

Governance in a changing world

Inaugural address of Professor Henrik Enderlein, President of the Hertie School of Governance







I delivered this inaugural address on 6 September 2018 at the Hertie School of Governance. I would like to express my thanks to:

The founders of the Hertie School, in particular Michael Endres, Kurt Biedenkopf, Hans Weiler, Fritz Scharpf and its Founding Dean, Michael Zürn. The current leadership of the Hertie Foundation, in particular Frank Weise, the Foundation's Chairman, Bernd Knobloch, the Chairman of our Supervisory Board, Frank Mattern, the Chairman of our Board of Trustees, Kaija Landsberg, an alumna from the first cohort of the Hertie MPP, the class of 2007, now a Managing Director at the Hertie Foundation and member of our Supervisory Board, and Sascha Spoun, President of Leuphana University and member of our Supervisory Board.

My colleagues on the **Hertie School faculty, Axel Baisch**, our Managing Director and the entire Hertie School administration. **Mark Hallerberg, Christine Reh**, and **Andrea Römmele** who have taken up roles as Deans and are part of the school leadership. And finally I would like to thank my predecessor **Helmut K. Anheier** for his outstanding service to the school and for handing over the Hertie School in such excellent shape.

Henrik Enderlein

President and Professor of Political Economy Hertie School of Governance

Governance in a changing world

Inaugural address of Henrik Enderlein | 6 September 2018

Dear Students, Ladies and Gentlemen,

The core mission of a school of governance is to enable students to assume responsibility for advancing the common good. The core challenge for a school of governance is to anticipate which knowledge and skills will be required in the future to perform such tasks.

The students entering the school today have around four to five decades of professional service ahead of them. Our task today is not to look backwards, but to adopt a radically forward-looking perspective to prepare them for the challenges ahead.

No social scientist is naïve enough to believe that the future of societies can be predicted. What researchers do is study today's world to derive generalisable knowledge that has the highest probability of predicting future developments. Understanding today's world is the best tool we can give to our students if we want them to shape tomorrow's world.

Understand today, shape tomorrow is the Hertie School's motto. The double meaning of "Understand today, shape tomorrow" is important: it not only signals "learn today, lead tomorrow" but also "understand today's world, so that we can improve tomorrow's world".

When I started to think about the Hertie School's future, I tried to adopt the logic of "understand today, shape tomorrow".

And it is in this spirit that I ask: What is it that we need to understand in today's world so that the Hertie School can prepare the best public policy leaders for tomorrow? And how should the Hertie School evolve against the backdrop of changes in today's world?

Fifteen years ago I was invited to give a lecture at Berlin's Humboldt-Universität at a conference about "change". I ended my presentation with the remark that every generation believed it was living in a period of dramatic change, but that with hindsight, there was far more continuity than everyone perceived at the time.

Since then, I have either become more myopic, or I have changed my opinion. Today, I see some fundamental changes of historic magnitude that a school of public policy must consider.

The most important is the transformation of the role of the nation-state and the resulting re-configuration of governance structures. If cities were the main reference point in governance for around

"We are witnessing the decline of the nation-state and national sovereignty and the emergence of a complex set of multi-level governance structures. This has implications for the way governance is researched and taught and for the governance toolkit our students should carry with them."

2000 years until the 16th century, the nation-state has been such a reference point since then. Today, it is the entire polity, the entire institutional setting that surrounds us, that is changing.

We are witnessing the decline of the nation-state and national sovereignty and the emergence of a complex set of multi-level governance structures. This has implications for the way governance is researched and taught and for the governance toolkit our students should carry with them.

In its pure form, the old world of the nation-state as the dominant polity was quite simple. There were two main decision modes: politics and policies.

The first mode was the political decision. The world of politics. Decisions mandated by a majoritarian vote (representative or direct), often with redistributive implications. These decisions were perceived as legitimate, thanks to the procedural or direct input on which

they were based. They usually pitted the political left against the political right.

