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Tore Sager

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THE LOGIC OF CRITICAL  
COMMUNICATIVE PLANNING:  
TRANSACTION COST ALTERATION

Tore Sager

*Norwegian University of Science and Technology (NTNU), Norway*

**Abstract** Communicative planners are often criticized for lacking a credible strategy for dealing with biased power relations. The purpose of the article is to make it evident that critical communicative planning has a strategy for handling this problem. The logic of critical communicative planning (John Forester's 'critical pragmatism') is reformulated in terms of transaction cost politics. The critical planner counteracts systematically distorted communication by augmenting the transaction costs of those trying to influence the planned solution by leaning on their power base instead of the force of the better argument. Also, the critical planner aims to diminish the political transaction costs of deprived groups standing to lose from the results of power-based argumentation. The idea is to make it relatively more difficult to pursue special interests by means of repressive or manipulative strategies. Hence, the rationality of critical communicative planning rests on power management by deliberate alteration of political transaction costs. Analysis of 'network power' shows that the same chain of reasoning does not fit well for strongly consensus-seeking collaborative planning.

**Keywords** communicative planning, critical theory, planning rationale, planning theory, transaction costs

I take criticism so seriously as to believe that, even in the very midst of a battle in which one is unmistakably on one side against another, there should be criticism, because there must be critical consciousness if there are to be issues, problems, values, even lives to be fought for . . . (C)riticism must think of itself as life-enhancing and constitutively opposed to every form of tyranny, domination, and abuse; its social goals are noncoercive knowledge produced in the interests of human freedom. (Said, 1983: 28–9)

## *Introduction*

The opening quote from Edward Said serves to underline my position that there should be a critical aspect of public planning. Communicative planning has repeatedly been criticized for not providing an adequate response to the unfair or destructive use of power in planning processes (Flyvbjerg and Richardson, 2002; Huxley and Yiftachel, 2000; Lauria and Whelan, 1995; Mäntysalo, 2002; McGuirk, 2001). Some critics have even suggested that this mode of planning neither addresses the problem of power nor takes into account the possibility that participants act strategically (Tewdwr-Jones and Allmendinger, 1998; Woltjer, 2000). Although I regard these last suggestions as misconceived, the misunderstanding indicates that it might be fruitful to state the approach of communicative planning to power in a new way, using terminology intended to highlight its strategy for managing power relations. Several proponents of communicative planning seem to have felt this need for restatement and have recently clarified their position on the power issue (Forester, 2000, 2001; Healey, 2003; Innes, 2004).

The purpose of this article is to present the logic of critical communicative planning. The terminology of transaction cost theory is adopted from economics, and it is suggested that a core task of the critical and communicative planner is to apply cost-raising strategies against agents in the planning process who wield power in ways working against the public interest and to lower the transaction costs of deprived groups whose interests are easily ignored.<sup>1</sup> This is not to deny that those with considerable economic and political power may have something to contribute towards the public interest. They often have to be harnessed to this goal, though, as major economic interests tend to benefit at the expense of weaker social groups. Critical communicative planners are alert to injustices brought on by biased power relations, and the aim here is to make explicit the strategy devised by critical pragmatists for dealing with the problem. Importantly, the transaction cost alteration logic does not give the planner *carte blanche* to increase the transaction costs of stakeholders who disagree with her suggested solutions. The idea is to counteract confusing and manipulative argumentation, not to make it generally more difficult for opponents to speak in a persuasive way.

Despite some warnings (Moulaert, 2005), transaction cost theory has gained a foothold in academic planning discourse (Alexander, 1992, 2001a, 2001b; Lai, 2005; Sager and Ravlum, 2005; Webster and Lai, 2003). The theory has been described by Williamson (1989), for example, and a general outline will not be given here. In line with North (1990a), transaction costs are defined very broadly as the costs of information, as well as 'measuring the valuable attributes of what is being exchanged and the costs of protecting rights and policing and enforcing agreements' (p. 27). Transaction costs are not directly related to the technical production and consumption of what is being exchanged. The cost of constructing an argument is not a transaction cost. Transaction costs are incurred when the transacting parties are brought together for exchange of information and arguments, and when procedures are established to make them deal with each other according to informal agreement.

When several parties are involved, when no standard market procedure guides the transactions between them, when negotiations are required, and when sanctions against opportunistic behavior are complicated, then high transaction costs are to be expected. This is the typical situation in public planning; for example, in land-use planning and development control (Alexander, 2001a, 2001b). I explain the choice of a particular type of planning process, critical communicative planning, by suggesting that this style maximizes the likelihood of increasing the transaction costs of repressive groups to such a degree that the needs of all involved parties are accommodated. Repressive groups are those trying to influence the planned solution by using power strategies to make others accept their arguments. Such strategies can involve threats, manipulation, and withholding information, as exemplified in the next section.

