Chapter 1

Private Roles for Public Goals

We live in turbulent times. No doubt it always seems so, but as the twenty-first century hits its stride the gauge of stress and tumult seems well above par. The global economy is wobbling; housing prices have boomed and busted; jobs have evaporated; retirement funds have shriveled; iconic financial institutions stagger from bankruptcy to bailout. And these are just the moment's problems. Looking ahead —and not all that far ahead—we face massive challenges: finding ways to power the economy without fouling the planet, fulfilling the pledge of affordable health care for all, and securing the future of Social Security. Schools fall far short of what parents expect and students require. Roads, bridges, and levees are crumbling from old age and overuse. Big challenges are standard for this restless country, to be sure, but those today beat the norm by a considerable margin.

No one believes, given the complexity and cost of the tasks we confront, that simply scaling up the standard governmental solutions is the answer. Government too often finds that it lacks the skill, the will, and the wallet to figure out a fix and get it done. Corporations—which some hope will be spurred by their sense of social responsibility to save us from the perils that beset us—are often struggling to save themselves, and resist devoting resources to any problem if a profit, direct or indirect, isn't part of the solution. And private charities have too few resources to take up every burden that government shrugs off. A particularly vivid recent trend was the surge in governmental responsibility for shoring up private institutions. That surge both demonstrates that familiar boundaries between sectors have been much in flux, and masks the less dramatic but more durable trend that is this book's focus—the escalation of private-sector involvement in undertakings traditionally considered the province of government.

Yet troubled times can also offer opportunity. We have a tough-minded president with big ideas and the courage to surround himself with some of the nation's best thinkers and doers. The Obama administration came into office with a mandate not only to rescue the country from pressing threats but also to improve the way government works. But such improvement, paradoxically, requires looking beyond the boundaries of the state itself. The magnitude of the problems and the ambition of the goals that mark our era mean that government, on its own, is overmatched.

The Obama administration, its sister administrations at the state and local levels, and governments to follow in the future need what the military calls a "force multiplier," some systematic way to ramp up the impact of government's efforts. We believe that *collaborative governance*—carefully structured arrangements that interweave public and private capabilities on terms of *shared discretion*—can be that force multiplier.

Agencies at all levels face a range of opportunities to collaborate with private actors to achieve public goals more effectively than government can on its own. When well applied, the collaborative approach can be a powerful lever for creating public value. But it is often misunderstood—confused with conventional contracting or charity, or merged with wooly conceptions of public-private partnership—by policy makers and the public alike.

A careful review of the evidence from governments—local, state, and federal—convinces us that the performance of America's government will often hinge on making the best use of collaborative governance. It leverages private expertise, energy, and money by strategically sharing control—over the precise goals to be pursued and the means for pursuing them—between government and private players. That discretion simultaneously motivates private collaborators to enter the public arena and empowers them to play their roles well. The collaborative approach unleashes the unpredictable resourcefulness of an entrepreneurial citizenry to devise fresh and flexible solutions.

Done well, collaboration creates synergies between governments and private participants, allowing them together to produce more than the sum of what their separate efforts would yield.

This approach to getting things done is far from new. Those inclined to view public affairs as, until recently, the state's exclusive domain, might contemplate imperial Roman tax administration, which was delegated to private revenue agents,[1] or the fabled history of the British East India Company, which often acted as a diplomatic and commercial extension of the British government. Lewis and Clark's "Voyage of Discovery," which opened the American West, was a private expedition operating with a loose, flexible mandate from President Jefferson. But those were simpler times. Government and society today are vastly more complex and the whipsaws of change more rapid and pronounced. And while collaboration between governments and other entities can be found in nations across the globe, it is an approach uniquely suited to the market-friendly, bureaucracy-wary culture of the United States.

We are not claiming to have discovered some new species of organizational interaction, nor do we pretend to any startling degree of conceptual novelty. Most of the ideas in this book (or most modern books, for that matter) would not be big news to Adam Smith, Jeremy Bentham, or John Stuart Mill, and some first-rate twentieth-century work on collective action provides us with both inspiration and some direct antecedents for a portion of what you'll encounter here.[2] Our key innovations are, first, to distinguish among frequently confounded forms of public-private interaction; second, to focus with special care on the implications of shared discretion—its rationale, its potential dark side, and the tradecraft required to manage it; and, third, to orient the collaborative approach to some pivotal problems of today and tomorrow.

[1] Samuel E. Finer, *History of Government* (Oxford University Press, 1999).

[2] Some of our very favorites in this regard are Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups* (Harvard University Press, 1965); Robert Axelrod, *The Evolution of Cooperation* (Basic Books, 1984); Oliver Williamson, *Markets and Hierarchies* (Free Press, 1975); and Ronald Coase, "Theory of the Firm," *Economica* 4 (1937). Both Coase and Williamson were awarded Nobel Prizes for their work, respectively in 1991 and 2009.