The second mode was the **expert decision**. Choices made in a largely technocratic setting aimed at enhancing general welfare. The real origin of these decisions was often non-majoritarian, carried out by independent institutions or committees, but perceived as legitimate because they were meant to make everyone better off. A good example is the independence of central banks in setting monetary policy, with the aim of deflecting political interference and keeping currencies stable. But most regulatory policies also fall in this domain.

This expert decision context used to be the dreamworld for public policy students. Many countries even entered into a state of "expertocracy", where politics was driven by technocrats, often trained at public policy schools.

What I would like to submit is that the incipient decline of the nation-state and the emergence of multi-level governance is deeply affecting our polities and with them the traditional politics-policy divide.

It has become harder to apply the main tools of the sovereign nationstate (law and enforcement) to solve policy challenges arising in supra- or transnational contexts.



The Hertie School's motto "Understand today. Shape tomorrow." signals "learn today, lead tomorrow" but also "understand today's world, so that we can improve tomorrow's world".

The realms of politics and policies overlap ever more frequently because a measure that is purely welfare-enhancing in one country could be purely redistributive in others.

Finally, politics itself no longer seems to care about the old-world, left-right distributive battles, but is now fighting over the future of the nation-state itself.

Let me outline two main drivers of these changes: **globalisation and digitalisation**. These are popular buzzwords, but for a number of reasons they matter deeply for governance.

First, there is a new fundamental incongruence between the geographical

scope of politics and the scope of policy challenges. Legitimacy is local or national, while policy challenges are regional or global. This may seem obvious, but have national governments, national politics, and national political discourse really incorporated that difficulty?

How do you regulate banks that hold more than 50% of their balance sheets offshore in order to escape national regulation?

Fighting CO₂ emissions from traffic in China could be a simple national political issue. But today, it is a global policy challenge affecting hotel owners in the Maldives as much as farmers in Missouri.



The Hertie School's core focus, governance, requires interdisciplinary, intersectoral and international perspectives. The school's faculty - a third from outside Germany - bring together their expertise in economics, law, political science, public management and sociology to collaborate on numerous research projects and initiatives.

Think about migration issues. Migration may be as old as mankind. But one of the key ideas on which the nation-state is built is that of the controllable national border. In many parts of the world today, we find that territories are more open than some policy-makers would like to accept.

Globalisation was already a well-known and widely discussed phenomenon when it was put on steroids by digitalisation. Technological change is the other big driver of the transformation of our policy environment. Consider developments of just the past decade.

Some value creation has become "a-local". Where does the value creation of Airbnb, Uber or Spotify take place geographically, when the real value

creation is an "app" with basically unlimited scalability, which enhances local value creation through renting houses, cars or listening to music everywhere in the world?

How do you protect privacy or fight child pornography when the crime cannot be traced back to a hard drive but only to an anonymous cloud, or when illegal content is located on hundreds of millions of computers?

Digitalisation has transformed some companies into Teflon-like institutions, where no regulation can stick. How do you regulate companies that don't do whatthey claim? Does Airbnb, the world's biggest hotel provider own a single hotel? Do Google, Facebook and Twitter, the world's biggest news websites employ a

single journalist? Does Uber, the world's biggest transportation provider, own a single car?

Some technology-driven policy challenges arise at a pace that makes it literally impossible for policy-makers and politicians to react. A Silicon Valley entrepreneur once said to me that none of the big start-ups got to where they are today without reinventing legislation before law-makers could act.

"Globalisation was already a well-known and widely discussed phenomenon when it was put on steroids by digitalisation."

So if the main tools of policymaking were legislation and enforcement and both are tied to the nation-state, then the changing geographical scope of governance and digitalisation deeply affect policymaking.

But they also affect politics itself.

Politics in most developed countries has undergone dramatic change in recent years. In France, the second round of the 2017 presidential election was between two candidates that belonged neither to the traditional left nor the traditional right.