It is a basic question whether it makes sense to graft the strategy of transaction cost alteration onto a practice aiming to move public planning in the direction of dialogue and communicative rationality. Dialogue in Habermas's sense is oriented towards reaching mutual understanding; it is non-instrumental and not oriented towards success – for example, the goal of improving living conditions for a particular group (Habermas, 1999). A dialogically achieved agreement cannot be imposed by one party, either instrumentally or strategically through direct intervention in the situation at hand in ways altering transaction costs. Surely, the relative political transaction costs of involved groups might change to some degree even if the planner's interference in distorted communication is purely non-strategic. However, critical pragmatism does not confine the planner to the selfless behavior required in Habermasian ideal speech situations. As announced on the cover of Forester's (1993) book: 'John Forester shows how policy analysis, planning, and public administration are thoroughly political communicative practices that subtly and selectively organize public attention.' To the extent that the critical communicative planner pragmatically modifies the pursuit of communicative rationality and acts strategically to

the advantage of deprived groups, the tension between transaction cost alteration and critical pragmatism dissolves. This theme is revisited in the section introducing transaction cost politics.

The notion of public planning as an activity which has an inherent aspect of social critique is contested. The idea is that the planner: 1) can tell what is a serious distortion of the debate between stakeholders and people affected by the plan; 2) can identify power relations that are biased to a degree impairing the plan; and 3) can and should question contorted argumentation and power tactics in the planning process. Some planning theorists and planners see this as a very problematic perspective. The case for critical communicative planning has been made very well elsewhere (Forester, 1989, 1993). It is nevertheless worth recalling here that the planner does not *decide* what is right or wrong in the planning process. Potentially reprehensible distortions are identified in the interaction with other parties to the planning process. By directing attention to dubious communicative practices and by questioning the stakeholders involved, it will become clear whether any power tactics need to be counteracted. There is certainly no point in the planner pursuing the correction of misrepresentation, insincerity, etc., unless other parties – after the initial round of questioning – feel put off or deceived by the incidents observed.

The article is divided into sections according to the following line of reasoning. First, it is explained how critical communicative planning (critical pragmatism) is *counteracting misrepresentation*. Second, *transaction cost politics* is defined and seen in relation to styles of planning. The sources of transaction costs are identified in order to provide a theoretical basis for discussing the functions of transaction cost alteration in critical communicative planning. Third, *the transaction cost politics rationale for critical pragmatism* is outlined, and the transaction costs of informing, building consensus, monitoring, and enforcing agreements are exemplified by a *case study*. Fourth, *is the new logic applicable to consensus-oriented collaborative planning?* An analysis of ‘network power’ leads to a negative answer. Finally, some *conclusions* are offered.

## *Counteracting misrepresentation*

This section defines ‘dialogue’ and exemplifies communicative distortions. There is also a sketch of the planner’s role in critical pragmatism – that is, the kind of critical communicative planning advocated by Forester (1989, 1993). To the extent that manipulative and power-based argumentation is observed, the critical pragmatist deliberately influences the capacity of various participating groups or stakeholders to get their message across.

Much of the literature on communicative planning borrows ideas from Habermas’s (1999) critical theory of communicative action, and the present

essay is primarily about this branch of planning theory (for example, Forester, 1989, 1993; Healey, 1997, 1999; Innes, 1995, 2004; Sager, 1994). The theoretical contributions vary in the relative emphasis put on consensus-building and the critical function of planning in society. Here, critical pragmatism denotes communicative planning giving a prominent place to social critique, while collaborative planning characterizes more consensus-oriented communicative planning (Rydin, 2003). In the critical pragmatism of Forester, the emphasis is on questioning and shaping attention in order to reveal and counteract argumentation in which the speaker depends on holding the controlling position in power relations.

Surely, the planner should recognize that every actor in the planning process uses different types of power. The point here is that the planner should play an active part in separating the factual and substantive meaning of the arguments from connotations added by the social positions of the interlocutors, as far as this is possible and feasible. When someone holds a power position with the authority to impose an interest unilaterally, the planner should try to involve this person in deliberation about the use of this power. Communicative planning is difficult if such a power-holder shows no willingness to take part. However, if the authority rests on certain institutional claims that require justification, then organized protests, legal challenges or other forms of political action may undermine this authority and give cause for those in positions of power to consider deliberation precisely because they can no longer act unilaterally with the certainty they previously enjoyed.

Unconstrained dialogue is the – admittedly unattainable – ideal of the communicative planning process. Ideally, all those concerned should take part, freely and equally, in a cooperative search for truth, where nothing coerces anyone except the force of the better argument. This is ‘a speech situation that satisfies improbable conditions: openness to the public, inclusiveness, equal rights to participation, immunization against external or inherent compulsion, as well as the participants’ orientation toward reaching understanding (that is, the sincere expression of utterances)’ (Habermas, 1999: 367).