There is an enormous political science literature on coalitions, social capital, networks, and other relevant concepts.[3] The pitfalls of collaboration—from crony capitalism to political machines—are also well documented.[4] Legal scholars have explored collaboration and related topics at great length, sometimes with impressive insight, and almost always in a language all their own.[5]

[3] Robert Dahl, *Who Governs? Democracy and Power in an American City* (Yale University Press, 1961). Dahl's 1953 book with Lindblom, *Politics, Economics, and Welfare*, draws an interesting distinction between "polyarchy-controlled" institutions and "price-system controlled" institutions. Their treatment of polyarchy-controlled institutions deals with government agencies; collaborative governance imports private institutions into this domain. In the political science tradition we also admire Robert Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton University Press, 1993) and *Bowling Alone: The Collapse and Revival of American Community* (Simon and Schuster, 2000), and the work of John Elster, particularly *The Cement of Society: A Study of Social Order* (Cambridge University Press, 1989). A classic in the network literature is David Knoke and James Kuklinski, *Network Analysis* (Sage Publications, 1982); an influential later contribution is Timothy Rowley, "Moving beyond Dyadic Ties: A Network Theory of Stakeholder Influences," *Academy of Management Review* 22, no. 4 (1997). In an example of the network literature with particular relevance to collaborative governance, Kevin McGuire argues that an informal network—originating mostly in elite law schools (nonprofit), seasoned in court clerkships or stints in the solicitor general's office (government), and currently or prospectively belonging to top DC law partnerships (private)—holds special expertise and exercises special influence over the institution at the pinnacle of the judicial branch. "Lawyers and the U.S. Supreme Court: The Washington Community and Legal Elites," *American Journal of Political Science* 37, no. 2 (May 1993). Some interesting ideas about goal congruence—why it's great to have in collaborative arrangements, and a problem when it's impossible to arrange—come up in William G. Ouchi, "Markets, Bureaucracies, and Clans," *Administrative Science Quarterly* 25, no.1 (March 1980). Other noteworthy contributions in the political science literature include Julian LeGrand, *Quasi-Markets and Social Policy* (Palgrave Macmillan, 1990); Barry Bozeman, *All Organizations Are Public: Bridging Public and Private Organizational Theories* (Jossey-Bass, 1987); R.A.W. Rhodes, "The New Governance: Governing without Government," *Political Studies* 44 (1996); and Anne Schneider and Helen Ingram, "The Behavioral Assumptions of Policy Tools," *Journal of Politics* 52, no. 2 (May 1990).

[4] The Carnegie Endowment's Marina Ottaway explicitly characterizes (and critiques) the Global Compact—which stands as the poster child for collaborative governance on the international plane—as a lineal descendant of the European corporatism that, in a bad decade, can morph into fascism. "Corporatism Goes Global: International Organizations, NGO Networks and Transnational Business," *Global Governance: A Review of Multilateralism and International Organizations* 7, no. 3 (2001). A classic commentary on urban collaborative governance gone bad is Lincoln Steffens, *The Shame of the Cities* (McClure, Philips, and Co., 1904). See also Jorg Raab and H. Brinton Milward, "Dark Networks as Problems," *Journal of Public Administration Research and Theory* 13, no. 4 (2003), and Julia Sass Rubin and Gregory M. Stankiewicz, "The Los Angeles Community Development Bank: Possible Pitfalls of Public-Private Partnerships," *Journal of Urban Affairs* 23, no. 2 (2001).

[5] One good example here is Jody Freeman, "Collaborative Governance in the Administrative State," *UCLA Law Review* 45, no. 1 (October 1997). Martha Minow's work mostly deals with contracting, but there is much to learn from her writings that applies to collaboration as well.

There is pertinent wisdom to be harvested in many subfields of economics, including game theory, behavioral economics, institutional economics (especially transactions-cost-based theories of economic structure), and in particular agency theory.[6] The business literature, which addresses many topics closely related to our study of collaborative governance, including corporate alliances and strategic partnerships—areas of inquiry by economists, business scholars, and organizational experts—turns out to be surprisingly rich in material related to collaborative arrangements. This literature has been especially lively since the late 1980s, in parallel with the ferment of real-world experimentation with new models of interaction among firms.[7] And in the literature on public management, approaches related to

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Her edited volume *Partners, Not Rivals: Privatization and the Public Good* (Beacon Press, 2002) and the book Minow and Freeman coedited, *Government by Contract: Outsourcing and American Democracy* (Harvard University Press, 2009), offer good overviews of how the mainstream (if a bit left-of-center) legal world thinks about these topics. A provocative book from another legal perspective is Jochai Benkler, *The Wealth of Networks: How Social Production Transforms Markets and Freedom* (Yale University Press, 2006).

[6] We have already noted our admiration for *Markets and Hierarchies* but can also recommend a more recent Williamson piece: "The New Institutional Economics: Taking Stock, Looking Ahead," *Journal of Economic Literature* 38 (September 2000). Williamson explored the relative virtues of markets and firms in the organization of economic activity. Our volume, by contrast, looks at the merits of organizing activity across the boundary of the public and private sectors, which is why agency theory is critical for its analysis. While the agency-theory literature is enormous, we confidently recommend John Pratt and Richard Zeckhauser, eds., *Principals and Agents: The Structure of Business* (Harvard Business School Press, 1985). On alliance theory more generally, see Mancur Olson and Richard Zeckhauser, "An Economic Theory of Alliances," *Review of Economics and Statistics* 48, no. 3 (August 1966): 266–279, and Todd Sandler, *Collective Action: Theory and Applications* (University of Michigan Press, 1992). Sociologist Victor Nee has done crossover work in the economics arena that draws upon and complements concepts developed by Williamson (and also Mancur Olson), among others. "Norms and Networks in Economic and Organizational Performance," *American Economic Review* 88, no. 2 (May 1998).

