Public Management in Dynamic Environments:

Regional Economic Development Policy and Governance in Canada

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Abstract

The paper analyzes the nature of the interaction between environmental change and organizational strategy and structure, and their implications for public management theory and practice. The discussion focuses on the changing structure of regional development policy governance in Canada over the past two decades in the face of global economic transformations. After two decades of administrative reforms as well as seismic transformations in the character of the Canadian and global economy, a critical examination of regional development policy governance in Canada is in order. The implications of these transitions suggest the need for horizontal collaboration and coordination between policy stakeholders (domestic and international) as well as among agencies across various levels of government. Key lessons will also be highlighted for public managers who must often navigate the murky waters of administrative and socio-structural changes.

Introduction

This paper analyzes the transitions in the management of public policy brought about by the emergent global economic integration over the past two decades. The implications of these transitions are examined within the context the institutional decentralization of regional economic development policy in Canada over the same period. Regional economic development has proven to be a persistent feature of Canada's policy landscape since the 1960s. Administrative reforms introduced in the late 1980s resulted in the creation of three regional development agencies to manage and deliver regional development policies in regions classified under Canada's official regional development policy as socioeconomically disadvantaged in relation to the rest of the country. During this time, however, regional development policy governance in Canada has undergone some noticeable changes that coincided with movements towards a highly integrated global economy, the new discourse of innovation, and the decentralization of governance institutions. The discussion analyzes the mandates and strategies of two federal agencies tasked with the responsibility of managing regional economic development in the provinces of New Brunswick and Manitoba.

Economic development policy governance within a globally integrated market system has come to reflect the new context of regional development (Cooke and Schwartz 2007). This new focus makes a distinction between what are called the "old" and "new" paradigms of regional development in terms of policy rationale, strategy and tools of program intervention, and key actors involved (OECD 2009). While the old paradigm focused on providing advantages for domestic industries, the new paradigm tends to be non-discriminatory as attention shifts towards enhancing regions' global competitiveness.

For instance, under the old paradigm, governments use instruments of business development and industrial promotion that relied on protective trade practices such as tariffs and quotas against competing foreign companies and imports. Moreover, they even discriminated against foreign businesses located within their national borders by excluding them from subsidies, loans, tax expenditures and exemptions. Under the new paradigm, the focus has now shifted to leveraging the capital, technology and competitiveness of all companies, local- or foreign-owned, to improve the global competitiveness of a particular region. Thus the focus is less on who owns what, and more on job creation and improving the dynamism of a region's private sector by fostering cooperation and innovation clusters among local and foreign companies alike.

Moreover, the strategy of the old paradigm tended to focus on sectoral or, even, individual firm approaches, whereas the new paradigm is more integrated and cross-sectoral, seeking to position regions as niches within the global economy. For example, rather than focusing on the auto sector or the pulp and paper industry in isolation, the new paradigm is characterized by the building of a complex and intricate fabric of regional clusters inter-sectoral innovation systems. These cross-sectoral systems of cooperation even extend beyond industries within the private sector. Cross-sectoral regional clusters consist of geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions (such as universities, standards agencies, trade associations and the like) (Holbrook and Wolfe, 2003; OECD, 1997. This system of co-production among a network of actors constitutes a key element of the new paradigm of regional development.

Furthermore, global trends over the past two decades have created certain apparent contradictions or paradox whereby a globalized world with integrated markets coexists with a greater desire on the part of local communities to find their own niche as the classical tools of the central state are proving inadequate to foster economic competitiveness and performance (Bastian and Hilpert 2007). Regional development policy has been reflecting these trends as discussions metamorphosed into preoccupation with local development in which communities and regions strive to become dynamic clusters of learning and innovation linked to global "value chains" (Roy, 2006).