‘The rationality of the use of language oriented toward reaching understanding . . . depends on whether the speech acts are sufficiently comprehensible and acceptable’ (Habermas, 1999: 315). Forester (1989), Hillier (1995), and Sager (1994, 1999) discuss many examples of communicative distortions, most of them with politicians or developers as the active parties. Krumholz and Clavel (1994) offer a number of examples from the USA of various forms of manipulation in planning, such as planting people at meetings and deliberate provocation. They also provide a telling example of the well-known manipulative planning strategy of deliberately including controversial and unnecessary planning elements, later to be ‘reluctantly’ removed in order to demonstrate goodwill and soften the opponents while leaving the substance of the plan unchanged. Another strategy is secretly

dispensing information to people not entitled to receive it, going behind the backs of superiors. Such manipulation is easily carried out by planners, since they have inside knowledge. Norman Krumholz gives a detailed account of how he used such means when fighting the proposed Downtown People Mover in Cleveland (Krumholz and Forester, 1990).

The context of planning is often competition, conflict and discrimination. The argumentation of both planners and other stakeholders is affected by this. The examples above show pragmatic deviations from the main idea of Habermasian communicative planning. Forester (1993: 6) suggests

a distinctively counterhegemonic or democratizing role for planning and administrative actors: the exposure of issues that political-economic structures otherwise would bury from public view, the opening and raising of questions that otherwise would be kept out of public discussion, the nurturance of hope rather than the perpetuation of a modern cynicism under conditions of great complexity and interdependence.

From what I have said about the role of the critical communicative planner so far, it can be deduced that it comprises tasks related both to process and substance. It is in the planner's role to advance plans that are fair and to the advantage of deprived groups, as well as to design a process based on open exchange of sincere and honest arguments. However, both deprived and powerful groups may sometimes distort the debate. The critical communicative planner might, therefore, sometimes have to criticize the argumentation of the same group that she wants the plan to cater for in a better way. Unwillingness to confront a participating group that is acting unreasonably in the communicative process might easily create distrust and disrespect among the other participants. However, deliberate increase of the transaction costs for the same group that needs to be treated better by the plan would be a contradictory and untenable strategy. The critical communicative planner must find a way of getting around the dilemma. This can be done by assisting the group in developing an alternative line of argumentation in addition to criticizing the original one. The aim would be to formulate new arguments that are more likely to convince bureaucrats and decision-makers. Preferably, the net effect should be reduction of transaction costs for the groups most in need of having their living conditions improved by the plan. The planner's role is further explored in the comments to Table 1 in the next section.

What matters in critical pragmatism 'are the practical and institutional contingencies, the political vulnerabilities, of communicative action', amending the 'precariousness of our speaking and acting together', not the insistence on dialogical perfection (p. x). Forester's (1993) argument for critical pragmatism acknowledges that the various interests involved in planning try to make it difficult for others to get their message through, to empower themselves, and to organize resistance against the implementation

of competing ideas. Institutional pressure is seen to work through bureaucratization and commodification, and the media of power and money, to pre-empt or encroach upon autonomous social action. Organizational and institutional contexts render 'making sense together' problematic and politically vulnerable. And the everyday claims of the planners themselves 'can have political effects upon community members, empowering or disempowering, educating or miseducating, organizing or disorganizing them' (p. 4).

The above insights are a useful preamble to the next section on transaction cost politics, as they confirm the prevalence of this kind of politics in the planning process, although without using the transaction cost terminology.

### *Transaction cost politics*

The purpose of this section is to introduce the concept of transaction cost as applied to the kinds of exchange relations found in politics and planning, thereby providing a theoretical backcloth to the logic of critical communicative planning. It is suggested that the notion of transaction or exchange helps to describe important characteristics of familiar planning modes. Transaction cost politics is defined and related to styles of planning via the idea of expert services and 'political' support being interchanged between planners and other important parties.

The political process does obviously matter, both in the production of public plans and other policy areas. It matters whether all those affected by the plan can be brought together, whether ownership rights to all valuable entities are assigned among the participants, and whether they can costlessly make fully specified and fully binding agreements. If these conditions are met, the outcome should be an efficient plan (Dixit, 1996).

