of established and "professional" environmental groups, grassroots and community-based environmental organizations continued to grow in number and play an important role in environmental politics, but they were less visible and influential at the national and international level.
- 28 Love Canal is a neighborhood in Niagara Falls, New York. The nickname "Love Canal" came from the last name of William Love who in 1896 began digging a canal connecting Lake Ontario and Lake Erie (bypassing Niagara Falls) in order to serve as a water power conduit. It was never completed but the Hooker Chemical Company, located west of the canal, turned the uncompleted canal into a dumping ground for the chemical by-products of its manufacturing process. Once the canal was filled with waste, the land was covered over and sold to the Niagara Falls city school board for \$1.00 and a school and subdivision of homes was built right on top of the waste. The chemicals were detected leaking out of the site in 1977 and many health problems were also reported. Residents were evacuated after a lengthy fight with the New York State government. Today, it remains a ghost town. The main dumpsite is fenced in with a school and many homes bulldozed over

- and buried in the ground with the waste.
- 29 The Environmental Defense Fund is an example of an environmental agency that once took an adversarial stance towards government and business and is now part of the Group of Ten. In 1990, EDF worked with the Bush Administration to reduce acid rain and collaborated with McDonald's to abandon its styrofoam clamshell sandwich containers.
- 30 The appeal of Scorecard is not limited to environmentalists. Bill Pease of EDF claims that a significant portion of Scorecard use is traceable to air-pollution and water-control companies looking for business leads.
- 31 Bruce Selcraig, "The filthy West: Toxics pour into our air, water and land," (*High Country News*, September, 16, 1996)
- 32 The EPA's Sector Facilities Indexing Project would have synthesized information to rank the pollution risks presented to communities — but the EPA dropped ranking under industry protest. However, The FOIA and the Clean Air Act required the EPA to make the information to the EDF when they requested it. Scorecard now mimics the EPA's pollution rankings.
- 33 All data sources are clearly cited on Scorecard, with hyperlinks back to online references whenever available.
- 34 Unreliable phone lines and slow connection speeds that can't handle sophisticated Websites are still major barriers to widespread use of new communications technologies by farmers. The high cost of dialing into distant ISPs is another barrier not faced by urban users who pay a flat fee and dial locally. Costs of rural Internet access are much greater than they are in metropolitan areas. A rural users pays \$5 per hour of access to the Internet while customers in urban centers or more populous areas pay between \$1.60 and \$3.30 per hour of access. A study by the Rural Industries R&D Corporation (RIRDC) in September 1999 found that many of the content providers are "palpably failing" in their responsibilities to rural and remote Internet users. RIRDC, *Farmers and the Internet*. <http://www.rirdc.gov.au/pub/shortreps/sr58.htm> (February 21, 2000)
- 35 Farmwide is not alone in this space. Infarmation, a similar portal, is a private project that has emerged to serve the region of New South Wales. A leading ISP OzEmail and WIN Television group partnered to create the online portal that now has 10,000 active members. Infarmation started as a nation-wide weather and agri-news service that was delivered through a fax-on-demand platform. In 1995, the company insightfully recognized the Internet as not just a threat to their fax business, but as an opportunity to create and distribute knowledge in a whole new way. Like Farmwide, Infarmation has a news and weather service, community meeting areas, and a wealth of information catering to the needs and interests of rural farm communities.
- 36 The project successfully connected 1,000 farm families to the Internet for trial content, training and support systems, and to test various methods for connectivity. While the project struggled with many of the difficulties that rural communities face in accessing and using the Internet, the benefits and growing demand for online services were significant. Only one per cent of farmers were online when the project began, compared with 12 per cent by the project close two years later. The Australian Bureau of Statistics reports that this figure has jumped to 20 per cent as of December of 1999. In a survey of participants, 71 per cent said that online services have benefited their families, 32 per cent said they were using the Internet to help market their farm output, and 60 per cent said they would like to complete government transactions or pay bills online. For these statistics and more see "Life is too short to run at 2,400 bps" *Final Report: The Farmwide Online Services Pilot Project*. <http://www.farmwide.com.au/projects/osp/default.asp> (February 14, 1999)
- 37 Farmwide's Regional Access Network program is already in its first phase, with 2,500 focus group users selected from individuals who registered with the company.
- 38 The Woomera modem (developed in conjunction with Maestro Modems) has been specially designed to maintain a stable connection to the Internet despite poor line quality — a pervasive problem for rural Internet users in the Australian Outback.