The challenge for public management is to mitigate the threats of global economic integration while leveraging the opportunities for regions and sectors of a country's economy to successful adapt to the imperatives of exogenous and endogenous forces of change (Cohn, 2011; Goldstein, 2007; Wiarda, 2007). These global forces have implications for state restructuring (Doornbos, 2006). The implications of global integration for the restructuring of the welfare state have been well documented (Timonen, 2003; While and Graham Haughton. 2001). But the economic implications are even greater. In particular, the capacity of states to actively intervene and regulate their economy has been somewhat diminished as trade, investment and financial flows are increasingly integrated across borders.

However, although states are viewed less as regulators of markets, they are increasingly viewed as facilitators of market processes led by private corporations (Mackenzie, Sheldrick and Silver, 2010). Management of the "new economy" is thus characterised by the building of a complex and intricate fabric of national and regional innovation systems, thereby deepening the complexities of fiscal federalism in Canada and the United States as well as the multi-level governance systems of most European countries (Anderson, 2010; Bosch, and Durán, 2008; Krasnick, 1986). A significant corollary of these trends is the shift in the focus of regional development towards what is generally referred to as 'innovation' policy (OECD, 2009).

Innovations leading to economic growth and development are considered to thrive in systems where high levels of interaction and collaboration take place among economic and community stakeholders (Wolfe and Holbrook, 2003). At the centre of such a policy environment are social clusters of knowledge production, dissemination and utilization facilitated by interaction through networks and relationships at the local level. Thus the shift in emphasis towards innovation means more decentralized governance frameworks as the most conducive mechanism of public management. The aforementioned ideational and structural changes mean that economic development policy governance was becoming more diverse and complex. In this emerging context of regional economic development policy, the discussion analyzes the capacity and legitimacy of Canada's federalist architecture of public policy management in light of the increasingly global and local dimensions of economic development policy governance.

The rest of the discussion analyzes the transitions in regional economic development policy governance in Canada, focusing on the provinces of New Brunswick and Manitoba. The challenges of collaborative policy governance are viewed through the lens of two federal agencies created in 1987 and charged with managing regional economic development policy governance Canada's socioeconomically disadvantaged regions. The discussion is divided into two sections: the first part examines the early years of the two agencies, lasting about the first half of the past two decades. The following section examines the transitions that occurred during the past decade, and the implications of these changes for the governance of regional economic development. The discussion concludes with lessons about public management in globally integrated and institutionally multi-layered systems.

Administrative Model of the Early Years

The present institutional configuration of regional economic development policy implementation in Canada dates back to the 1987 restructuring. With this restructuring came the creation of three regional development agencies for Western Canada, Atlantic Canada and Northern Ontario, namely, the Western Economic Diversification (WD), the Atlantic Canada Opportunities Agency (ACOA) and the Federal Economic Initiative for Northern Ontario (FedNor), respectively. The agency, FORD-Q was eventually created in 1991 for Northern Quebec. The mission of the four agencies mentioned above is to promote economic growth, diversification, job creation and sustainable, self-reliant communities by working with community partners and other organizations (Goldenberg, 2008). The agencies' programs and services have the goal of addressing some of the structural, sectoral and community economic development challenges facing Canada's socioeconomically disadvantaged regions.

The 1987 restructuring was considered a response partly to the administrative and political discontent expressed by the provinces with respect to the centralized administration of regional development (Webster 2002). The rationale was that decentralization of regional development to agencies whose mandates directly focus on particular regions (and provinces) could enhance the capacity for closer federal-provincial cooperation that results in greater responsiveness to local economic development initiatives.

ACOA's mandate since its birth in 1987 has been to support and promote opportunities for the economic development of Atlantic Canada, with particular emphasis on small and medium-sized enterprises, through policy, program and project development and implementation. The agency's mandate also involves advocating for the interests of Atlantic Canada in national economic policy, program and project development and implementation (Government of Canada 1987). ACOA's main program activity areas are Enterprise Development, Community Development, and Policy, Advocacy and Coordination.

