

The Dynamic Role of State and Nonstate Actors: Governance after Global Financial Crisis

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In this article, we review the dynamic role of state and nonstate actors in governance. We first discuss the main arguments for and against the state being the main actor in governance in recent literature. Then, we review some of the literature about the changing role of state and nonstate actors in response to the 2007–08 global financial crisis from 2011 to 2015. The two themes under examination are, first, more control over financial markets and second, austerity measures. They illustrate different trajectories of governance that go beyond the now well-established New Public Management paradigm of public sector reforms. Our review shows that no single actor provides the best mode of governance for all circumstances. Instead, governance is hybrid and dynamic. The mode of governance is dependent on the circumstances under which an actor is more capable of interacting with other actors to provide public services.

KEY WORDS: governance, delivery of public services, policy provision, financial crisis, austerity

国家行为体和非国家行为体的能动作用：全球金融危机后的治理

本文检测了国家和非国家行为体在治理中的能动作用。首先讨论了近期文献中关于国家作为治理的主要参与者的正反论点。其次检查了某些文献关于2011至2015年国家和非国家行为体应对2007年8月份金融危机影响所产生的角色变化。本文分别对“更多控制金融市场”和紧缩措施这两项主题进行了检查。两项主题都解释了不同的治理轨迹，这些轨迹超过了当下公共部门改革中典型的新公共管理（简称NPM）范围。研究结果表明：没有任何一个参与者能在所有情况下提供最佳治理模式。相反，治理是处于动态之中的混合物。治理模式取决于不同情况，在这些情况下单个参与者更能与其他参与者一起相互影响，从而提供公共服务。

关键词: 治理, 公共服务提供, 政策规定, 金融危机, 紧缩

Introduction

Who delivers better governance, state or nonstate actors? What is the role of the state and other private and societal actors in the delivery of public services? These questions have always been at the center of scholarly debates. By definition governance is inherently hybrid and dynamic, meaning that it involves more than one actor at a time—state, markets, and civil society (Capano, Howlett, & Ramesh, 2015;

Colebatch, 2014; Torfing, Peters, Pierre, & Sørensen, 2012). This means governance is a function of the context in which it is located or situated. However, there is disagreement on the role of state and nonstate actors in good governance. State-centric theorists argue that the state is indispensable in maintaining good governance (Fukuyama, 2013; Lodge & Wegrich, 2014; Peters, 2014; Peters & Pierre, 1998; Torfing et al., 2012). On the contrary, others conclude that good government is not a necessary condition for good governance (Rothstein, 2015). Others even suggest the state is irrelevant in governance (Krasner & Risse, 2014; Lee, Walter-Drop, & Wiesel, 2014; Rhodes, 1996). These scholars offer distinct perspectives on the state of governance deserving of reflection.

In an earlier issue of *Policy Studies Journal*, Robichau's (2011) "mosaic of governance" highlighted how the high volume of theorizing on governance has led to much contention over applicable concepts and definitions. These include questions such as how different schools of thought elaborate the meanings of governance, what the role of the state is and its responsibility in governance, whether governance is conceptually different from, or in fact equivalent to, government and networks, whether governance can be typologized, and how to integrate democracy and governance. In addition to these points of debate, Robichau also identifies the three most commonly discussed mechanisms of governance, namely, networks, hierarchy, and markets, and outlines the research challenges in the study of governance such as how to develop measures of the concept of good governance and how to test tangible governance practices through empirical research.

Since Robichau has already provided an overview of the growth and diversity of the studies of governance, our discussion focuses on how recent literature on governance discusses the changing role of the state and nonstate actors involved in governance and the delivery of public services after the 2007–08 global financial crisis. The bailout of big banks and the austerity measures in Europe provide important lessons about the changing dynamic role between state and nonstate actors. To draw insights from that, this article first reviews recent theoretical developments in relation to governance and the actors involved in the delivery of public services. This article then illustrates different trajectories of governance informed by empirical evidence in two themes—financial sector regulation and austerity measures—that contradicts and goes beyond the now well-established New Public Management (NPM) paradigm of public sector reforms. Our review shows that no single actor provides the best mode of governance for all circumstances. Instead, governance is hybrid and dynamic. The mode of governance is dependent on the circumstances under which an actor is more capable of interacting with other actors to provide public services.