- 39 The NFF's skills training strategy includes a range of communications strategies and hands-on training. Through a partnership with the Rural Industries Research and Development Corporation, for example, Farmwide has released The Australian Farmer's Guide to the Internet as a book and CD-ROM that provides all of the information necessary for farmers to get started on the Internet. Early adopters in rural communities have also become key change agents in the process of educating and training farmers. Pilot project participants have been invited to speak at major conferences, are actively involved in promoting the benefits of the Internet in their farm organizations, and have been key drivers in local community projects. The NFF's strategy is complemented by the Australian government's broader initiatives to promote Internet use among both rural and urban populations through programs such as Networking the Nation.
- 40 Farmwide Factsheet, <http://www.dcita.gov.au> (February, 16, 2000)
- 41 One Australian farmer, Charles Onus, claimed the benefits of the Farmwide portal lay in his ability to access information from the commodity markets. "It is an absolute necessity for me to be able to access the Chicago Wheat futures at least five times a day," he says. "We trade futures in Sydney and options in Chicago to cover against any world market changes such as those caused by changes to the United States Export Enhancement Program."

- 42 "Life is too short to run at 2,400 bps" *Final Report: The Farmwide Online Services Pilot Project*. <http://www.farmwide.com.au/projects/osp/default.asp> (February 14, 1999) "Life is too short to run at 2,400 bps" *ibid*.
- 43 Matthew Yeomans, "Planet Web: the Outback Online," (*Industry Standard*, February 3, 2000)
- 44 Klas Sandstrom, "The Global Water Partnership: Building cooperation and sharing experience," (*The Courier*, January-February, 1997)
- 45 Major donors to the GWP include Canada, Denmark, Finland, France, Germany, Luxembourg, The Netherlands, Norway, Sweden, Switzerland, UK, the Ford Foundation, UNDP, and theWorld Bank
- 46 Peter Spiro, "New Global Communities: Nongovernmental Organizations in International Decision-Making Institutions" (*Washington Quarterly*, Winter 1995)
- 47 Wolfgang H. Reinicke, *Global Public Policy: Governing Without Government?* (Washington: Brookings Institution Press, 1998)
- 48 Wolfgang H. Reinicke, "The Other World Wide Web: Global Public Policy Networks" (*Foreign Policy*, Winter 1999-2000)
- 49 Both ENDS was set up in 1986 on the initiative of a number of Dutch environmental organizations to act as a support center for environmental organizations in the South. Both ENDS helps these organizations locate relevant information and facilitates their contacts with 'Northern' organizations, policy makers and compatible donors.
- 50 The MAI, a project of the [Organization for Economic Cooperation and Development](#) (OECD), aims to set rules for liberalizing and protecting overseas investments.
- 51 Business leaders had little problem gaining access to government decision makers. The gathering in Seattle of the World Trade Organization, where ministers from 134 nations met was closed to the public. The WTO Seattle Host Organization, co-chaired by Bill Gates of Microsoft and Phil Condit of Boeing, contributed \$9 million to defray costs of the WTO meeting and proclaims that it worked with "WTO officials every step of the way . . . to maximize interaction between the officials and the private sector." For sponsorships of up to \$250,000 each, representatives from companies such as IBM, AT&T, GM, and Bank of America were invited inside. Corporate representatives attended an exclusive dinner with the WTO ministers, received briefings and updates on the drafting of new WTO rules, and held private conferences with the ministers.
- 52 The powerful trade union group AFL-CIO and the Greens sank their differences and made common cause against the WTO along with pacifists, college students, human rights campaigners and Via Campesina, a network representing peasant movements in 65 countries.
- 53 Bruce Little, "Rules have changed for WTO," (*Globe and Mail*, February 10, 2000)
- 54 Deborah McGregor, "Damage Control: Politicians play down WTO failure," (*Financial Times*, December 6, 1999)
- 55 Guy de Jonquieres and Frances Williams, "All at sea since Seattle storm," (*Financial Times*, January 20, 2000)
- 56 Bruce Little, *ibid*.
- 57 Susan George, "Fixing or nixing the WTO," (*Le Monde diplomatique*, January 2000)
- 58 Guy de Jonquieres and Frances Williams, *ibid*.