Between 1987 and 2000, however, the agency's activities were mostly focused on Enterprise and Community Development. The object of its Enterprise Development program was to foster competitive and sustainable Atlantic enterprises, emphasizing small and medium-size business. The Community Development program has aimed to foster dynamic and sustainable communities in New Brunswick. Much of the agency's activities under it were intended to support community-based regional economic development (planning) organizations and funding for community business development corporations. During this time, the ACOA's policy development, advocacy and coordination mandates were virtually latent.

Moreover, even though a central element of policy governance primarily involves addressing the challenges of program coordination among public agencies, the relationship between the ACOA and the New Brunswick government during this time did not bear strong evidence of systematic program coordination. Rather than synchronizing the programs of the two levels of the government, the provincial government simply communicated its "responses" to federal development activities as they affected the economic interests of New Brunswick. Other than taking advantage of the ACOA's funds, the extent to which the economic development policy priorities of the province were influenced by the ACOA during the 1990s remains unclear (Savoie 1992).

The primary tool of the Western Economic Diversification Agency (WD) in Manitoba has been the bipartite framework agreement referred to as the Canada-Manitoba Economic Partnership Agreement (or MEPA) (Government of Canada 2003). The MEPA in Manitoba is an institutionalized series of five-year Economic Partnership Agreements by which the Canadian government enters into a form of contractual commitments with the western provinces. Using contractual documents to set expectations for and commitment to intergovernmental collaboration provides a mechanism for managing a complex policy field involving several jurisdictions (OECD 2007). The contractual arrangements between the federal and Manitoba governments acknowledge the complexity of interdependence between national and sub-national jurisdictions in a policy area as highly contingent and nebulous as economic development. Both the WD and the provincial government view the contracts as geared towards clarifying responsibilities among actors. Under this arrangement, WD rather passively disbursed funds for specific projects based on the applications it receives from qualified beneficiaries in the private sector and the provincial government.

In general, the results of the early models of regional economic development policy governance in Canada have generally been given mixed evaluation – and this perennial controversy has itself become a fixture of regional development policy in the country. Some scholars credit the efforts of these years with laying the critical physical and institutional infrastructure for the gradual transformation of innovation capacities in certain regions of

Canada, including New Brunswick and Manitoba (Polese, 1999). However, other scholars have contested such evaluations as overly generous, maintaining that regional economic development in Canada has done very little, if anything, to make a measurable impact on either particular firms, industries or regions (Mintz and Smart, 2003; Savoie, 2003). The persistent controversy surrounding the effectiveness of regional economic development in Canada helped facilitate the shifts that eventually occurred since the late 1990s.

Shifts in Canada's Regional Development Policy

But by the latter part of the 1990s, certain developments were taking place that would provide opportunities for some transformation in the institutional configuration of regional economic development. In particular, ideational shifts in thinking about regional government were changing policy perspectives on regional development in Canada and around the world. By the close of the 1990s, global trends had moved towards an almost complete integration of economies around the world (OECD 2009). These trends created an apparent paradox in Canada wherein the country witnessed the emergence of a greater desire on the part of provincial governments and, even, local communities to exercise more control over their socioeconomic destinies. Regional development policy and politics in Canada metamorphosed into a preoccupation with local development.

The result of the seismic shift towards globalization and the emergence of ideas sympathetic to international market forces was the rising importance of subnational jurisdictions as the centres of economic policy intervention, and innovation as the underlying philosophy (OECD 2009). Subnational market governance and innovation policy seem to complement each other. Innovations leading to economic growth and development are considered to thrive in systems where high levels of interaction and collaboration take place among economic and community stakeholders. At the centre of such a policy environment are social clusters of knowledge production, dissemination and utilization facilitated by interaction through knowledge networks and relationships at the local level. Thus the shift in emphasis towards innovation means more decentralized governance frameworks as the most conducive mechanisms for economic success.