In Britain, the vote about staying inside the European Union split both the Labour Party and the Tories. In the US, the election of Donald Trump turned the political sphere upside down. In Italy in 2018, two non-traditional parties, both positioned against the European Union, reached a majority.

In Spain in 2016, two parties not on the national stage just two years before (Podemos and Ciudadanos) obtained almost 40% of the vote.

The list does not end here.

This phenomenon of the re-composition of our political systems is no longer an isolated occurrence limited to one or the other nation, but a trend.

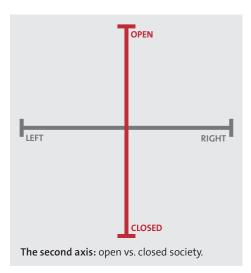
What has changed?

My favourite answer to this question came from an elderly French woman in the audience of a lecture I gave about the future on the European Union in 2016. After the lecture, she approached me and said: "I like your idealism about Europe. I am also an idealist. I have voted for the left my entire life. But Europe is destroying France. The next election is no longer about the left or the right. It is about whether we want Europe, this globalisation, or not. And I will vote against Europe and against globalisation." I asked whether she planned to vote for the far-right National Front in 2017 or for the far-left, anti-European populist movement of Jean-Luc Mélenchon. She very quietly replied "I don't know yet." This woman clearly felt that the traditional opposition of left and right, even at the extremes of right-wing extremism or far-left post-communism, no longer provided answers to the main questions in today's politics. She re-composed the political spectrum for herself, leaving left and right aside and focusing on a different dimension: Europe vs. the nation-state.

Interestingly, people make similar statements in other countries. It's not always the European Union that is the enemy, but the uncontrolled powers of globalisation or open borders for which the European Union stands as a scapegoat. The new populists' votes are about "taking back control", about "America first", about "closing our borders to protect us". These new votes are an expression of unease with the open society. And they fundamentally rearrange the way politics in our developed societies is structured.

Many of the traditional right- and left-wing parties are split: they see among their supporters those who generally favour globalisation, European integration and open borders — but they also see those who completely reject these phenomena. The second axis of politics has started to shape politics more than the traditional left-right divide. It has become dominant.

Most of these changes in our political system can be summarised by simply



adding a second axis to the traditional left vs. right spectrum. This second dimension pits the proponents of the open against the proponents of the closed society.

For policy-making this has an important implication: supra-national bodies and actors like the EU and the ECB were long perceived as groupings of experts helping the common good. The WTO used to attract groups of demonstrators. Today, it is attacked by the President of the United States. The open society and its experts are suddenly at the heart of the political debate.

Why has it changed?

One explanation could be that national political leaders try to keep up the illusion that they can still control and steer what is happening in the world.

But many citizens feel that this control has been lost – and they blame national politicians. This is as true for Chemnitz as it is for London.

"Take back control" was the mantra of the Brexiteers. The problem is, no one knows how control can be taken back.

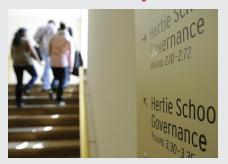
Citizens ask for solutions, not for uncertainty. And many of them seem to prefer a simple return to the nation-state, to the more complex, but uncertain solutions, such as building additional layers of government for problem solving, such as the European Union

So the real question is: how can legitimate political control be exercised in a setting, in which the scope of the exercise of political control and the scope of the political challenges are no longer aligned?

It seems to me this question was most dramatically raised through the global financial crisis after 2008 and in the euro area crisis after 2011.