Study of Governance

In the last three decades, literatures on public management and public services have blossomed. Pollitt and Bouckaert (2011) identified at least two waves of public management reforms before the idea of governance became prevalent (pp. 5–9). The first wave

came with modernization and rapid scientific and technological advancement, and was spearheaded by the United Kingdom, the United States, and France in the 1960s. These reforms later became popular in the late 1970s and early 1980s with an emphasis on rational and strategic policymaking, evaluation, and institutional arrangement within the machinery of government. The second wave was driven by pressures on public finances amidst global economic shocks and crises in the 1970s (King, 1975). This was particularly prominent in welfare states in Western democracies. This latter global trend became known as NPM and was characterized by a call for market-like practices that aimed to raise efficiency, effectiveness, and accountability to public service users in the 1980s. This trend evolved into movements of public sector reform centering upon “governance” and adopted various strategies like “partnerships,” “joined-up government,” and so forth from the 1990s and onward.

Favoring the Market

The literature on governance has been characterized by a constant search for better forms of governmental and public management (Andrews, 2010; Rotberg, 2014). States have enthusiastically moved to include markets in governmental activities and public services either as the service providers or partners (e.g., privatization and fiscal austerity) since the implementation of economically liberal policies (Hacker & Pierson, 2010). Partnership with the business sector is now a popular instrument for the delivery of public services.

Pollitt and Bouckaert (2011) argue that it is not difficult to see the influence of economic liberalism behind public management reforms. Public sector reforms and governance have heavily favored market-based principles and ideas of organization. The contagion of business-like practices in public services was prominent and is still deeply influential in public administration research and practice. Politicians and public managers around the world, either intentionally or unintentionally, support deregulation and marketization. For example, Rothstein (2011) criticizes *Worldwide Governance Indicators* for assuming that neoliberal policies and reforms are a better and normatively positive form of governance. Similarly, Fukuyama (2013) calls for a better measurement of governance beyond the limits and constraints of neoliberalism (also see Holt & Manning, 2014). Such a narrow form of governance also limited its applicability in developing countries (Fukuyama, 2013, p. 349).

For some, liberalization in the last few decades has led to weakened and dismantled government, and has also contradicted democratic values with the rise of depoliticization and technocracy (Jessop, 2007; Roberts, 2010). In response, others argue that facilitating democratic participation and citizens' inclusion in policymaking can improve the delivery of public services (Fenwick, Miller, & McTavish, 2012), and that governance and public services should be delivered by networks (Rhodes, 1996, 2012). As a result, these discussions have moved governance literature away from the NPM approach (Levi-Faur, 2012; Needham, 2007; Osborne, 2009). As more governance literature takes back the state and adds civil society as one of the main actors, an understanding of governance beyond liberalism becomes evident.

Metagovernance

Liberalism and market triumphalism in public management reforms have been challenged by the rise of governmental intervention (Pollitt & Bouckaert, 2011; Sandel, 2012). This has signaled not just a reconsideration of the Weberian state, but also points to a new interactive relationship between the state and other private and societal actors in the delivery of public services. The concept of “metagovernance” and its study has been introduced to characterize this relationship and reconcile the theoretical tensions between state-centric theorists and network theorists (Sørensen, 2006; Sørensen & Torfing, 2007; Torfing et al., 2012).

Metagovernance can be defined as “governance of governance” or “regulated self-regulation,” and “involves deliberate attempts to facilitate, manage, and direct more or less self-regulating processes of interactive governance without reverting to traditional statist styles of government in terms of bureaucratic rule making and imperative command” (Torfing et al., 2012, pp. 122–23). The idea asserts that the bureaucratic state remains a significant governing actor, but would also facilitate the collaboration of private and societal actors and provide policy solutions (Lodge & Wegrich, 2014). In this sense, the state is not necessarily the sole actor in providing direct public services and can also be the regulator of service providers (Fenwick et al., 2012). Metagovernance can be thought of as ruling sets of organizations clustered around government functions (Jessop, 2007) or coordination of fragmented political systems with plural and highly autonomous self-governing networks and institutions (Sørensen, 2006). Rhodes (2012) specifies metagovernance as the “use of negotiation, diplomacy, and more informal modes of steering” (p. 37). All in all, both state-centric and network theorists recognize and reaffirm the role of the state in governance and delivery of public services.