Moreover, as maintained in the previous section, perennial controversies about the effectiveness of regional economic development have cast a shadow over the legitimacy of the policies and their instruments. This was further exacerbated by the emergence of new ideas about economic development in the late 1990s. A major ideational shift during this time was the resurgence of neoliberal economics and its displeasure with discriminatory policies favouring domestic firms over their foreign competitors (Mintz and Smart 2003). Such policies were increasingly viewed as intrinsically distortionary to natural market forces, and potentially damaging to full economic growth. Although generally uncomfortable with interventionist policies, neoliberalism, however, made a major concession to the role of the state in a knowledge economy. The state could systematically use policy instruments to encourage the development and application of knowledge across sectors in ways that could encourage to the adaptation or improvements of products, processes and services. This generally became known as innovation policy (Holbrook and Wolfe 2002).

Moreover, a major development occurred in the early to mid-1990s that further cemented the international context of public policy governance in Canada. In 1994, the North American Free Trade Agreement (NAFTA) involving the governments of Canada, the United States and Mexico came into existence. This Agreement established a trilateral trade bloc in North America. Although there had been in existence and Canada-United States Free Trade Agreement, the terms of NAFTA superseded all previous trade agreements given its comprehensive provisions covering not only trade but also investment, labour and environmental issues. Moreover, NAFTA became the largest trade bloc in the world. For the purpose of our present discussion, the goal of NAFTA is to eliminate trade and investment barriers between the signatory countries as well as abolish all discriminatory market inducement policies favouring domestic over foreign firms. The rest of the discussion examines specific developments in the two provinces, followed by an analysis of the adaptation of federal agencies to the new phenomena.

Innovation Policy and Politics in New Brunswick & Manitoba

The emergent discourse of regional development in Canada began to manifest itself in provincial governments increasingly willing and desirous to take on more active leadership in directing the future course of their economies. By the turn of the millennium, the New Brunswick and Manitoba governments, for instance, were defining their policy visions in bolder terms with longer-range planning. The centrepiece of both governments' economic development strategies became innovation through the use of knowledge, technology and skills for generating growth.

In 2002, the New Brunswick government released its "Prosperity Plan" for the province (Government of New Brunswick 2002). The Plan set out a 10-year comprehensive strategic path to economic and social prosperity in the province. The key elements of the strategy focus on innovation, productivity, and export orientation – perceived determinants of success in a globally-integrated knowledge-based economy. Moreover, by adopting a longer-term plan, the provincial government hoped to strengthen its control of the direction and pace of economic development in the province. Furthermore, in 2006, a new Development Plan for New Brunswick, titled "Achieving Self-Sufficiency," was unveiled under a new government (Government of New Brunswick 2009). The substance of the 2006 Plan was similar in many respects to the 2002 Plan, except that the 2006 Plan has a longer time frame and pays greater attention to the inclusion of international investors as well as local and rural regions in the institutional infrastructure of innovation governance.

Similarly, in 2003, the Manitoba government released the province's "Action Strategy for Economic Growth," which became the official document that lays out the province's vision for future economic development (Government of Manitoba 2003). The Action Strategy contains a 'Six-Point Action Plan' that involves among other things, investing in technology commercialization activities that develop and attract international and domestic opportunities, and strengthening the environment for internationally oriented business innovation opportunities.

Another development occurring within New Brunswick and Manitoba during this time was a greater desire on the part of the private sector for less protectionist and discriminatory policies. Moreover, they sought to be part of a more inclusive and strategic governance framework rather than merely serve as passive beneficiaries of government grants and subsidies. The initial shift in mindsets within the New Brunswick private sector is evidenced in the Fredericton Chambers of Commerce's (FCC) published brief in 1994 laying out a policy framework consisting of a strategic long-term approach innovation in which the government and private sector will work more closely (FCC 1994). Thus began a gradual shift in the policy instruments that away from individual firm subsidies and towards longer-term, cross-sectoral accumulation of strategic resources in terms of knowledge (R&D) and expertise (skills training).