These crises revealed the tensions between global markets and national politics as nothing else before. Many people felt banks were rescued, while workers were not. Many people felt gains were individualised, while losses were collectivised. Many people lost jobs because of phenomena they didn't fully understand and that seemed beyond the

The Hertie School by numbers



Founding year 2003

Founder Hertie Foundation

President Henrik Enderlein

Managing Director Axel Baisch

Deans

Mark Hallerberg | Dean of Research and Faculty Christine Reh | Dean of Graduate Programmes Andrea Römmele | Dean of Executive Education

Permanent core faculty professors 30

Employees 173

Right to award master's degreesSince 2005

Right to award doctorates Since 2012

Currently enrolled students 605

Master's students 481

Executive MPA participants 64

Doctoral students 60

Alumni 1545



The Hertie School's alumni network is 1500 strong and represented in over 95 countries. Graduates pursue careers as leaders and experts in the public sector, business, civil society and research.

control of their elected politicians.

Many people also felt that free trade and the free flow of capital — advocated by national politicians as essential drivers of growth and employment in the 1980s and 1990s — produced losers. In Europe, many people felt that national politics lost control and was suddenly under the tutelage of "supranational" actors, such as the European Commission, the ECB, or the IME

The rise of the second dimension of politics is the story of the nation-state's difficulty coming to grips with globalisation. It is the story of the replacement of the old left vs. right opposition ("bosses vs. workers") with the new open vs. closed opposition

("bosses and workers benefiting from global exchange" vs. "bosses and workers losing from global exchange"). It is also the story about the attempts to create new politically legitimate structures at the supranational level, such as the EU or the G20. It is the story of the difficulty to redistribute and the difficulty to regulate. It is the story about which future is the right one: the one behind closed borders in a nation-state, where politics functions, but the economy struggles, or the one in an open society, where the economy is strong, but politics reaches its limits.

These illustrations contain three core messages:

1 The nation-state, its administration

and political structures run the risk of being ill-prepared for the challenges ahead.

- **2** Technological change affects policymaking in ways we still haven't fully understood.
- **3** Politics itself is undergoing dramatic change.

What does all this imply for the Hertie School?

I will first outline some principles, then talk about the strategy for the years ahead.

First, my analysis highlights the wisdom of my predecessors. In 2003, Michael Zürn founded a school with a strong focus on "governance beyond the nation-state". During his tenure, Helmut Anheier often liked to condense the mission of the school to three principles:

- internationality,
- interdisciplinarity and
- ♦ intersectorality.

These ideas and principles are still valid. We will continue to live them.

Second, we rightly label ourselves a school of governance, not a school of government. We understand that steering public policy for the purpose of the common good in today's context is a task that cannot be reached by government alone, but through an

interplay of policy experts, political actors, responsible private decision-making, independent media, and the third sector, such as foundations or NGOs. When I look at the career trajectories of our over 1500 alumni, they are almost evenly distributed between the public, the private and the third sectors. They work in the German Chancellery, at Google, or at Save the Children.

Third, we know that a public policy school always needs to work through three channels in parallel – teaching, research, and outreach. These three principles are of equal importance in what we do and in the overall composition of our faculty.

Teaching is closest to our hearts. It is our core mission and it should always be what makes us special. We want to accompany future leaders in their preparation for assuming responsibility. We also teach current leaders - executives - and should do so more, in particular those here in Berlin. In our teaching we not only focus on transmitting state-of-theart knowledge in the core areas such as economics, law, or public policy. We recognise that transferrable skills have become more important. Every future public policy-maker will need to be able to interpret a complex statistical analysis and understand what an algorithm is. At the same time, knowing how to lead a team, how to successfully run projects that stretch across all three sectors.

are management techniques and skills that can be taught. Finally, our teaching should enable personalities to speak up. We all know that reporting lines and hierarchy can be important. But if the Hertie School only trains obedient experts, then we have failed in our task.

Excellent teaching without excellent research is impossible. We are a university. It is the state-of-the-art researcher who understands today's world. Research at the Hertie School should be free and innovative, sometimes crazy and compelling, sometimes boring yet momentous, but always at the very highest global standards. The only desire I would like to express for research at the Hertie School is that it should be relevant. Life is too short for irrelevant research.