Hybrid Modes of Governance and Governing in the Shadows

Recent literature has identified three modes of governance, namely, hierarchy, markets, and networks as the mechanism of delivery of public services (for more discussion, see Torfing, 2012). It challenges the assertion that a certain form of governance is a better form of governance in all circumstances. For example, Peters (2014) argues that “governance is inherently a hybrid activity, with public and private sector actors involved in varying degrees and in different ways” (p. 303). Policy solutions and delivery of public services can either be provided through hierarchy, markets, or networks, but which one is preferred depends on the circumstances or contexts. Governance, in reality and in practice, is hybrid. It involves the collaboration between different actors depending on political regimes and policy areas.

In addition to its hybridity, governance can also be seen as the overlapping of different actors, which represents the interaction and collaboration of different stakeholders in governance and the delivery of public service, whereas nonoverlapping parts represent the presence of a single actor as the sole and independent service provider. Following the same logic, Lynn (2012) lists some possible forms of

governance, such as Traditional Governance as Government, Governance as Government with Civil Society, and Governance Centered in Civil Society. This echoes Peters's (2011a) idea of "governing in the shadows," which suggests that hierarchy, markets, and societies have direct or indirect effects on each of the three modes of governance.

Methodology

To examine literature that addresses how the role of state and nonstate actors change after the global financial crisis, we surveyed articles from top-tier journals and books from 2011 to 2015 that are related to our point of interest. For journals, we used the search engine in the websites of a number of top-tier journals in the areas of governance, public management, and public policy¹ with keywords *governance*, *public management*, *crisis*, *financial regulation*, and *austerity*. For books, we used the same set of keywords to search the books from the Web of Science and Google Scholar. The authors reviewed each of them and selected those that fit our two themes under examination, namely, more controls over the financial markets and austerity measures.

Governance Beyond Liberalism: Two Different Trajectories

This article addresses how governance has changed since the financial crisis, and also reviews empirical evidence from the relevant literature to understand the change in modes of governance. With this aim, we offer critical reflection on different trajectories in governance beyond liberalism after the financial crisis. In the following, we briefly outline the significant lessons of global financial crisis to states and governance. Then, we provide two distinct trajectories of governance to illustrate the changing and more dynamic role of state and nonstate actors after global financial crisis. The mode of governance is diverse rather than solely pointing toward neoliberalism in the NPM era since the 1960s. To illustrate these ideas, first, we review how states imposed more stringent regulations and controls during the event of the financial crisis. This is a manifestation of greater state intervention in market affairs. Second, in contrast, we look at austerity measures on public services with public budget cuts that demonstrate the trajectories of reduced state involvement, more market-like practices, and more self-governance in civil society. These two themes under examination outline very different trajectories of governing processes in different circumstances. It also highlights the diverse yet viable modes of public service reforms after the crisis across advanced democracies.

The Global Financial Crisis and Its Significance to States and Governance

The global financial crisis posed tremendous challenges to the state and governance (Lodge & Wegrich, 2012), and highlighted serious failures of governance in the regulation of financial markets in advanced democracies (Rothstein, 2012). However, many national governments initiated dramatic and coordinated responses to