[7] Consider, for example, Farok Contractor and Peter Lorange, eds., *Cooperative Strategies in International Business* (Lexington Books, 1988); Bruce Kogut, "Joint Ventures: Theoretical and Empirical Dimensions," *Strategic Management Journal* 9 (1988); and a special issues of *Organization Science* featuring Mitchell Koza and Arie Lewis, "The Co-Evolution of Strategic Alliances"; Africa Ariño and José de la Torre, "Learning from Failure: Towards an Evolution Model of Collaborative Ventures" (which warns that increasingly popular collaborations "have been characterized by a high level of dissatisfaction with their actual outcomes relative to expectations"); and Anoop Madhok and Stephen B. Tallman, "Resources, Transactions and Rents: Managing Value through Interfirm Collaborative Relationships": *Organization Science* 9, no. 3 (May–June 1998). See also Ken G. Smith, Stephen J. Carroll, and Susan J. Ashford, "Intra- and Interorganizational Cooperation: Toward a Research Agenda," *Academy of Management Journal* 38, no. 1 (February 1995).

what we term collaborative governance are—a tendency toward terminological untidiness notwithstanding—thoroughly mainstream.[8]

The notion of a collaborative effort between government and the private sector sits uncomfortably in many Americans' minds. Our conventional conceptual model has government doing public work, business doing private-sector work, and charitable nonprofits filling the gaps, each sector cultivating its own garden. And for many years this conception of divided realms was a reasonably apt description of the real world. Half a century ago, the standard practice was for governmental action to be carried out by public employees, working in

[8] While work in this area varies enormously in quality, one entirely respectable (and relatively early) collection is Harvey Brooks, Lance Liebman, and Corrine Schelling, eds., *Public-Private Partnership: New Opportunities for Meeting Social Needs* (Ballinger, 1984). Eugene Bardach's *Getting Agencies to Work Together: The Practice and Theory of Managerial Craftsmanship* (Brookings Institution Press, 1998) deals with intrasectoral collaboration but is otherwise very much part of the intellectual tradition we aim to advance here. Stephen Rathgeb Smith and Michael Lipsky work related terrain in *Nonprofits for Hire: The Welfare State in the Age of Contracting* (Harvard University Press, 1995), as does John D. Donahue's *The Privatization Decision: Public Ends, Private Means* (Basic Books, 1989) and parts of *The Warping of Government Work* (Harvard University Press, 2008). Other noteworthy public-management texts that contribute to this conversation include Barry Bozeman's *All Organizations Are Public: Bridging Public and Private Organizational* Theories (Jossey-Bass, 1987); David Osborne and Ted Gaebler's *Reinventing Government* (Addison-Wesley, 1992); Donald Kettl, *The Next Government of the United States* (Norton, 2008), and indeed most books by Donald Kettl; Phillip Cooper's *Governing by Contract: Challenges and Opportunities for Public Managers* (Congressional Quarterly Press, 2003); and Lester Salamon's edited *The Tools of Government: A Guide to the New Governance* (Oxford University Press, 2002), especially Salamon and Ruth Hoogland, "Purchase-of-Service Contracting," pp. 319–339; Steven J. Kelman, "Contracting," pp. 282–318; and Paul L. Posner, "Accountability Challenges of Third-Party Government," pp. 523–551. Recent books and articles whose concerns and conclusions comport particularly well with ours, or else contrast with them in productive ways, include: Kettl's *The Transformation of Governance* (Johns Hopkins University Press, 2002); Stephen Goldsmith and William D. Eggers, *Governing by Network: The New Shape of the Public Sector* (Brookings Institution Press, 2004); R. Scott Fosler, *Working Better Together: How Government, Business, and Nonprofit Organizations Can Achieve Public Purposes through Cross-Sector Collaboration, Alliances, and Partnerships* (Independent Sector, 2002); Chris Huxham, "Theorizing Collaboration Practice," *Public Management Review* 5, no. 3, 2003; Ann Marie Thomson et al., "Conceptualizing and Measuring Collaboration," *Journal of Public Administration Research and Theory* 19, no. 1 (2009); David Van Slyke, "Agents or Stewards: Using Theory to Understand the Government-Nonprofit Social Service Contracting Relationship," *Journal of Public Administration Research and Theory* 17, no. 2 (2007); Barbara Crosby and John Bryson, "A Leadership Framework for Cross-Sector Collaboration," *Public Management Review* 7, no. 2 (2005); Keith Provan and H. Brinton Milward, "A Preliminary Theory of Interorganizational Network Effectiveness," *Administrative Sciences Quarterly* 40 (1995); and Rosemary O'Leary and Lisa Blomgren Bingham, eds., *The Collaborative Public Manager: New Ideas for the Twenty-first Century* (Georgetown University Press, 2009).

public organizations and under the direction of public managers. Private players, when they were involved, acted in limited and subordinate roles. As recently as the mid-1970s, America's public sector—federal, state, and local combined—devoted about 40 percent of all outlays to government workers. Today that share has slumped to less than 29 percent,[9] reflecting a shift away from direct production to grants, transfer payments, and contracts. The form and the complexity of interactions with the private sector have also changed. From a short and simple list of the stances a private organization could take in its dealings with government—constituent, contractor, taxpayer, grantee, lobbyist, adviser—the repertoire of potential roles has grown richer, more sophisticated, and, not surprisingly, more confusing. Private roles in producing public value now span a broad spectrum, from suppliers who make a buck meeting the specs of procurement contracts to philanthropists who pursue the common good at their own initiative and on their own terms. The accomplishment of many, and perhaps most, important public missions in the twenty-first century depends on private for-profit and nonprofit organizations.

Yet we—politicians, direct participants, and the public—tend to overlook or misconstrue the nature and implications of the private sector's involvement in public undertakings. There is no broad-based recognition of how extensive collaboration already is, and even less understanding of how it differs from other forms of private involvement with the public's work. And it is too often viewed through the distorting lens of ideology. Debates over the *general* propriety of private involvement in public work, though perhaps entertaining, are mostly a waste of time.[10] The conversation becomes meaningful only when it zeroes in on specific goals, specific settings, specific actors. The conditions that make collaborative governance the right answer to big questions must be understood both more broadly (by the public at large) and more deeply (by scholars and practitioners). This will enable

[9] These percentages are calculated from Office of Management and Budget, *Budget of the United States, Fiscal Year 2010*, historical table 15.4, and U.S. Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts, table 3.10.5, both accessed online in late May 2010.