This gets me to outreach. There is an increasing gap between experts and policy-making. There are even increasing gaps among experts. The entrance costs to understanding sophisticated research are often so high that only small groups can afford to spend the time to understand it. A school of public policy has the responsibility to act as a translator to make state-of-the-art research accessible and allow it to influence political decisions. At the Hertie School we take this outreach obligation seriously, through our think-tanking activities, through focused

communication, events and media presence.

One important remark. The Hertie School is a non-partisan actor. We do research, we give advice, but we shouldn't politicise. A scholar should never forget there are two worlds. We analyse as researchers. We judge based on norms and opinions. But we should keep these two worlds separate.

"Teaching is closest to our hearts.
It is our core mission and it should always be what makes us special. We want to accompany future leaders in their preparation for assuming responsibility."

I see one important exception to this political neutrality. On the second axis of politics that I described before — the axis that opposes the closed against the open society — the Hertie School has a clear moral and normative obligation to speak up. Nationalism and the return to a sealed-off nation-state is not what we stand for or believe in. What we need is not a world of closed borders and economic nationalism, but a successful approach to governance beyond the nation-state.



The Hertie School has had the right to award master's degrees since 2005 and the right to award doctorates since 2012. Currently there are 605 students enrolled at the school.

How do these principles translate into shaping the strategy of the Hertie School?

First, we will further grow our faculty around the core challenges of governance, with an even stronger emphasis on those who straddle traditional disciplines like economics, law or political science. We will hire a dozen additional professors, for example in cross-cutting fields such as international political economy, health governance, digital governance, or cyber-security. We will also strengthen the faculty profiles that are more horizontal to the traditional policy fields, with positions in areas such as public management

and leadership, or methods and data analysis. We will create a data lab to further enhance our expertise in methods, statistics or algorithms, but also in programming and visualisation. These are essential competencies and tools for future policy-makers.

Second, we will build five Centres of Competence to create a stronger research, teaching, and outreach profile in fields that we think characterise our school's mission in a particular way. Each centre will bring together a group of faculty members, post-docs and doctoral students working on a specific topic area.

A first group of three centres derives from the observation that in a complex

setting of multi-level governance with overlapping policy competencies, there is a risk that the basic deliverables of modern governance could be forgotten.

So three of our new centres will focus on three basic human requirements. They are:

- security,
- ♦ fundamental rights,
- material well-being.

The Centre for International Security Policy, directed by my colleague Wolfgang Ischinger, has already taken up its work. Reflecting the spirit of the school, its themes cover traditional nation-state security policy topics, as well as topics like civil conflict, conflict in areas of limited statehood, or cybersecurity.

Next year we will create a **Centre for Fundamental Rights**, focused on the place of human and fundamental rights in domestic, regional and global governance.

In 2020 we plan to add a **Centre for Sustainability**, focusing on the economic and political dimensions of material wellbeing and sustainability governance.

There are two other centres that directly focus on the two cross-cutting governance challenges I discussed earlier:

A **Centre for Digital Governance**, focusing on the usefulness of digitalisation for governance purposes and the need for regulation of digital processes and data.

Finally, and not surprisingly, the Hertie School needs a Centre for European Affairs. Because the European Union as a polity constitutes the bridge between the sovereign nation-state and globalisation.

No one can express this better than Jürgen Habermas, who said the following words when he was at the Hertie School in 2017, together with Emmanuel Macron and Sigmar Gabriel: "Governments are muddling through without developing any perspective for shaping the future. We find the lack of political will numbing, especially in the face of those problems that could only be solved jointly at the European level."

It is therefore fitting that we will bring the think tank Jacques Delors Institute Berlin, which I founded in 2014, to the Hertie School and incorporate it in numerous research projects on Europe here. The new Jacques Delors Institute, Centre for European Affairs at the Hertie School of Governance will have both a research and a think tank arm to contribute in a meaningful way to debates about the European Union.