enforce market stabilization policies (Mügge, 2014) and subsequently prevented another Great Depression (Hardiman, 2012). These measures included the implementation of the Troubled Asset Relief Program in the United States, the bailout of giant banks (e.g., Goldman Sachs, Citigroup HSBC, and Royal Bank of Scotland), insurers (e.g., AIG), secondary mortgage agencies (e.g., Fannie Mae and Freddie Mac), and other nonfinancial institutions (e.g., General Motors and Chrysler) in the United States and United Kingdom, as well as restrictions on remuneration in financial services. These interventions deviated from, and contradicted, several decades of public administration reforms. Since the Reagan and Thatcher eras, these had seen a shift from the Weberian state to NPM, which is inspired by and resulted from the affirmation of liberalism and market triumphalism (Pollitt & Bouckaert, 2011; Sandel, 2012). Governmental interventions in these eras restated and reaffirmed the importance of the state in the maintenance of good governance amidst crisis, and led for calls for academics and practitioners to reconsider the effectiveness of “neoliberal policies that had either failed to prevent or arguably caused the crisis” (Wilson & Grant, 2012, p. vi), and to rethink “market fundamentalism” since the *Washington Consensus*, a belief that “markets solve most, if not all, economic problems by themselves” (Serra & Stiglitz, 2008, p. 3). Therefore, the global financial crisis was a watershed for the study of governance, as the financial market turmoil manifested the decline of the markets and the rise of the governments in the midst of crisis (e.g., see Mügge, 2014). Under this dynamic, it is timely to assess how this critical event has reshaped or redirected the discussion and development of the modes of governance. Hence, we traced some distinct trajectories of governance in the following to see the more dynamic role of state and nonstate actors that moved beyond neoliberalism.

More Control over Markets

Governments have hailed markets as a primary and favorable mechanism in public management reforms for years. However, in recent years, this argument has been subject to much criticism in the literature, and the role of state has become important again. Fukuyama (2013) criticizes the “architecture” of good governance as blindly based on the normative assumption of liberalism. In the context of finance, for example, deregulation is assumed to be more favorable for financial governance or related policies (Holt & Manning, 2014; Rothstein, 2011). However, markets do not always operate efficiently and rarely follow the underlying assumption of perfect competitive markets in classical economics. Therefore, Serra and Stiglitz (2008) contend that state involvement and intervention are legitimate and have important roles when the market fails to perform.

Finance, as a sector, is the perfect manifestation of “market fundamentalism” that advocates the market as the best solution to economic problems. The *Washington Consensus*, initiated in the 1990s, marked a milestone of economic liberalism and popularizes privatization and deregulation in state and economic developments (Serra & Stiglitz, 2008). Financial practitioners such as stock brokers and derivative traders

tend to dislike regulation, as it hinders innovation and the speed of issuance of financial products, and consequently slows their business growth and profits (Morgan, 2012). Overall, “market fundamentalism” drove a number of market reforms in the direction of fewer regulations and lessened state involvement in the post-*Washington Consensus* years.

However, the global financial crisis served as a tipping point of reviving a stated and nonliberal way of governance and problem-solving mentality in finance. The role of the state was magnified at both national and international levels. For example, multigovernments worked together to enforce market stabilization measures. These state-led measures proved to be effective and avoided an even greater crisis like the Great Depression (Roberts, 2010; Wilson & Grant, 2012). Governance trajectories after the global financial crisis challenged the logic and tradition of decentralization for good governance, and at the same time revived and supported the significance of centralization in solving public issues and problems (Gerring & Thacker, 2008).

After the global financial crisis, there was a sentiment that more control over the markets and more fine-grained financial regulations were essential. The global financial crisis introduced an impulse for more top-down regulation, and less self-regulation and collaborative regulation. For instance, there was a diffusion of international nontreaty-based “soft law”² in the global financial governance framework in a time of hefty financial risk and uncertainty (Hennessy, 2013). Moreover, more soft laws in accounting standards and over-the-counter derivatives in Europe became formalized as part of the national legislation (Newman & Bach, 2014). At the macro level, the crisis prompted a series of new measures such as more stringent requirements to account for better safety in the international financial systems (Mügge, 2011; Young, 2014). These include tougher control over bank capital, liquidity ratios, and leverage activities. In monetary policy, there was also an expansion of central banks’ powers in pursuing financial stability in various parts of the world (Burnham, 2014; Roberts, 2010). Coordination among states after the financial crisis started to take a multilateral focus. For example, the International Monetary Fund (IMF) has moved to assess whether domestic policies can have implications beyond one country and have impacts on international stability (Gallagher, 2014). Moschella (2015) also notes that the IMF has reversed the practice of voluntary compliance in global capital flow regulation back to a “command-and-control” mode of governance. Conversely, in terms of micro-level management, there were revamps in individual conduct and guidelines, as well as supervision and managerial oversight in hierarchy (Moschella, 2011). Staff members “justified their proposal to make the [IMF] a systemic supervisor in light of past reforms, which had given the Fund the theoretical and organizational resources to carry out the new type of surveillance” (Moschella, 2011, p. 124).