Transaction cost politics compares the consequences of alternative political processes when the conditions above are not met. It is the application of transaction cost theory to the analysis of the production of social outcomes which depend on the functioning of the 'political market' (see Epstein and O'Halloran [1999] for an introduction). In transaction cost politics, the transaction entails an informal agreement or understanding under which a policy, program, or project is expected in return for votes, contributions, or other kinds of backing (North, 1990b). This exchange of political support for the enactment of binding plans or the implementation of services, facilities, or infrastructure requiring political decisions constitutes a political market.<sup>2</sup> Political markets operate according to institutions (sets of rules) that make up an important part of the incentive structure of society, for instance, property rights, contracts, and credible commitments making the economy work smoothly. Political property rights are the rights to exercise public authority in certain policy areas (Moe, 1990), and these



are as important for well-working political markets as the ordinary right to ownership is in economic markets.<sup>3</sup>

### **Political markets of public planning**

It is essential for the analysis of communicative planning to recognize that the exchange of arguments – in debate, dialogue, mediation, negotiation, etc. – entails transaction costs. Planning discussion may or may not end in agreement, but the cost of trying to reach it can in any case be substantial. The arguments are most often about features of the plan. The exchange of arguments is therefore really about the terms of transacting a certain plan design for enactment and implementation support. Many features and details of the plan are usually modified throughout the planning process in order to gain more backing for the plan. So there is an exchange of design elements for support. The exchange of arguments and the exchange of improved design qualities for increased support are the two most important political markets associated with communicative planning. Transaction costs in these markets are related to arguing, making viewpoints known, agreeing on a plan or its amendment, and monitoring and enforcing such agreements. Before turning to the sources of political transaction costs, political markets will now be exemplified by identifying crucial transactions in familiar modes of planning.

In the planning process, the political market exchanges the planner's professional design or amendment of a plan for other actors' provision of the information, resources, institutional framework, and political backing the planner needs most when arranging for a fair plan. Already a generation ago, Friedmann (1969) drew planners' attention to the transaction between local lay people and experts, exchanging local knowledge for processed knowledge: 'To be involved in action is to interact with others who contribute skills and knowledge that are different from those of planners' (p. 316). Citizens give support in the form of information and in return expect the professionals to put forward a plan catering to local needs. Public planning should be arranged so as to facilitate – that is, to lower the costs of – this transaction. The dialogical face-to-face process in which this exchange is the core, was denoted transactive planning (Friedmann, 1973). It was a non-Habermasian forerunner to the communicative planning of today.

The main transaction in advocacy planning is that the client group agrees to participate in the planning process, and hence to rely less on direct and disruptive action, in exchange for the planner's unreserved loyalty and promise to use his or her expertise to further the group's interests when interacting with bureaucrats and decision-makers. Some critics doubt that poor and deprived groups stand to gain by this transaction. Piven (1970: 35) holds that '(t)he absorbing and elaborate planning procedures ... are ineffective in compelling concessions, but may be very effective indeed in

dampening any impulse toward disruptive action which has always been the main political recourse of the very poor'. Hence, to give effective support, the advocate planner should be prepared to back partisan action unrelated to any aim of approaching dialogue and communicative rationality (Habermas, 1999). Group loyalty, not communicative rationality, is the guiding light (Sager, 2002).

To give an idea of what is meant by 'transaction' and 'political market' from the transaction cost politics perspective, the above characteristics of advocacy planning are displayed in Table 1 along with the central exchange relations of other familiar styles. Table 1 is meant to show that public planning in general, and not only critical communicative planning, can be analyzed as an exchange relationship. When there is an understanding or agreement ('contract') about an exchange, it can be analyzed in terms of transaction cost theory.

The rows of Table 1 indicate the focus of each style. The transaction indicated on each row is the one regarded as crucial by proponents of the respective planning style. For example, the transactions between planners and the local community are seen as important in communicative planning, but the other types of exchange displayed in the table will be present as well. That is, politicians, stakeholders, and possibly client groups would all be involved in the debates of communicative planning. With transactions of different kinds, a range of planner contributions will also be needed, as shown in Table 1. The role of the planner differs between the styles, and she must address different segments of the polity to elicit the input needed to play it well. This implies that the role of the planner comprises many tasks, of which public discussion, mediation and conflict management are given more attention in communicative planning than in the other styles.

Admittedly, the table is a bold simplification, as the planner is only one actor in a multi-party political market, in which a number of transactions of resources and commitments take place. Perhaps needless to say, the different styles reflect theoretical viewpoints adopted by planning analysts rather than mutually exclusive styles from which practitioners choose when they plan. It is convenient to present these 'ideal types' when studying what planners might think and do in different institutional settings.