I am grateful to the Hertie Foundation for supporting this strategy and for

Faculty

Helmut K. Anheier, Professor of Sociology, past President

Kerstin Bernoth, Professor of Economics

Basak Çalı, Professor of International Law

Luciana Cingolani, Assistant Professor for Public Administration

Mark Dawson, Professor of European Law and Governance

Henrik Enderlein, President, Professor of Political Economy, Director of the Jacques Delors Institute Berlin, Centre for European Affairs

Christian Flachsland, Assistant Professor of Climate and Energy Governance

Lukas Graf, Assistant Professor of Educational Governance

Mark Hallerberg, Dean of Research and Faculty, Professor of Public Management and Political Economy

Gerhard Hammerschmid, Professor of Public and Financial Management

Anke Hassel, Professor of Public Policy (on leave)

Lion Hirth, Assistant Professor of Governance of Digitalisation and Energy Policy

Klaus Hurrelmann, Professor of Public Health and Education

Thurid Hustedt, Professor of Public Administration and Management

Wolfgang Ischinger, Professor for Security Policy and Diplomatic Practice, Director of the Centre for International Security Policy Markus Jachtenfuchs, Professor of European and Global Governance, Director of the Jacques Delors Institute Berlin, Centre for European Affairs

Mark Kayser, Professor of Applied Methods and Comparative Politics

Claudia Kemfert, Professor of Energy Economics and Sustainability

Mareike Kleine, Professor of European and Global Governance (2018/2019)

Michaela Kreyenfeld, Professor of Sociology

Johanna Mair, Professor for Organization, Management and Leadership

Alina Mungiu-Pippidi, Professor of Democracy Studies

Jean Pisani-Ferry, Professor of Economics and Public Management

Christine Reh, Dean of Graduate Programmes, Professor of European Politics

Andrea Römmele, Dean of Executive Education, Professor of Communication in Politics and Civil Society

Hanna Schwander, Professor of Public Policy

Daniela Stockmann, Professor of Digital Politics and Media

Christian Traxler, Professor of Economics

Kai Wegrich, Professor of Public Administration and Public Policy

Julian Wucherpfennig, Assistant Professor of International Affairs and Security



In addition to the Master of Public Policy, Master of International Affairs and the Executive Master of Public Administration, the Hertie School offers Doctoral Programmes and an extensive portfolio of seminars, workshops and skills trainings for executives.

increasing its financial contribution to the school. In the past 13 years, the annual contribution varied between 5.5 and slightly above 6 million euros. We now have the commitment by the foundation to increase its annual funding to 10 million euros per year within 3 years. This is a major testimony to the foundation's belief in the sWchool and in our mission. We thank you for this.

*** * ***

Dear Students,

Ladies and Gentlemen.

The biggest danger for a public policy school is to stagnate, then become boring and only train obedient experts. At the Hertie School, we are fortunate that our founders took the right decisions around

15 years ago when they set our course.

We are private, but extremely well and solidly financed.

"The biggest danger for a public policy school is to stagnate, then become boring and only train obedient experts."

We are academically flexible, but deeply anchored in the international research landscape as a recognised university under German law.

We are located in the most exciting city for public policy in the world. Berlin needs a globally visible public policy school. There is one in every major capital. The Hertie School is still young and comparatively small. But we should rise with the importance of our city.

We have an outstanding faculty, topnotch administration and can build on a network of outstanding partners that share our beliefs and values.

And last but not least: we have fantastic students.