The Manitoba private sector was also embracing internationally oriented innovation strategies, as is evident in their desire to be more involved in the strategic governance framework articulated by the province. The successful performance of the province's economy over a period of two decades has strengthened the confidence of the private sector (Government of Manitoba, 2003). The Manitoba private sector sought to be part of joint governance arrangements for longer-term economic diversification strategy based on nurturing knowledge-based industries as an area of expansion.

A related development in New Brunswick and Manitoba during this time was the expression of discontent in the rural and northern regions about the constraints of community or grassroots participation in the market governance processes in the province. Local communities became increasingly articulate about their desire to take responsibility for their own economic development. For instance, the region of the Acadian Peninsula in New Brunswick adopted a joint-action approach, bringing together various stakeholders, with the aim of achieving more effective strategic planning and local participation in the governance of economic development (Desjardins, Hobson & Savoie 2009). Part of the provincial government's response was to create community economic development agencies (CEDAs) in order to stimulate greater local participation in economic development (Government of New Brunswick 2002). The provincial government also initiated a process that eventually led to some reform of local governance in New Brunswick.

In Manitoba, one of the examples of a positive response by the provincial government to the demand for new governance arrangements was the Aboriginal Summit in 2000 that highlighted the many ways in which Manitoba's growing Aboriginal and non-metropolitan population represents an important part of the province's economic future. Some of the key initiatives that have emerged from this partnership include the Manitoba International Gateway Council Initiative, which seeks opportunities to use Manitoba's unique northern rail route and deep sea port, in the Port of Churchill, to develop trade links with northern Europe and Asia.

Another dimension of the ideational shift towards innovation policy in New Brunswick and Manitoba is the strategic importance of major cities as the critical loci of market governance in the province. In Manitoba, the unique demographic concentration of province's population within three hours' drive of Winnipeg reinforces the strategic significance of municipal level jurisdiction in the new governance environment (Government of Manitoba 2009). In New Brunswick, cities such as Moncton, Saint John and Fredericton act as critical loci of market governance and thus enjoy strategic importance (Desjardins, 2002). In particular, the unique importance in a geographic context of Moncton, as a hub of complex networks of road and air transportation in the Atlantic region, and between the region and the eastern seaboard states in the US, in turn adds to the strategic significance in the new policy environment of the municipal level jurisdiction itself.

Leveraging the increasing strategic importance of cities in a knowledge-driven global economy requires equipping cities with a certain coordinative authority and the legitimacy to provide more active and strategic leadership. The coordination of knowledge clusters is viewed as best handled at the local level. The Manitoba and New Brunswick governments in turn began to view their cities and other municipalities not as residual institutions for performing rudimentary tasks, such as road maintenance and garbage collection, but rather as indispensable partners in the search for local innovation and adaptation (Government of New Brunswick, 2006: Government of Manitoba, 2003). What did all the above-mentioned developments mean for ACOA and WD? The next section addresses this question.

Adapting to the New Governance Context

The aforementioned changes in New Brunswick and Manitoba were creating new bases of power in the provinces. Market governance was becoming more diverse, complex and internationally oriented. The private sector along with other interests and associations, as well as municipalities, have embraced the new concept of innovation and the need for networked forms of governance to nurture clusters of creativity and competitiveness. In this emerging context of economic development in the provinces, the collaborative policy governance is confronted with new local and international realities.

By the turn of the millennium, in the face of the aforementioned developments in New Brunswick and WD, the focus of ACOA and WD turned toward overcoming administrative boundaries and facilitating better networks with the provincial and municipal governments, as well as with non-state actors such as the private sector and community actors. In particular, ACOA and WD were beginning to adjust their programs and service delivery models to the changing discourse of regional development and the transitions of local phenomena in New Brunswick and Manitoba. The agencies' program instruments and delivery models shifted towards the encouragement of disadvantaged regions to maximize their potential for global competitiveness. For example, since 2000, ACOA and WD have developed the Building Canada Fund, a program which provides funding for municipal infrastructure projects, particularly in smaller communities. The program is jointly administered by all three levels of government.