In sum, before the global financial crisis, there was a perception that market actors were well positioned to look after market affairs and maintain stable and efficient markets. Regulation compliance was voluntary and less stringent whereas after the crisis, financial governance moved to the premise that markets were unable to restore confidence without the backbone of effective and authoritative state regulation and support. The lesson of financial market failure and state intervention

Table 1. Various Governing Actors and Responses in Relations to Austerity

Modes of Governances	Causes of Response
Bureaucratic collaboration	<ul style="list-style-type: none"> • Cuts in public sector staffing to achieve cost savings in the short term • Problems with liquidity by privately financed projects • Reduction in bank borrowing to finance operations by the private sector
Community and voluntary organizations involvement	<ul style="list-style-type: none"> • Decline in the quality of public services • Service withdrawals because of the insupportable costs
Beyond traditional public administration	<ul style="list-style-type: none"> • Cuts in public spending • Procurement of profits to private sector • Bureaucratic openness • Networked environments

demonstrated the trajectory of a new mode of governance that moved beyond the liberalism and “market fundamentalism.” In the following, lessons of austerity measures will show a different trajectory of governance.

Austerity and Fiscal Crisis: Has There Been an Adaptation of Modes of Governance?

In austerity measures, we see very different trajectories compared to regulating the financial market after the crisis. Governmental tools of fiscal management such as spending cuts and increased taxation diffused after the global financial crisis. These policies challenged the governments to govern with fewer resources while pursuing or maintaining economic and democratic development. As a result, it triggered changes in government culture, altered the organization and politics of the states (Hood, Heald, & Himaz, 2014), and of course, various modes of governance (Capano et al., 2015).

The change in modes of governance is not limited to the recent global financial crisis. Indeed, previous crises have always coerced governments to adapt less bureaucratic hierarchies and corporatist approaches to managerial and business-like forms of organization and management (Lodge & Hood, 2012). However, after the financial crisis, empirical evidence shows that these acts of fiscal consolidation directed public management and governance to follow new trajectories that are different from NPM (Kickert & Randma-Liiv, 2015). Governments are experimenting with innovative ways of delivering their services. New forms of bureaucratic collaboration, involvement from more community and voluntary organizations, and pluralist modes of organization are seen as responses to the problems generated by the global financial crisis. Governance sharing among different stakeholders will be characterized by the responses to the implementation of policies to constrain resources (Table 1).

One of the strategies to tackle the fiscal crisis was the delegation of decision making by the state (Peters, 2011b), while maintaining the financial control at the state level. The solution was to grant more decision-making powers to local bureaucratic actors but without more resource allocation or financial autonomy. At local bureaucratic levels, “authorities are facing pressure and demands on their service at a time

when central government support is being scaled back" (Kennett, Jones, Meegan, & Croft, 2015, p. 640). To stabilize the budgets in the national accounts, central governments have reduced resources allocated to lower- and local-level governments. However, it limited the state capacity in solving policy problems and delivering services. The response becomes a new style of bureaucratic collaboration with the rise of partnerships between departments at local governments in the United Kingdom (Lowndes & McCaughie, 2013). Similarly, Bel and Warner (2014) find evidence that the spending cuts resulted in more intermunicipality cooperation between local governments.

As a result, bureaucracies with limited resources addressed social needs through the redesigning of service delivery processes (Hastings, Bailey, Gannon, Besemer, & Bramley, 2015; Kennett et al., 2015; Shaw, 2012). Lowndes and McCaughie (2013) label it as "institutional bricolage"—governments that overcome the fiscal crisis with a creative approach of service redesign. To handle the fiscal challenge, some governments promote the idea of "resilient government." Shaw (2012) argues that a resilient government should take the role of a risk manager by systematically assessing the uncertainty ahead and enabling the communities to develop their own resilience with a greater degree of participation. He is optimistic that the promotion of these actions can extend the adaptive capabilities to respond and deliver policy under harsh environments. Similarly, Hastings et al. (2015) find that local governments in the United Kingdom use narratives to help the community to adapt and survive under austerity. However, they are more skeptical about these narratives. Local governments might change and adapt in the long run, but it requires the states to adapt under fiscal constraints and be more responsible for attending to problems and implementing policy than before.