[10] John D. Donahue, "The Wrong Question about Business and Government," *Governing*, April 28, 2010.

us to choose it selectively for the proper public tasks, avoid it when it is not the right approach, and apply it wisely wherever it is used.

A crucial first step is to recognize that many private roles in public missions are not—and should not be—collaborative, by our definition.[11] Individual charity, corporate philanthropy, and other forms of voluntarism are related to but distinct from the topic at issue here. In these arrangements discretion is not shared but is monopolized, or nearly so, by the private parties. Within very wide parameters, the choices made by private individuals and institutions are presumptively defined as fulfilling "the public good" for tax purposes. There are limits, to be sure. No corporate tax deductions can be claimed for gifts to political parties, or to the CEO's shiftless cousin. But while shareholders might quibble over grants to the chairman's alma mater, or the local polo league, and taxpayers may resent individuals' deductible gifts to arcane artistic collaboratives or exotic religious sects, the government itself has no mechanism to deny such gifts tax-favored status, short of the nuclear option of discrediting the charity itself. The donor has discretion and the government does not, despite the fact that the public sector is a party to the undertaking in that it surrenders revenue it would otherwise have received. No doubt this arrangement promotes occasions of waste or triviality or self-dealing at times, but there are strong reasons for protecting donors' discretion against governmental second-guessing on the merits of the mission. Few among us, for instance, would want government to be in the position of declaring which religions are acceptable and which are not.[12]

A municipal government contracting with a private waste-management company represents the other end of the spectrum. Dis-

[11] The murky boundary between "public" and "private" organizations poses a chronic risk of imprecision. A generation ago two scholars observed that a "number of competing approaches have been used to define the public-private distinction, and each has different implications. . . . To avoid continuing the confusion, provisions for definition must be considered in planning for future research." James L. Perry and Hal G. Rainey, "The Public-Private Distinction in Organization Theory: A Critique and Research Strategy," *Academy of Management Review* 13, no. 2 (1988): 185. This is a sensible plea, often reprised by other authors, and generally ignored.

[12] The comptroller of Texas attempted to strip Unitarianism—one of America's oldest denominations—of its status as a tax-exempt church in 2004, on the grounds of excessive heterodoxy, but reconsidered after mild local protests and louder national ridicule. Ken Herman, "Unitarians Get Religious Status after Intercession," *Austin American-Statesman*, May 25, 2004, p. B-1.

cretion rests entirely with the government. The company's charge—to pick up the garbage and dump it at the landfill—is explicit, complete, and geared to the government's priorities. If town officials want the garbage to be collected on Fridays instead of Wednesdays, starting with Maple Street instead of Elm, or incinerated instead of buried, government is at liberty to alter the mandate so long as it pays up as promised. Such arrangements are common and, when objectives are readily defined and measured, are likely to be entirely appropriate. In collaborative governance, by contrast, each party helps to determine both the means by which a broadly defined goal is achieved, and the specifics of the goal itself.

Collaboration in the Concrete

Chapters to come brim with specific examples of collaboration, but a few quick previews right up front will help to clarify how collaborative governance differs from other ways of getting collective tasks accomplished.

A Park in Chicago

In the mid-1990s Chicago's city government regained control of a choice downtown parcel, long lent to the Illinois Central Railroad. The plan was to build a much-needed underground parking lot, topped with turf and perhaps a few benches and statues. In hopes of lightening the burden on the city's budget, Mayor Richard Daley approached local business leader John Bryan about raising $30 million in private money to help pay for the project. Bryan accepted the mayor's bid for private involvement and raised it—but with a crucial twist. He called for making the acres above the parking lot a cultural showplace, not just a green space, by letting donors put their stamp on a particular piece of the park in exchange for substantial contributions.

It took more time and money than either Daley or Bryan originally expected, but the basic strategy of sharing discretion to motivate private collaborators worked brilliantly. Chicago's wealthiest family, the Pritzkers, commissioned a fabulous Frank Gehry open-air concert hall as the park's centerpiece. Communications giant AT&T led a consortium of donors to provide an elegant plaza surrounding an instantly iconic sculpture by the up-and-coming artist Anish Kapoor. The Crown family hired an edgy Catalan artist to design a fountain for its corner of the park. On occasion the city turned down or insisted on revisions to a private collaborator's proposal. But Chicago's public leaders generally gave running room to families, companies, and individuals who wanted to contribute, reasoning that they had every motive to make sure the projects to which their names were attached would find favor with Chicago's citizens. By the time the undertaking was completed, more than $200 million in private money—its impact intensified by donors' expertise and influence—had poured into the twenty-four-acre plot, dwarfing the public resources devoted to the project. And from the day it opened in mid-2004, Millennium Park has been wildly popular with Chicagoans and visitors alike, a glittering and happily crowded cultural jewel at the heart of downtown. (Millennium Park is discussed in detail on pages 264–271. Another noteworthy venue of collaborative governance, New York's Central Park, figures prominently in chapter 7, where we also discuss the remarkable history of the city's parks system as a whole.)