The new approach of the federal agencies, in turn, had significant administrative implications, since it requires different kinds of governing institutions and capacities that lend themselves to principles of collaborative and horizontal management. It also requires the capacity to facilitate joint action at the subnational level. From a public management standpoint, ACOA and WD became focused on multilevel governance arrangements that could maximize the use of local assets, foster the interaction of local and international stakeholders and nurture synergies across various sectors of the economy. For instance, ACOA's targeted "Special Growth Sectors" in the early 2000s were closely reflective of the provincial government's identified strategic focus on the energy and petroleum sectors (Government of Canada 2009). Similarly, WD's programs were adapted to the new provincial emphasis on growth in new industries in aerospace and information technology.

For ACOA and WD, the successful implementation of their policies was no longer a merely technical task of program design and delivery (as was the case in the 1990s), but also political negotiation, since they must synchronize their activities with emerging actors and ideas within their operating environment. Successful regional development policy governance in New Brunswick and Manitoba became about how well ACOA and WD could frame their policy interventions as consistent with and supportive of local joint action under provincial leadership. The Community Adjustment Fund (CAF) administered by ACOA and WD have seen one of the most radical redesigning of the agencies' governance model. Rather than disbursing funds to deserving beneficiaries as was prevalent before the turn of the millennium, each agency works closely with the provincial and municipal governments as well as the private sector and community groups in identifying and overseeing projects that will create jobs and employment opportunities in communities needing economic adjustment to the forces of globalization.

Even ACOA's flagship Atlantic Innovation Fund (AIF) has allowed for considerable provincial input and local direction in its delivery. The AIF encourages export-oriented partnerships among private sector firms, universities, colleges and other research institutions to develop new or improved products and services. Another important characteristic of the AIF program is that does not discriminate between domestic and international firms.

Other examples of the new orientation to regional economic development in an age of global complexity include programs such as Canada-Atlantic Provinces Agreement on International Business Development (IBDA), the Innovative Communities Fund (ICF) and the Sector Export Strategies (SES) (Government of Canada, 2009). What these programmes share in common is a delivery mechanism that emphasizes collaborative policy governance that transcends institutional boundaries. The focus is on jointly working across institutional levels and sectors to increase the number of exporting firms, diversify the market base and sector product lines, and raise the level of international investment and innovation activities in the regions. They also emphasize the promotion of regional development through non-discriminatory partnerships with domestic and international members of the private sector and community groups.

One major challenge, however, remains. The challenge of managing regional economic development policies (and most other policies) in the new context of a globally integrated but locally-driven economy is to configure Canada's institutions for a more logical consistency with the imperatives of bottom-up and horizontal governance. This means, for instance, that supra-national models like NAFTA-type agreements alluded to earlier in the discussion may still remain viable but only as part of the macro-institutional framework of economic development policy. While NAFTA provides a legal framework for the technical, financial, and commercial linkages between Canada and its largest trading partner, the United States, however, regional innovation systems presuppose a geographical concentration of local linkages and dynamic interactions among key actors within an innovation ecosystem.

Given the history of periodic intergovernmental tensions in Canada, the question becomes whether the recent emergence of provincial activism and the successful adaptation of two federal agencies as observed in New Brunswick and Manitoba can translate into long-term collaborative governance. The history and politics of federalism in Canada has been known to vacillate considerably between cooperation and contestation, with outcomes often weighed in favour of centralized, top-down public management (Krasnick, 1986). ACOA and WD's challenge would be to institutionalize their new mechanisms of policy engagement in ways that leverage the potential strengths of multilevel governance while at the same time navigating its political "landmines".