### **The sources of political transaction costs**

Political markets are characterized by bounded instrumental rationality and high transaction costs. Majone (2001: 61) regards 'the lack of a technology of commitment' as 'the quintessential political transaction cost', hence underlining the incapacitation caused by opportunism. Twight (1994: 190) holds that 'political transaction costs . . . include information costs, organization costs, agency costs and other costs that exist in a political situation because of the fact that individuals strive to act collectively'. Information costs include the description and, if necessary, measuring of what is being

TABLE 1
 Main transactions in familiar styles of planning

Planning style	Transacting parties	Planner's contribution	Other party's contribution
Synoptic	Planner-politicians	Expertise in transforming available policy instruments into planning alternatives with high goal achievement, i.e., knowledge-based and efficient solutions	Mandates, goals, formal decisions, and the legal foundation of policy instruments, i.e., providing the legitimacy of the plan
Incremental	Planner-stakeholders	Disinterested arbitration and social experimentation, transforming competing input into tentative plans to be politically tested	Development proposals, information, satisfying standards, and partisan assessment of tentative plans
Advocacy	Planner-client group	Unreserved loyalty to the client group, translation of client's arguments and preferences to the parlance of bureaucrats and politicians	Commitment to the planning procedures, abstaining from disruptive action, lending a face to the social needs at the core of the planner's rhetoric
Critical communicative	Planner-community	Participation in public debate, conflict management, mediation with the primary aim of reaching fair solutions founded on arguments that are not power-based to an extent intimidating to other participants	Preferences, local knowledge, empirically substantiated arguments, as well as an institutional context in which the planner can safely reveal and critique power relations and power-based argumentation (liberal democracy)

exchanged. The costs of participation and acting collectively are affected by the discursive strategies used by the parties involved, as argued by Ostrom et al. (1994) and Rydin (2003). Pecuniary and other transaction costs may be incurred in planning processes, and these are more closely examined in the ensuing sections. Here, attention is directed to the three main sources of transaction costs identified by Dixit (1996): asymmetric information, opportunism, and asset specificity.<sup>4</sup>

*Asymmetric information* gives informational advantage to one of the parties in the transaction. The strategic actions of this party might be unobservable while those of its rivals might be observable. Assume that the planner regards protection of the natural environment as an integral part of the public interest. She might therefore cultivate close relationships with associations working for 'green' policies. Sustainable plans for protection of the large beasts of prey are hypothetically set in a bad light by very high reported losses of domestic animals. Only the farmers have first-hand information about the circumstances under which the animals die. They have a motive to exaggerate the numbers allegedly killed by bears and wolves both to increase compensation paid by the state and to strengthen the argument for shooting some of the wild beasts. The planner has no possibility of controlling the farmers' information regarding single cases. The suspicion that farmers take advantage of the information asymmetry to serve their own interests makes it difficult to reach agreement between farmers, environmentalists, and government on which policy to adopt. Demonstrations and illegal hunting are part of the transaction costs.

*Opportunism* is assumed in transaction cost theory (Williamson, 1999). This means that the parties are assumed to be only boundedly rational and betray principles for short-term gains. Manipulation and principal-agent problems (Laffont, 2003) should be expected when both opportunism and asymmetric information are present. The municipal planning agency (the principal) cannot know for sure whether the planner correctly interprets and conveys official policy in her dealings with conflicting parties. Perhaps she (the agent) is not to be trusted after all? In the case of planning for the large predators, the planner might have personal motives: She might hope to gain prestige by making politicians and local farmers assent to a solution favored by her allies in the environmental associations. Or she might be tempted to let her proposals for a zone for the beasts of prey be influenced by the location of farms owned by her relatives. Suspicion of such opportunism might drive the principal into a costly monitoring scheme.

*Asset specificity* means that investment in the asset will only pay off in the relationship with one specific transacting party. It characterizes an irreversible investment making the investor vulnerable to demands of the other party to change the terms of transactions under the threat of dissolving the whole relationship. Actors in political markets invest in relationships, for instance, by giving favors to a special interest group. Time and effort invested by the planner in the relationship with environmental groups

might not pay off in all processes. For example, being known as a 'green' planner could be counterproductive when the task is to come to an agreement with the farmers in drawing up a plan for how to deal with stock-killing bears and wolves.

Without problems of the above types, one might imagine a utopian state of zero transaction cost and thus complete understanding or agreement between the parties in the planning process.<sup>5</sup> However, agreements are not complete and fully specified in planning, and the incompleteness of understandings and the salience of power relations are two closely related issues. Informal agreements guiding the transactions in the planning process (as exemplified in Table 1) are quite diffuse and imprecise. The process of negotiating the conditions of the transactions never really ends, as parties to an agreement will be continuously adjusting their actions in response to changing circumstances. Under these conditions, power relations matter exceedingly. The party in the planning process that can determine how to use economic and political assets when a gap in understanding becomes distressing, will have considerable influence over the planning agenda and thus the recommended plan.<sup>6</sup>