A School in Massachusetts

On a decommissioned army base forty-five minutes west of Boston, nearly four hundred middle school and high school students absorb an updated model of progressive education at an unusual school. Even the peculiar architecture of the school signals its hybrid status—two-story modular buildings bought secondhand from a nearby college are stitched onto an old redbrick elementary school building. Students at the Francis W. Parker Essential Charter School come from more than twenty cities and towns, drawn to Parker's distinctively intense, stripped-down curriculum and its tradition of close interaction between faculty and students. Advisory groups gather every morning to discuss the day's work, and knit it into the academic year's overall plan. Teachers of English, fine arts, math, and technology plan their lessons together to present students with an opportunity for integrated learning. Rather than giving multiple-choice exams, Parker monitors student progress and readiness for promotion through the exhaustive evaluation of portfolios of student work. These features are common at the pricey, exclusive private schools—Groton, Deerfield, Phillips Andover, Winsor—operating elsewhere in Massachusetts. But Parker is a public school, chartered by state government and funded with government money, some from the state and some diverted, at the state's decree, from the cities and towns where Parker students live. Parker was founded in 1994, in the first wave of Massachusetts charter schools, by a handful of local parents and educational reformers.

The terms of the school's relationship with Massachusetts education officials give Parker a substantial but not unbounded range of discretion. It can create a trademark learning culture and call on all students to embrace "the Parker Way." But it cannot pick and choose its student body; it is required to draw by lottery from a pool open to every school-aged resident of the region. It can follow its leaders' lights in shaping a curriculum very different from that of the conventional public school. But it must subject its students to the same standardized tests as does every other Massachusetts public school, and must submit to consequences should its students' performance fall short. It can raise private grants to supplement the resources that come from government. But it cannot charge any student a dime to attend. Parker is thriving, with the throng of students wanting to attend vastly outnumbering available spots, a growing roster of grateful alumni, and a stellar reputation among Massachusetts parents and educators alike. (The Parker School, and other charter schools, get much fuller treatment on pages 79–103.)

Protecting Ports with the Coast Guard

Bad things can and do happen at American ports. During World War I German agents blew up two million pounds of Europe-bound ammunition in New York's harbor, ravaging the port area and inflicting damage on the Statue of Liberty that weakens its structure to this day. But the passage of many decades without serious incidents lulled Americans into viewing port protection as a second-order issue. That complacency ended abruptly on September 11, 2001. Officials and citizens alike were vividly aware of the vulnerability of ports packed with vessels, cargo, and people from all around the world. An attack on port facilities could cripple commerce. Sabotage at a fuel depot or a dockside natural-gas tanker could obliterate broad swaths of a city. Or a nuclear device could be smuggled quietly through any of the country's hundreds of ports to wreak culture-changing havoc anywhere inland.

It fell to the U.S. Coast Guard to figure out a way to fix the vulnerability. It was easy to imagine any number of clumsy, costly ways to do the job. New laws, or new interpretations of existing laws, could make private parties strictly liable for the consequences of any security breach. If policy truly could impose liability for every eventuality, and if insurance companies could calibrate with precision every portside risk, then the desire of shippers, vessel owners, and port operators to secure liability insurance at less-than-ruinous rates would inspire an effective and entirely private security regime. But not even the most ardent free-market fundamentalist seriously proposed such an arrangement. Too many things had to go right for market-driven port protection to work, and the consequences of failure could be catastrophic. A classically governmental security system was another alternative. The Coast Guard could ring every harbor with a cordon of armed cutters. Vessels would be allowed to pass only after the Guard inspected them from bow to stern light to ensure that neither cargo nor crew nor the ship itself posed any danger. Parallel procedures on the land side would check the identification of all personnel and the provenance of vehicles and shipments arriving at the port by road, subjecting each to the same sort of thorough security scrub. Such arrangements would no doubt lower risks substantially. They would also be stunningly expensive to the government and would cripple waterborne commerce, thus accomplishing aspiring terrorists' objectives without even requiring any effort on their part.

Instead, the Coast Guard created a port-protection system that was thoroughly collaborative. There was a role for insurance-inspired private initiative, to be sure, and a role for armed cutters as well. But the mainstay of the security regime was an intricate skein of provisions specific to each port, each private party, and each type of risk. The Coast Guard defined its role with respect to these provisions as twofold: first, relentlessly demanding a high level of security for every aspect of every port, and, second, scrupulously reviewing proposed provisions to ensure that they really did deliver the risk reduction that private parties claimed and that the government required. What the Coast Guard did *not* do was insist on any uniform method to be applied across the whole varied spectrum of harbor facilities, shippers, vessels, and other diverse components of hundreds of separate operations. By embracing the collaborative approach, the Coast Guard sought (successfully, by the inevitably partial evidence to date) to square the imperatives of security and smooth commercial operations at America's ports. (The Coast Guard's port protection efforts are discussed in more detail on pp. 64–66.)[13]

The Spectrum of Discretion

There is nothing inevitable or immutable about these examples. Indeed, it was not fated for there to be *any* substantial private role in any of these undertakings. Governments can and generally do manage parks, run schools, and provide security. For present purposes, though, we want to dwell not on the divide between direct and delegated delivery, but rather on the diversity *within* that category of delegated delivery. In so doing, we aim to enrich your sense of what we mean by collaborative governance, and to map the domain it occupies within our repertoire for getting things done. The key, once again, is the allocation of discretion.

What marks Millennium Park as a collaborative enterprise is the conscious decision to let private players exercise influence over what kind of park would be built. This is by no means the only option for a private role in the provision of parks. Roughly 10 percent of the spending on Boston's public parks (as of 2007), for example, went to

[13] We discuss port protection in even more detail, invoking a metaphor that we adore, in "The Tummler's Task," a chapter in a forthcoming volume edited by Mark H. Moore.

hire private contractors to provide pruning, turf care, building maintenance, and other services. While some cities, including Oakland and Raleigh, rely almost exclusively on city employees to build and run their parks, in most places some degree of contracting is the unremarkable norm. In contrast to collaboration, however, contractors hew to the government's priorities, exercising little discretion on their own.