Apart from restructuring this hierarchical relationship, another trajectory in the mode of governance is coproduction in the delivery of public services. The provision of public services through a third sector distinctively demonstrates an interactive relationship between state and nonstate actors in governance (Verschuere, Brandsen, & Pestoff, 2012). Dalziel and Willis (2013) argue that under austerity measures, communities have to build capacities and partnerships to find creative solutions in public services. Greece's solidarity movement is an example of coproduction (Henley, 2015). It was initiated by civil society organizations to respond to social problems that resulted from the Euro debt crisis and wider recession. Because of austerity measures as well as the high unemployment rate, many people were in poverty and could not afford medical services and a basic amount of food. Initially, the solidarity movements protested against austerity measures and later called for citizens to join by volunteering and addressing the social and livelihood problems. Food banks and soup kitchens were founded to serve those in need. There were even citizen-run clinics and legal aid hubs to fill the gap of these expensive but essential services.

However, not all academics are strong supporters of delivering public services through nonstate actors. Some critics question the effectiveness of the collaboration among the community members and the government (Chapman, Brown, Ford, & Baxter, 2010; Maguire, 2012; Milbourne & Cushman, 2013; Mythen, Walklate, & Kemshall, 2013). In this debate, the third sector's involvement raises questions in

relation to understanding the type of skills that are required by community members for delivering effective public services.

Market actors or influences are not inactive under fiscal challenge. Public services were increasingly handed over to business firms as a response to austerity measures (Lodge & Hood, 2012). For example, Smith and O'Leary (2013) show evidence of an increase of managerial practices in education policies in England. Likewise, Whitworth and Carter (2014) identify trends toward NPM principles of marketization in welfare-to-work policy provision under the coalition government in the United Kingdom. In an analysis focused in central and eastern Europe, Dan and Pollitt (2015) examine the implementation of NPM reforms in these countries. They show that contracting out and privatization were not the only managerial practices. The policy solutions also included tightening expenditures in the public sector, the modernization of bureaucracies through private-style practices, and the marketization of the bureaucracies (Pollitt & Bouckaert, 2011). The direction of these reforms varied across countries (for south European countries see Di Mascio & Natalini, 2015).

However, the implementation of NPM also shows its limitations in times of austerity on some occasions. Managerialism reduces the capacity of public actors to understand the social context as it involves collating "deproblematized and decontextualized data" and "the presentation of this in the form of the achievement of specific policy objectives that legitimizes further policy intervention" (Smith & O'Leary, 2013, p. 254). The business-like management techniques (e.g., "performance management" and "evidence-based policy") make public actors look away from local or regional concerns and prioritize the operation of their organizations by meeting certain policy goals. This shows that bureaucracies do not straightforwardly modify policy solutions according to the changing contexts they operate in. In this sense, for example, Hood and Dixon (2015) show evidence that reforms in the United Kingdom have been inefficient (more costly) and ineffective (reduced performance) particularly after the financial crisis. As a result, scholars and public managers are starting to promote governance movements that go beyond promoting efficiency and effectiveness of bureaucracies and that encourage the involvement of other actors as the solvers of public problems (Bryson & Crosby, 2014).

All these illustrations show that governance under austerity is not converging to one dominant mode of governance—be it state, market, or community. The fiscal crisis stimulated new dynamics of state–society relations, with more input from the community. From the literature, there is more emphasis on the interaction between the state and citizens. Discussions of the emerging role of the organized civil society in tackling social needs are found in a number of articles as well.