Dear Students, my last message goes to you:

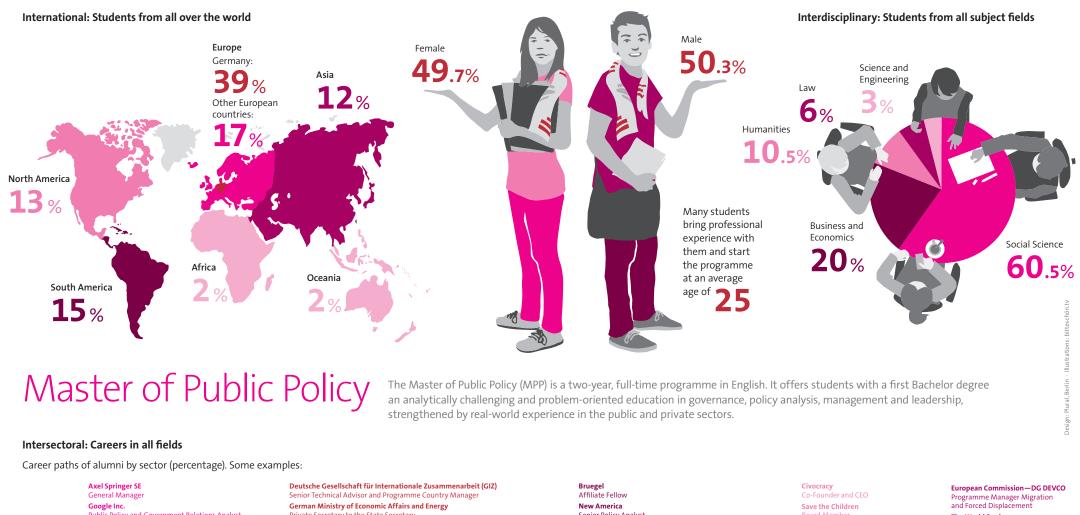
You have been chosen from among more than 2000 applicants. You are 268 new students from 50 countries. You are here because you are smart and you want to work for the common good.

We want you to learn from us, but also with us. We want you to learn from each other.

Public policy schools have long focused on the three main "Ps": politics, policies, and polity.

But today's governance challenges require more than this triad. We should add a fourth "P": they also require people. People who discern the ongoing transformations of politics, policies and the polity and make use of that knowledge to serve the common good in a rapidly changing world. People like you who understand today and shape tomorrow.

Welcome to the Hertie School of Governance.



Public Policy and Government Relations Analyst **Siemens Healthineers**

Senior Policy Advisor Healthcare

Private Secretary to the State Secretary

Governance Programme Officer

Senior Policy Analyst

Princeton University, Department of Politics PhD Student

Research and Think Tanks (including 6% in PhD programmes)

17%

Board Member

Munich Security Conference Advisor Policy and Analysis

NGOs and Foundations



The World Bank Strategy and Operations Officer

World Food Programme Programme Officer

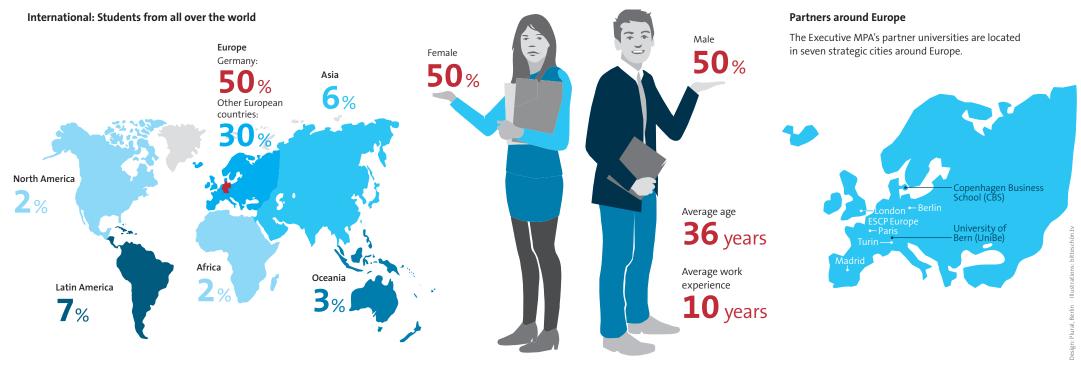
International Organisations











Executive Master of Public Administration

The Executive Master of Public Administration (EMPA) is for experienced professionals from the private, public, and non-profit sector, who wish to develop their management and leadership skills, expand their network and take their career to the next level.