Having defined transaction cost politics and Habermasian communicative planning, it is time to revisit the question posed in the introductory section: can the two be meaningfully combined? The doubt here springs from the fact that 'cost' is a relevant concept only when something has to be achieved with only scarce resources in a broad sense. This is the case in 'strategic action' but not in (strong) 'communicative action' oriented towards agreement based on empathy, that is, dialogue (Habermas, 1999). Communicative action is not motivated by instrumental success, but is instead interchange 'where actors coordinate their plans of action with one another by way of linguistic processes of reaching understanding . . .' (Habermas, 1999: 326). However, the transaction cost altering rationale (logical basis) shortly to be presented does not require transaction costs to be linked directly with dialogue, but rather with communication that is in some way distorted. 'Such communication pathologies can be conceived of as the result of a confusion between actions oriented toward reaching understanding and actions oriented toward success' (Habermas, 1999: 169). In practice, communicative rationality is entwined with the purposive rationality of actors in communicative planning processes, resulting in the complex behavior just mentioned.

Arguments are exchanged in all communicative planning processes. Efforts are made to convince others of the validity of the arguments, to build consensus, and to monitor agreements based on the exchange of arguments. When the discussion is not purely dialogical, but instead couched in terms of means and ends, the above efforts can be measured in cost terms and analyzed as transaction costs. This will be the case in practical planning processes. Self-interested strategies will then be observed, and this provides a logical basis for the transaction cost altering rationale put forward in the next section.

## *The transaction cost politics rationale for critical pragmatism*

The purpose of this section is to spell out the transaction cost alteration rationale for critical communicative planning. This logical basis fits with communicative planning where power relations between the involved parties are biased and subjected to critique. The fairness of the plan is seen as essential, and it is an important task of the planners to design the planning process as an easily accessible arena for open exchange of argument in the pursuit of such an outcome. Hence, the rationale relates most closely to critical pragmatism (Forester, 1993), putting more emphasis on planning's critical function in society than on consensus building.

### **The new rationale**

To start, a costless utopia can be imagined, like the one sketched by Majone (2001: 75):

(I)n a world of zero political transaction costs the institutions that make up a democratic polity would have neither substance nor purpose. Not only representative democracy but politics itself could be dispensed with, since people would debate and negotiate without cost until they found a solution benefiting all.

The existence of solutions benefiting all should not be taken for granted. In any case, however, as the gap widens between the Habermasian dialogical ideal and actual communication in the planning process, it becomes more costly to obtain trustworthy information, to build agreement among well-informed agents, and to induce rational participants to freely make the commitment required for implementation. These difficulties reflect the three sources of transaction costs explained in the previous section. While disinformants might gain in the short run, there is a positive connection between political transaction costs incurred by the other actors and the seriousness of the communicative distortions. Threats, manipulation, incomprehensible statements, insincere suggestions, misinformation and so on tend to increase political transaction costs in the long run by eroding trust and complicating consensus building. The procedural aspects of real-life communicative planning can therefore be assessed on the basis of political transaction cost theory.

Transaction costs are pervasive and often substantial in practical planning. Collective choices in democracies are usually made by majority rule rather than by unanimity for this reason.<sup>7</sup> With significant transaction costs, the possibility of managing and controlling them becomes an issue both in politics and planning. The goals of any one party are more likely to

be achieved when its opponents face augmented costs of informing, persuading, implementing, and litigating.<sup>8</sup> Thus, managing transaction costs is managing power relations. Part of the planner's role is that of the power-broker, as planning is 'a mediating process in which relations of power are continually renegotiated and reproduced' (Forester, 1985: 124).

However, it is unrealistic that planners can modify power relations between those involved in the planning process unless this process is to some extent separated and shielded from other social arenas where the stakeholders have their power bases. There must be laws, rules, and procedures for everybody involved in the planning process, no matter what power the individual exerts in other public settings. Only in these conditions can the planner hope for the protection and institutional backing to influence power relations in the planning process by altering political transaction costs. Planners should take an interest in the institutional design of the arenas in which they work in order to encourage the construction of public space where resistance can be voiced against unacceptably biased power relations and thus ensure the feasibility of planning styles with a social consciousness.<sup>9</sup>

The transaction cost alteration rationale for critical communicative planning states that the attainment of a dialogical process, which is more likely to result in an outcome accommodating the needs of all involved parties, requires the planner to augment the political transaction costs of those who rely on power rather than reason in arguing for self-serving plans, and to reduce the transaction costs of those arguing for fair plans without misrepresenting or using manipulatory stratagems. Intervention in the way power relations become manifest in the planning process is at the core of the critical pragmatist's working strategy. The point of reformulating the logic of critical communicative planning is to state this in a new and explicit manner. Transaction cost alteration lends cogency to critical communicative planning exactly because it interferes with power relations and can counter-act power-based communicative distortions in the planning process.