Providing another revealing contrast with collaboration, as we use the term, are those parks and aspects of park operations that fall at the other end of the spectrum, with private actors holding most of the discretion. Barely two hundred miles south of Millennium Park, near the center of Indianapolis, a swath of manicured grass, shrubs, benches, and paths winds among redbrick buildings. The terrain is unfenced; neighborhood residents often stroll its greenswards. So who is responsible for this admirable public park? It is actually neither public nor a park. The appealing acreage is part of the headquarters complex of drug giant Eli Lilly. Lilly designed green space into its campus with an eye toward aesthetics and employee morale. Then, to encourage good community relations, it invited residents to share the space.

Voluntary private roles are common, too, in many strictly public parks. Sometimes individuals or institutions donate their time, expertise, or money as their spirits guide them, with government playing a passive role. At other times the relationship moves toward the middle of our spectrum, and public and private capabilities intermingle on terms of shared discretion. Chapter 7 explores some particularly worthy examples in New York City, but such arrangements are sprinkled across many locales. In parks as in other areas, no sharp border exists between collaboration and other forms of private involvement. But the spectrum of discretion provides a meaningful metric of the different ways public and private energies interact to advance collective goals.

So, too, with schools. In Massachusetts, as in every other state, most primary and secondary schools are government run. Our focus, though, is once again on the diversity *within* the broad category of private-sector involvement. Let's start this time with the end of the spectrum featuring mostly private discretion. Here we find famous private prep schools, bound like any other institution to obey state environmental laws and local building codes, but operating with near-complete discretion on specifically educational matters. We also find a much larger number of schools run by religious organizations—more than fifty Roman Catholic secondary schools alone in just this one smallish state. And, exemplifying a different model, we find a welter of voluntary private efforts in and around public schools, from PTAs and endless sign-up lists for volunteer activities, to local educational foundations that fund activities that schools' public budgets can't. To continue the tour, a great deal of private involvement in education comes on terms that leave all or most of the discretion in the government's hands. Most public schools contract with the private sector to provide food services or transportation or maintenance or other services instrumental to but separate from the core educational mission. Many schools also contract for accounting services, teacher training, library management, special education, and other functions that are more complex than running a steam table or school bus, but still amenable to delegation through a well-specified contract. Only some examples of private involvement in education, in short—indeed, only a relatively small fraction—feature the shared discretion that defines them as collaborative governance.

Table 1.1 illustrates how collaborative arrangements in the examples mentioned are situated within the broader terrain of private

TABLE 1.1
The Range of Private Discretion in Public Missions

	Parks	Schools	Port Security
Discretion mostly public	Contracts for maintenance, turf care, etc.	Contracts for food service, transport, etc.	Contracts for security patrols, monitoring technology, etc.
Substantially shared discretion	Millennium Park	Charter schools	Coast Guard–orchestrated security regime
Discretion mostly private	Corporate parks Traditional voluntarism	Secular and religious private schools Education foundations	Security arrangements left to shippers and port operators

involvement in public missions. Our central concern in this book is the range defined by the middle row of substantially shared discretion, though we remain mindful of (and sometimes detour into) the neighboring realms of contract and charity.

The Price of Collaboration

The shared discretion that is the hallmark of collaborative governance can augment government's capacity for accomplishing public missions and increase the flexibility with which such missions are pursued. But shared discretion also extracts a price. Authority becomes ambiguous, strategic complexity grows, and accountability breakdowns proliferate. The critical question for policy is when that price is small and when large relative to the gains achieved from granting discretion. When that price is small, discretion should be shared; when large, held tight.

The sorts of arrangements we describe in this volume have been used to create public value for a very long time and will continue to do so in the future across a broad range of governmental goals. Yet collaborative governance is often an improvised, ad hoc affair, cobbled together by creative practitioners on a trial-and-error basis. Seldom do particular instances of collaboration draw from or add to any common pool of lessons learned. As such it has a mixed record, often working exceedingly well, but sometimes not so well at all. When it succeeds, it produces significant public benefits, as most of our examples will show. But often it is used when it shouldn't be, or ignored when it should be embraced. Even when it is applied in the right situations, the process may be so ineptly designed that it fails to produce much benefit. And when misapplied or bungled in implementation, it can do serious damage.

Given the economic events of the recent past—including the massive governmental rescues of private companies that brought themselves to the brink through their own greed or folly—it is understandable that some readers may instinctively recoil at the notion of granting discretion to government's private collaborators. Some might see our enterprise as representing either a prodigious degree of immunity to evidence, or else cynical cover for more government subsidies and bailouts. Far from it.

The messy financial rescues of late are, we believe, once-in-a-lifetime events that in most instances expose critical failures in past governance. Indeed, while the financial breakdown had many causes, high on the list was confusion over the true nature of the links among public and private actors in the financial system. Key relationships were deeply collaborative, by the standards we develop in this book. But they were not recognized as such. Misunderstanding bred mismanagement. Government doled out discretion to private players on the basis of custom, convenience, or ideology rather than disciplined thinking about how discretion should be used—and how it might be abused. Ensuring that the citizenry understands the prospects and risks of potential investments, for example, is a crucial public mission. But government essentially turned over to the private ratings agencies—such as Moody's and Standard and Poor's—the task of informing the public about the health of financial firms. The government believed, with good reason, that these agencies had the capacity to ferret out and disseminate salient financial facts, but it paid little heed to the raters' incentives when employing their discretion.

Discretion unmonitored is frequently discretion abused, and so it was here. The agencies were paid by the firms they rated. Not surprisingly, they rated generously, and inconsistently. Similarly, the government assumed that it could count on each financial player, such as Lehman Brothers or Goldman Sachs, to investigate the finances and assure itself of the solvency of those whose obligations it stood behind or whose guarantees it accepted. But with each financial firm trading with dozens of others, none had sufficient incentive to intensively monitor its trading partners and raise the alarm in the event of extreme or systemic risks. The government stood by—in some cases under the illusion that its regulations really effectively controlled private behavior, in others counting on private actors to do the right thing of their own volition. With no one rating the raters, no one monitoring the monitors—in short, no real *governance* in this putative governance regime—no one recognized how flimsy our financial sector had become.