Intersectoral: Careers in all fields

Career paths of alumni by sector (percentage). Some examples:

German Federal Ministry of Finance

Ministry of Science and Research Hamburg Head of Department Higher Education

Office of the President of the Federal Republic of Germany

Personal Advisor to the President



The Consulate General of The Netherlands in San Francisco Consul General

National Audit Office of Estonia Director of Development Services

UK Department of Health Deputy Director Provider Efficiency

Non-German Administration **22**%

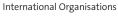


European External Action Service (EEAS) Head of Sector Learning and Development

European Space Agency

Head of the Staff Administration Service

International Trade Centre Representative to the UN





Hasso Plattner Ventures Managing Director and Managing Partner

McKinsey and Company Innovation Manager



16%



SOS Children's Villages

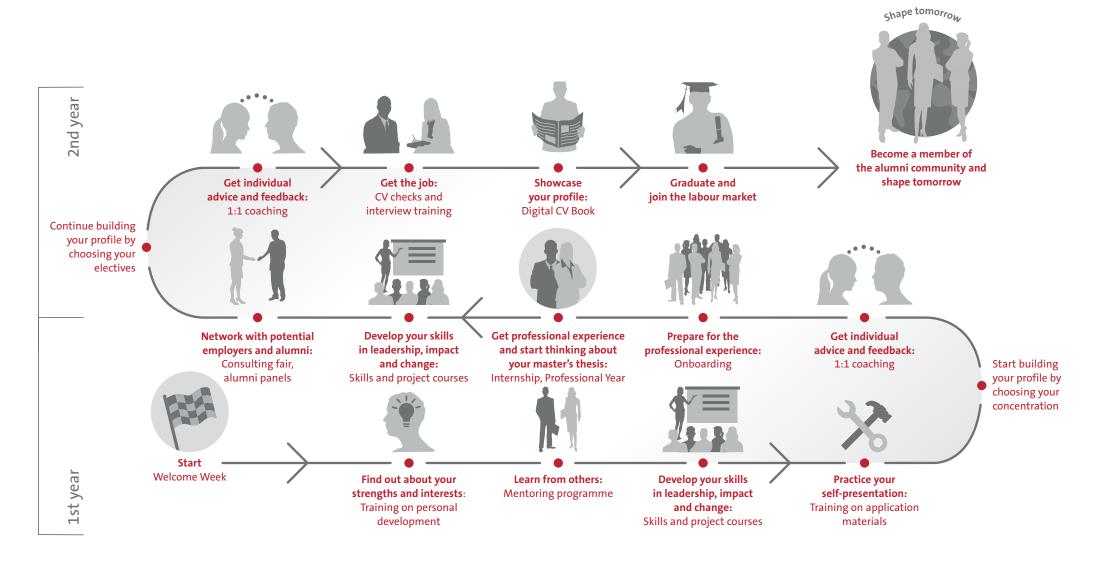
Head of Department Knowledge Management and Innovation



16%



Hertie School Career Development Roadmap



Notes

Notes

Contact us Friedrichstraße 180 10117 Berlin, Germany Tel +49 (0)30 259219-0 Fax +49 (0)30 259219-111 info@hertie-school.org www.hertie-school.org

The **Hertie School of Governance** in Berlin, Germany, prepares exceptional students for leadership positions in government, business, and civil society. Interdisciplinary and practice-oriented teaching, first-class research and an extensive international network set the Hertie School apart and position it as an ambassador of good governance, characterised by public debate and engagement. The school was founded at the end of 2003 as a project of the Hertie Foundation, which remains its major partner. The school is accredited by the state and the German Science Council. **Understand today. Shape tomorrow.**