### **The broad applicability of the transaction cost alteration logic**

'Transaction cost alteration' is a broad strategy that is incorporated into a range of critical social theories and practices, although this term is not used. There are also alternative strategies, however, such as trying to eliminate the opponent, completely separating the contenders (by exclusion or withdrawal), or influencing the opponent's ideals or way of thinking. Furthermore, critical theories can be revolutionary, aiming to recast the social structures within which transaction costs are generated, rather than the transaction costs themselves.

Critical communicative planning is a reformist practice developed to handle the problems of a democratic society where the arguments of parties involved in planning can be freely criticized in public. Its approach is to



allow a meeting of minds of stakeholders, interests and values and move to mutual adjustment, rather than elimination and separation of ideas. The logic of transaction cost alteration is apposite even to other critical, social practices than critical pragmatism. Examples of its use are found in planning based on the thinking of Foucault (Flyvbjerg, 2002; Gunder and Mouat, 2002), in feminist and gender planning (Leavitt, 1986; Moser, 1989), subtle or covert planning for empowerment and social transformation (Beard, 2002; Scheyvens, 1998), anti-ethnocratic planning (Bollens, 1998; Yiftachel and Yacobi, 2002), and in some radical and oppositional planning (Clavel, 1983; Tuckett, 1990).

The transaction cost altering planning practices emphasize different means of changing the relative costs of contending parties. Critical communicative planners seek to uncover distorted understandings and oppressive practices by questioning, shaping attention, and improving dialogue in the planning process. Other critical planning practices might accentuate economic interventions, direct action such as protest rallies and other political demonstrations, mobilization of social movements, or focusing on the (urban) political economy rather than the single planning process.

A Norwegian case study exemplifying the alteration of various types of transaction costs is offered below. Such costs can be grouped in various ways, and the ensuing examples concern costs of information, consensus building, monitoring, and enforcement. The case deals with a process to curb urban sprawl, which is a problem in most countries. It would have been easy to choose an example where the critical pragmatist uncovers malpractice on the part of local authorities or powerful development corporations, following 'the tradition in which planners search endlessly for a more glamorous way of presenting themselves' (Reade, 1991: 186). However, this would indicate a too narrow and simplistic role for the critical communicative planner. She will probably just as often have to deal with groups of ordinary people whose claims and arguments are mixtures of legitimate protection of private interests and the less laudable pursuit of personal gains at the expense of other groups. Admittedly, it may sometimes be difficult for the planner to make this distinction.

### *Case study: Trondheim, Norway*

The main recreational area of the city is located on a peninsula, so land lost to urban sprawl cannot be compensated by adding land farther from the city. Land use within the woodland recreational area is regulated by a legally binding plan from 1985, which prohibits further development of the properties. However, many dispensations have been given over the years, and monitoring of the plan has been very lax. A number of recreational cabins have been expanded and turned into permanent dwellings.



Moreover, outhouses, garages, and balconies have been added, and a few new roads and many private access ways have been constructed. The extent of the public negligence is such that it is now very problematic to bring the unauthorized development areas into harmony with the plan. It is also regarded as unsatisfactory to re-regulate the area and allow those who have been building illegally reap the benefits. The city council has nevertheless passed an action program to clean up the mess and give each property a legal status.<sup>10</sup>

The account which follows is openly non-neutral, siding with the planners working to keep the recreational woodland as a public good. I am writing as an external observer. Perhaps needless to say, a critical communicative planner involved in the case should not enter the process with pre-decided ideas about the right outcome. This is essential, as a predetermined conclusion would make a sham of open dialogue and joint consultation. In the conflict-filled process of deciding what should be done with each developed property in the area of unauthorized sprawl, the parties try to alter the political transaction costs of their adversaries.

The planner is critical in that she does not only try to build a consensus between the home owners and the city authorities. While trying to stimulate communication between the parties, she also questions the reasonableness of the arguments. Moreover, the planner continuously directs the attention of the general public to the essence of the matter, the unauthorized transformation of a public good to private use.

*Information.* The residents of the sprawl area eagerly propagate the message that their permanent presence on the recreational land is helpful rather than harmful. 'We who are living out here do not destroy the area. On the contrary, we take care of the woodland. We are not a hindrance; we love this place and want to make it as attractive as possible rather than ruining it' (representatives of the local residents' association interviewed in the local newspaper, 1 July 2003). It is mentioned that the residents' association has arranged for cattle grazing on some open land to keep the scrub in check. In another interview, residents assert that they have done a favor to the district by moving there permanently: 'We have stopped the deterioration of this area. The attractiveness of the place is much improved since the cabins were renovated' (local newspaper, 11 May 2000). Thus, residents see themselves as stewards of the land, not as intruders.