That economic debacle may inspire some to insist that government forswear corrupting entanglements with a tainted private sector and carry out its work all by itself. Not surprisingly, Americans lost confidence in every single private industry—some dramatically—in the wake of the financial crisis,[14] while support for conventional governmental programs at least briefly surged.[15] But such a shibboleth against involving private players in public missions, however understandable, would be both perverse and at war with widely shared values.

The right kind of delegation is, if anything, even more desirable than it had been before the bubble. The evaporation of so much national wealth, along with the near certainty of straitened public finances for years to come, means we cannot afford to pass up any chance to create public value more efficiently. If we are smart—and lucky—a new generation of the right kind of collaboration will emerge from the wreckage of misbegotten collaboration.

Targeting Collaboration

Not every public goal, to be sure, requires or can benefit from collaboration. Some public functions—imposing taxes, engaging in diplomacy, and conducting military operations—are best left as exclusively governmental activities. Others are so prosaic—paving a road, running a military mess hall—that government need do no more than let a contract. Private discretion can't help and may well hurt. And still other public goals may best be left to corporations or charities with little or no government involvement at all. But that leaves a vast middle ground between total government control and pure private initiative that can benefit—often immensely—from collaboration, rightly understood and adroitly managed. The challenge is, first, to be

[14] http://www.harrisinteractive.com/harris_poll/index.asp?PID=940.
[15] http://www.harrisinteractive.com/harris_poll/pubs/Harris_Poll_2009_01_13.pdf.

open to collaboration, and, second, to carefully match missions to the right collaborative models. Our aim, simply put, is to improve the odds that analysts will advise and officials will adopt collaboration where collaboration makes the most sense, and that practitioners will implement collaborative arrangements with insight, creativity, caution, and (the ultimate bottom line) success.

Collaboration can be an extraordinarily useful tool. But too often it has fallen far short of its potential. One common reason is that the governmental organizations that need to take the lead in shaping and orchestrating collaborations suffer both a lack of imagination and a characteristic conservatism when it comes to deciding how to get things done. Ideology can also militate against having the public sector grant discretion to a private collaborator. But perhaps the biggest reason why collaborative governance is underemployed and underperforms is that those in charge simply do not know how to do it. Too few people understand the critical importance of matching tasks with delivery models, and then calibrating the proper pattern of shared discretion for accomplishing a particular task. Fewer still appreciate the managerial and analytical requirements to plan and carry out a well-founded collaboration. The result is that we collaborate when we should contract, trust to philanthropy when we should collaborate, shun private engagement where it makes sense to pursue it, and embrace it where government should act alone. And when we do collaborate where we ought to collaborate, we often fail to fine-tune the arrangements in ways that obtain anything approaching all of the achievable benefits.

Even under the best possible circumstances, collaboration poses special challenges. George and Ira Gershwin were loving siblings endowed with astonishingly complementary talents—George for music, Ira for lyrics—and were both by all accounts decent and agreeable men. They still argued for days over the details of meter and rhyme in the chorus of "Fascinating Rhythm."[16] In less ideal circumstances—when affinities between collaborators are weaker, histories shorter,

[16] Howard Pollack, *George Gershwin: His Life and Work* (University of California Press, 2007), p. 188.

futures less foreordained, and interests less automatically aligned—the challenges mount. This is especially so when private actors are enlisted to advance government's missions. Authority becomes ambiguous, complexity grows, the temptation arises for the players to work for their own ends rather than for those they are intended to serve, and performance may be twisted to curry political favor or serve partisan ends. The results often diverge from what was anticipated or desired. The answer to most questions about how collaborations between the public and private sectors work, or should work, starts with "It depends . . ." This volume will provide some guidelines for finishing that sentence by helping practitioners figure out systematically what the answer depends upon.

Collaboration from the Government's Perspective

Collaborations necessarily have at least two parties, and any study of collaborative governance can take at least two points of view, that of government and that of the private party. We could have simply described how each party views a collaboration, hopping back and forth from one perspective to another. But we want to go beyond play-by-play description to offer practical guidelines for making collaborations work better. That ambition leads us to view collaboration from the government's perspective. One reason is accidental and relatively trivial: we teach at a school of government, and this is the viewpoint to which we are accustomed. It is also the usual perspective of the economics profession, where one of us has his home turf, and where the other one frequently visits, when public-private interactions are assessed. A more important reason is that in the rich countries in general, and the United States in particular, people have gotten quite good—the occasional spectacular lapse notwithstanding—at coming up with all kinds of sturdy, sophisticated, flexible, and effective ways to structure private affairs. Government, however, lags behind in this regard.

But the most important reason is that we see government as a special sort of actor. Government, at its best, is authorized to define and act upon broadly shared interests in ways that private organizations cannot. All too often government is *not* at its best, or even close to it. Real-world governments tend to fall far below the ideal sketched in a junior high civics textbook, or even in a jaded university seminar room. The mechanics of democracy can break down and stifle citizens' voices, or can be corrupted so that electoral democracy gives weak or warped signals about what the citizenry values. Flaws of judgment on the voters' part, or deception on the candidates' part, can produce duly elected leaders whose goals are at war with the majority's true interests. And officials and bureaucrats can wall themselves off from public accountability and feather their own nests.