- 59 In pursuit of its mission to protect rainforests and the life they support, RAN has targeted and won significant concessions from such corporate giants as Home Depot, Arco, Coca-Cola Foods, MacMillan Bloedel, Conoco, Mitsubishi, Scott Paper, and Sony. In its first campaign, RAN educated the public about the loss of Central American rainforests to cattle ranches and led a successful consumer boycott of Burger King for buying rainforest beef. Now, with sixteen years of saving rainforests under its belt, RAN is winning more and more significant victories.
- 60 Beginning in October 1997, activists from around the country targeted Home Depot with synchronized protests as part of World Rainforest Week Advertisements were placed in several major magazines and demonstrations were held at 35 Home Depot stores across the United States. In October 1998, over 75 demonstrations took place at Home Depot stores across the country, while activists hung a five-story banner at Home Depot headquarters. At a hastily arranged meeting, a Home Depot executive promised to have policy in place by the end of the year. When Home Depot failed to meet RAN's expectations with a new policy released in March 1999, activists protested at over 150 stores across the US and Canada.
- 61 Persistent pressure from local business/citizen coalitions helped RAN convince municipal councils in small cities such as Madison, Wisconsin, and Longmont, Colorado to delay approval for new store construction in their communities until Home Depot developed a response to the old growth-free campaign. On August 19, 1999, the *Atlanta Journal Constitution*, from Home Depot's home state of Georgia, reported "The Rainforest Action Network . . . took part of the credit for denying a new location for Cobb County-based Home Depot in Racine, Wis. The network has been spotlighting the behemoth do-it-yourself home improvement retailer because of its wood products, many of which the network says come from old-growth forests in British Columbia and around the world." See Steve Visser, "Wood controversy," (*Atlanta Journal Constitution*, August 19, 1999)
- 62 RAN press release, "Home Depot Announces Commitment to Stop Selling Old Growth Wood," August 26, 1999, [http://www.ran.org/info\\_center/press\\_release/990826.html](http://www.ran.org/info_center/press_release/990826.html)
- 63 In November 1999, HomeBase and Wickes Lumber — the



- sixth and tenth largest US home improvement retailers — both signed similar agreements with RAN. RAN also claims to be at different stages of negotiation with several others large U.S. home improvement chains.
- 64 One 1996 poll of 51 major European corporations found that although 90 per cent of them believed that the impact of “pressure groups” would stay the same or increase over the next five years, only 20 per cent had formal procedures in place for dealing with such groups, and only 12 per cent for evaluating them. A 1998 survey of 133 NGOs found that while many rated their current relationships with corporations as “antagonistic” or “nonexistent,” most predicted the development of cooperative relationships in the future. See P.J. Simmons, “Learning to Live with NGOs” (*Foreign Policy*, Fall, 1998)
- 65 Don Tapscott, David Ticoll and Alex Lowy, *Digital Capital: Harnessing the Power of Business Webs*. (Boston: Harvard Business School Press, 2000)
- 66 In the paper-based trading system, documents often take weeks to reach their destinations, and can be intercepted, altered, destroyed or lost. According to the United Nations, \$420 billion, or seven per cent of the \$6,000 billion flow of international trade, is wasted on administering paper-based systems each year. Bolero replaces paper documentation with electronic documents that can be securely transferred in seconds. A number of large trading companies have tested the Bolero system, reporting large cost savings and increased speed and efficiency. Mitsui, Japan’s largest trading house, and Statoil, one of the world’s largest net sellers of crude oil, both realized significant benefits after adopting Bolero’s system. At this point, Bolero is focused on building critical mass by engaging a relatively small number of major multinationals to adopt its trading infrastructure.
- 67 Email correspondence with Doug Tweddle, Director of Compliance and Facilitation at the World Customs Organization, January 28, 2000
- 68 Bolero International, *International Legal Feasibility Report*. (Bolero International Ltd., December 1999) <http://www.bolero.net/decision/legal/legal.php3> (March 2, 2000)
- 69 Charles Batchelor, “E-trade system aims to be world standard,” (*Financial Times*, August 23, 1999)
- 70 Email correspondence with Alan Asay, legal counsel to Bolero International, January 04, 2000
- 71 Email correspondence with Alan Asay, *ibid*.
- 72 This is not to say that there are not conflicting value systems among participants within the WTO or the anti-WTO movement.
- 73 Some observers point to the patenting new life forms by global biotechnology corporations and the considerable shift in power to global financial institutions as two leading indicators that governments are dangerously close to losing sight of their ability to protect the public interest.