Discussion and Conclusion

The paper has analyzed the transitions in regional economic development policy in Canada with a focus on developments in provinces of New Brunswick and Manitoba. The present context of regional economic development in the two provinces can be referred to as moving towards collaborative governance of innovation policy involving various levels of jurisdiction, along with the inclusion of domestic and international non-governmental stakeholders. The two cases illustrate how policy governance in a globally integrated and knowledge-based economy can be increasingly viewed as strategic rather than merely operational.

Global economic integration is creating new opportunities and threats for nations (Bhagwati, 2004). Alongside the globalization of markets is the persistence and even increasing significance of geographical proximity within domestic borders in the creation of dynamic knowledge clusters. There is thus an inextricable link between localized learning and global connectedness. Exploiting the opportunities of integrated global economic systems through innovation requires political oversight and public engagement (Roy, 2006). However, political oversight and public management do not presuppose top-down directives. The endogenous nature of dynamic clusters is more conducive to community-based adaptation with bottom-up processes of policy governance. Transitions towards collaborative policy governance could thus be further enhanced by more devolution of authority and resources for policy coordination whereby municipalities and regional councils are empowered to identify and pursue new opportunities and confront the challenges of economic adaptation.

The complexity of modern political and economic environments means that public management could be better viewed as a process of navigating institutional boundaries rather than simply optimizing program output (O'Toole 2000; Klijn 1996). The effectiveness of policy governance in such settings requires the ability of managers to make connections across levels of government and outside government, and share ideas, resources and power with public and non-state actors (domestic and international) (Gow 2009; Brooks and Miljan 2006).

Moreover, the issues of public policy governance in globally integrated societies and economies primarily involve addressing the perennial challenges of facilitating coordination among agencies and the navigation of institutional boundaries between the public and the private as well as the domestic and the international. Public policy governance in the age of a highly integrated global economy and its attendant complexity, therefore, is not only technical, but also political. Public management is now, more than ever, about synchronizing the activities of public agencies, not only with those of agencies from other levels of government and also with international and domestic non-state actors as well as local community groups. In this regard, public management in the context of the "new economy" is significantly about building complex and intricate fabric of national and regional networks of co-production that could address some of the complexities of federal or multi-level governance systems.

From the discussion above, public management in inter-jurisdictional and inter-organizational policy subsystems is a process of constantly finding an appropriate fit between the task environment, strategy and structure of an agency, thereby assuring continued organizational effectiveness. The complexity of managing inter-jurisdictional and inter-organizational network systems is threefold: First, it is inherently difficult to predict future events in such environment. Second, the commitments that public agencies make have secondary consequences (often the reaction of other agencies in the environment) that are extremely difficult to anticipate. Third, unanticipated consequences occur because directing and controlling network interaction cannot be engineered with any degree of precision.

Public management is increasingly about strategic partnerships and network models of service delivery innovation and reform. The emphasis is on strategic partnerships which facilitate inter-jurisdictional and inter-organizational co-operation by which governments can facilitate the solution of social problems or the commissioning of innovation aimed at productivity and economic development. While such network models of policy governance are becoming ubiquitous, the critical objective of research becomes partly an appreciation for the "politics" of these partnerships and partly an understanding of the requisites of effective management of these inter-organizational relationships.

The implications of this discussion for public management theory are threefold: First, the present approach views concepts such as strategic planning and performance management as instruments of feedback and self-regulation. They serve rather strategic purposes often geared towards the facilitation of organizational learning and adaptation in turbulent environments. Second, the discussion emphasizes the importance of building coalitions of strategic alliances in successfully managing the many dependencies that are a natural and necessary component of operating in highly politicized environments. Third, public management can be understood as intrinsically consisting of finding and sustaining a good fit between an agency's mission and strategies, its internal systems and structures, and the forces in its external environment that create both opportunities and threats.

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