We do not dispute that such things occur. Indeed, we probably have better-than-average familiarity with the flaws of government, both as scholars and as occasional practitioners. As coauthors, we occupy somewhat different positions on the ideological spectrum, so whatever the turn of the electoral tides, there is reliably something going on somewhere in government that appalls at least one of us, and frequently both. But while we long ago shook off romantic illusions about the public sector, we can't join those who characterize government as just another organized interest competing for resources and legitimacy. Sometimes a sneaker company or a garden club really does outdo its public-sector counterparts in defining and creating public value, but not often enough to warrant jettisoning the notion that government has the potential to be a unique category of actor. The ballot box equips government to aggregate interests in ways that other organizations match only occasionally and accidentally. Where government is absent, weak, or undemocratic—a less than clean criterion, we recognize—this generalization collapses. Thus our conception of collaborative governance applies chiefly to inevitably flawed but relatively healthy polities characterized by a decent respect for the preferences of the citizenry.

While we address ourselves most directly to government, however, we modestly aver that we have much to say to the private sector. Readers from the business and nonprofit worlds are cordially urged to join the conversation, and we expect they will find our exploration of collaborative governance both congenial and useful. Aspiring collaborators from the private sector who aim to aid in the creation of public value, after all, need to understand how smart, strategic public officials view the craft of collaboration, so that they can define *their* collaborative roles with a minimum of misunderstanding. The good actors on the private side, moreover—which in our experience describes the vast majority—have an intense interest in making sure that their government *is* smart and strategic when it comes to collaboration, and able to steer clear of the bad actors. The better-equipped government is to pick the right private partners, the safer it will be to share discretion. And the more discretion can be shared without imperiling accountability, the more scope there is for the kinds of flexibility and innovation that can make collaborative governance such a boon. So the lessons laid out here will be valuable to well-meaning readers from the private sector, both to deepen their understanding of their governmental counterparts and to more readily find or fashion their own collaborative niches. On the other hand, if you are a private player hoping to hijack government's agenda while only pretending to create public value, or a cynical official scheming to exploit private idealism . . . go read somebody else's book! We don't aim to abet such intentions.

Our Goals for This Book

Collaborative Governance is meant both to provide a conceptual framework for understanding collaborative governance and to serve as a practical guide to the design and implementation of collaborative undertakings. We hope that the lessons of this volume contribute to more successful and visible collaborations, and that the exemplars it presents will prove contagious.

One of the most important lessons we want to convey here is the need to think differently about the responsibilities of government officials. The increasing importance and subtlety of private roles in public ventures mean that orchestrating collaboration, as opposed to managing agencies, will be a core competency for public managers. At one time good government may have merely entailed running bureaucracies efficiently and accountably. Now, to a large and growing extent, it depends on knowing how to capitalize on private capacity. Efficiency and accountability remain bedrock criteria for public missions, but the skills required to reach those goals must mutate with the shift from direct action to collaboration.

In the pages to come, you will encounter governments at various levels relying on collaborative efforts to pursue a wide range of missions, including resurrecting city parks, running schools, certifying hospitals, aiding poor countries, training unskilled workers, and protecting vital infrastructure. Many of these collaborations work exceedingly well. A number are a mixed bag, with some weak points, some strong points, and some question marks. And some collaborations work quite badly indeed. We hope you find the many case studies interesting, illuminating, and maybe even fun. But we seek neither to praise, nor to bury in criticism, any particular attempt at collaborative governance. We also do not seek to produce cut-and-dried recipes for just what practitioners should do when seeking to harness private capacity to public purposes. Instead, we aim to tease out the general principles that span disparate cases, and that can serve as useful guidelines for clear thinking about collaborative governance. We will succeed if our account of Millennium Park in Chicago sparks some insights, not just about parks in San Francisco, but about parks in Seoul, or indeed about health care in Somalia or urban transportation in Spain. The most valuable lessons are the ones that can leap across borders, both political and professional.

This first chapter has introduced collaborative governance and explained the parameters that distinguish it from other ways of getting public work accomplished. Chapter 2 provides the fundamental rationales for engaging in collaboration—to obtain better outcomes, more resources, or both—as well as reservations about when and how to use it. In chapter 3, "The Delegator's Dilemma," we present a detailed discussion of the role of shared discretion, the defining feature of a full-fledged collaboration, distinguishing among three forms of discretion. Production discretion is at the heart of successful collaboration, while both payoff and preference discretion channel self-serving mischief that can undermine the benefits of collaboration.

The four chapters that constitute part 2 delve more deeply into the reasons collaboration can be such an effective form of governance. Chapter 4 explains how collaboration can increase productivity, while chapter 5 examines the importance of information—who has it, whether they can and will share it, how much it matters—in motivating some collaborations. Chapter 6 examines the ways in which using the private sector to produce public value can foster legitimacy, both as a goal to satisfy the public of the worth of an undertaking and as an enabler allowing us to create government programs that depend heavily on the expertise and energy derived from private entities. Chapter 7 presents three case studies in which a major motive for government's opting for collaboration with private parties was the hope of securing more resources for public endeavors.

Part 3 approaches collaborative governance from a practical point of view. Chapter 8, "Tasks and Tools," outlines the skills individuals and groups need to determine whether and how collaboration can be used, and to design, implement, and monitor an effective collaboration. In chapter 9 we examine reasons why collaboration isn't pursued when it should be, and reasons why, when attempted, it sometimes doesn't work as well as it should. The final chapter looks at two collaborations, one of which (Chicago's Millennium Park) has racked up remarkable success even as the other (America's approach to health care) has fared quite badly.

We hope you'll draw on your own experience to make connections to the missions that matter to you. If collaborative governance is the wave of today and tomorrow—as we are persuaded, and as we hope to persuade you as well—let's learn to ride that wave with skill, grace, and a minimum of mishaps.