- 74 On the local and national levels, the proliferation of single-issue interest groups has led to weaker common identities, which could lead to greater polarization in public debates and less willingness to invest in public goods. On the international level, Jessica Matthews, a senior fellow at the Council for Foreign Relations, suggests an international system of two-hundred nations states is barely feasible and predicts that the increasing density and effectiveness of non-state actors could create a system of unmanageable proportions. As Matthews argues, “. . . the international system may represent more voices but be unable to advance any of them.” Jessica Matthews, “Power Shift” (*Foreign Affairs*, January/February 1997)
- 75 Scott Lash & John Urry, “Globalization and Localization,” *Economies of Signs and Space*. (London: Sage, 1994)
- 76 According to The Association for Community Networks (AFCN), “Community networking occurs when people get together to solve a problem or respond to an opportunity. A community network is a community owned and operated information and communication service that can amplify and support community networking.” Association for Community Networking, <http://www.afcn.net/> (January 12, 2000)
- The authors of *Community Networks in a Generational Perspective*, Herbert Kubicek and Rose Wagner, offer another set of criteria for community networks: “Community networks . . . are run by and for the local community, are to serve a clearly defined geographic region, are to address the needs of day-to-day life, are to represent local culture and strengthen the cohesion of local community, are provided at no or little cost.”
- Herbert Kubicek and Rose Wagner, *Community Networks in a Generational Perspective*. (Seattle: Participatory Design Conference, 1998)
- 77 Doug Schuler, a founder of the Seattle Community Network and author of *New Community Networks: Wired for Change* puts the number of people worldwide that currently use such community networks at five hundred thousand. Hundreds more projects, he claims, have been launched in cities, small towns and regions around the world. Doug Schuler, *New Community Networks: Wired for Change*. (Seattle: Addison-Wesley, 1996)
- 78 Margaret Keck of John Hopkins University and Kathryn Sikkink of the University of Minnesota outline “a model for transnational change that is not just one of ‘diffusion’ of liberal institutions and practices, but one through which the preferences and identities of actors engaged in transnational society are sometimes mutually transformed through their interactions with each other.” See Margaret E. Keck and Kathryn Sikkink, *Activists Beyond Borders: Advocacy Networks in International Politics*. (Ithaca: Cornell University Press, 1998)
- 79 Andre Carothers, “The green machine” (*New*

- Internationalist*. August, 1993).
- 80 P.J. Simmons, "Learning to Live with NGOs" (*Foreign Policy*. Fall, 1998)
- 81 Lisa Jordan and Peter van Tuijl, "Political Responsibility in NGO advocacy: Exploring emerging shapes of global democracy." (*Novib*. April 1998)
- 82 Lisa Jordan and Peter van Tuijl, "Political Responsibility in NGO advocacy: Exploring emerging shapes of global democracy." (*Novib*. April 1998)  
<http://www.oneworld.org/euforic/novib/novib1.htm>
- 83 Women's and human rights groups, for example, have linked up with more experienced, better-funded, and more powerful lobby groups in Europe and North America. The latter work the global media and lobby their own governments to pressure leaders in developing countries, creating a circle of influence that is accelerating change in many parts of the world. However, some observers criticize this type of cooperation for actually undercutting the development of civil society in developing nations by relieving domestic pressure to build civic institutions that match the power of those in affluent nations.
- 84 Susan Lee, *Hands Off: Why the Government is a Menace to Economic Health*, (Simon & Schuster Books, 1996)
- 85 David Held, Anthony McGrew, David Goldblatt and Jonathan Perraton, *Global Transformations*. (Stanford: Stanford University Press, 1999)
- 86 Saskia Sassen, "The State and the Global City: Notes Towards a Conception of Place-Centered Governance," *Globalization and Its Discontents: Essay on the New Mobility of People and Money*, ( New York: The New Press, 1998)
- 87 Don Tapscott, David Ticoll and Alex Lowy, *Digital Capital: Harnessing the Power of Business Webs*. (Boston: Harvard Business School Press, 2000)
- 88 As discussed previously, national sovereignty and autonomy is undoubtedly constrained by the growing power and wealth of the global market.
- 89 Louis W. Pauly and Simon Reich, "National structures and multinational corporate behavior: Enduring differences in the age of globalization" (*International Organization*, Winter 1997)
- 90 Richard Higgot and Simon Reich, *From Globalisation to Glamorisation: The Rise of the NGO in International Relations*. (Washington: International Studies Association, 1999)