In sum, looking at the use of austerity to understand the trajectories of governance facilitated the discussion and deepened our understanding of the dynamics of governance. There are diverse forms of implementation in the modes of governance after the 2007–08 global financial crisis. The economic slowdown facilitated the emergence of new governance models (Nunes Silva & Buček, 2014). Taking the impacts of austerity measures on governance as an example, we recognize that scholars have started to question whether and how governing structures can flexibly adapt to crises (Fitzgerald & Lupton, 2015). Moreover, detached from a reformist discourse, we

observe that governance trajectories tend to originate in one school of thought and find complementary solutions from the other schools. It does not simply follow the NPM style of public administration reform. In this sense, the empirical evidence presented in the literature demonstrates that the provision of public services is becoming a process that requires a higher level of cooperation and coordination between state and nonstate actors.

Conclusion

No single mode of governance has dominated after the 2007–08 global financial crisis. By reviewing the literature, this article seeks to understand what is happening to the interaction between government, market, and society in governance after the crisis. Governance can be theorized through the understanding of centralization and decentralization (Christensen, Lie, & Lægneid, 2008), through networks of different actors (Rhodes, 1996; Stoker, 2006), or through integration and coordination with the use of technology (Dunleavy, Margetts, Bastow, & Tinkler, 2006). This article examines how the global financial crisis changed the modes of governance, and how the changes incorporate newer schools of governance, such as network governance and regulatory governance, without replacing traditional public administration models and NPM. This enhances our understanding and helps us appreciate the fuller picture of the hybrid nature of governance in practice.

From the literature, the role of governments in governance and the delivery of public services has not declined as dictated by neoliberalism, but has evolved and integrated into various modes of governance. As shown in various distinct trajectories of governance in this article, the emergence of a new crisis posed new challenges to governance, not just for the state, but also for various private and societal actors. The lessons from the global financial crisis highlighted the need and urgency to search for innovative policy solutions. Different modes of governance thus emerged after the global financial crisis. It showed that “market fundamentalism” and other liberal reforms are not always the preferred mode of governance. In this article, we examined two themes after the global financial crisis—more control over financial markets and austerity measures. To restore market and public confidence, cases of more control over markets show how the state intervened with more stringent financial regulations and moved away from the neoliberal pathway of public management reforms in the last few decades. In our discussion of austerity measures, the rich varieties of policy instruments reveal how more diverse and hybrid modes of governance functioned. The pressure of austerity urged state and nonstate actors to deal with problems with more interactive and creative solutions (Torfing et al., 2012). Governance can include very diverse modes of governing, be it “hierarchical,” “non-hierarchical,” “alternative,” or “market” (Howlett & Ramesh, 2014), or as Lynn (2012) theorized, it can possess many faces (possibilities) such as Governance as Government with Civil Society and Governance Centered in Civil Society. This article reaffirms these views and concludes that governance, in response to the global financial crisis, is changeable and dynamic rather than static and singular.

While the 2007–08 global financial crisis induced a decline in confidence in private actors, interestingly, Brexit in the United Kingdom and Trump's presidential victory in the United States are recent examples that lowered people's confidence in governments. The economic and social impact of these events are yet to be seen. But it is certain that state and nonstate actors need to search for a new interactive relationship that could work better and restore confidence. Governance scholars could pay closer attention to this in the future.

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Notes

The authors thank Will Jennings and Rod Rhodes for all the constructive and thoughtful advice. We appreciate Hank Jenkins-Smith, Julie Krutz, Nina Carlson, Dan Devine, Winston Or, and two anonymous reviewers for their helpful comments. Any errors or weaknesses of course remain the authors'. This work was supported by the Economic and Social Research Council (grant number ES/J500161/1) and the CONACYT.

1. The list of journals includes *Administration and Society*, *American Journal of Political Science*, *American Review of Public Administration*, *Governance*, *International Public Management Journal*, *Journal of Comparative Politics*, *Journal of European Public Policy*, *Journal of Policy Analysis and Management*, *Journal of Politics*, *Journal of Public Administration Research and Theory*, *Journal of Public Policy*, *Policy and Politics*, *Policy and Society*, *Policy Science*, *Policy Studies Journal*, *Political Research Quarterly*, *Public Administration*, *Public Administration Review*, *Public Management Review*, *Regulation & Governance*.
2. Soft law can be defined as nonbinding and open-ended guidelines that cannot be simply enforced to all violated issues. Each violation has to be judged on a case-by-case basis. In contrast, hard laws are precise and enforceable legal binding obligations.

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