The critical pragmatist should acknowledge the precarious position of the owners of the illicit houses. Some of them might have acted in good faith, and they are all anxious to know whether they will be allowed to go on living in their current homes. The fairness of measures taken to reclaim the area for recreational use is important. However, the planner should question the residents' claim to be stewards of the woodland recreation area rather than intruders and not necessarily accept it. The woodland does not require their stewarding activities to serve as a public recreation area, while their activities as intruders (permanent residents) are devastating to

it. Both planners and owners transact their partial problem descriptions with the general public, hoping for political backing in return. The planner should make it more costly for the residents to gain sympathy by invoking the image of 'nature wardens', and she can do this by redirecting attention to the main issue, viz. that the residents are changing the character of a common good in an unwanted direction and privatizing chunks of it by hindering public access. The above arguments put forward by the house owners circumvent the ethical problem of excluding people from use of a public good by developing properties against democratically sanctioned regulations. By making this clear to the public, the planner raises the owners' political transaction costs.

*Consensus building.* It is in the interest of the inhabitants of the controversial sprawling area to nourish disagreement in the city council, as the long-lasting political consensus on protecting the recreational land surrounding the city works against them. Hence, they try to win the right-wing political parties to their cause by transforming the issue from protection of a common good to protection of property rights. The populist-libertarian Progress Party has largely accepted this twist and supports the home owners in the contested area. The residents see their case as the ordinary person's heroic fight against a faceless and insensitive bureaucratic system. Supporting such fights is in perfect harmony with the party's ideology, and it can gain votes if people accept this description of the conflict. However, the residents also need the backing of the Conservative Party, the closest neighbor to the Progress Party on the political spectrum. To the disappointment of the residents, the Conservative Party has taken a firm stand against re-regulating the area and letting off the hook all those who have taken the law into their own hands. As the Conservatives are traditionally in favor of strong private property rights and want to preserve their clear image on this ideological issue, they are vulnerable to examples indicating the opposite. Accordingly, this is where residents of the contested area launch their attack, as shown by the heading 'The Conservatives in Trondheim – Communist Party in Sheep's Clothing' (local newspaper, 6 October 2001). The unauthorized house owners and the Conservative Party transact ideological arguments affecting political support. Their arguments weakened, the Conservatives have to apply other means to build a broad city council majority on the protection of the contested recreational land, and hence their consensus-building costs are increased.

It is usually not the task of the planners to defend political parties. It is, however, their legitimate business to contribute to the public debate and contend that the transformation of the recreational issue into the question of communism or liberalism is a derailment in the sense that the original planning problem disappears from sight. There is nothing to indicate that liberal societies have less need for recreational land with public access than socialist ones. Nor do liberal countries have less need for protection against individuals breaking the law for personal gain. Most people would not be

well served by transformation of this planning issue into a traditional left–right quarrel with the unauthorized residents in the role of the ‘man in the street’ fighting for freedom from bureaucratic oppression. The planner acts in the public interest by arguing to the effect that a majority is maintained in the city council over the location of the ‘red line’ marking the boundaries of the city’s recreational woodlands on the map. Here, the planner increases the transaction costs of the property owners by questioning their transformation of the planning problem into a choice between broad political ideologies. To accomplish this, the owners attempt to recast their own role from that of active agents stretching the law for personal gain, to that of innocent victims of ‘the system’.

*Monitoring.* The Planning and Building Department is the municipal agency responsible for the control of illegal construction and change of land use. Even in ordinary circumstances the monitoring section of the department has a heavy work load, and until recently it was closed to the public two working days per week to speed up the handling of applications. The agency director applied for two new positions over a period of three years to get an overview of the illegalities in the contested woodland area. However, extra positions need to be politically approved, and years passed before they were accepted. It is a problem that the finances of the monitoring section depend on the number of applications considered. While application fees are an important source of income for the section, dealing with illegalities and the preparation of lawsuits generates little or no revenue. Hence, new positions mean shaving other parts of the municipal budget, and for several years politicians fearing the consequences were able to form majority coalitions against improved monitoring. On one occasion, the Conservative mayor sighed that ‘this really threatens the credibility of the municipal government as well as the local democratic system’ (local newspaper, 15 December 2000). Indirectly and reluctantly, the majority of the local politicians sided with the residents of the controversial area for some years, in that they severely augmented the administration’s costs of monitoring unauthorized land use. Ironically, this has caused a tremendous increase in the political costs of enforcement in the long term.

Even if the monitoring is insufficient, new cases of illicit permanent houses, roads, etc., are brought to the attention of the Planning and Building Department time and again. Critical communicative planners should make the general public aware of such cases. They should present the single cases as parts of a broader picture and explain to the public what the accumulated private encroachments mean to the public’s use of the woods for recreational purposes. The point is to put pressure on the bureaucracy and the politicians to follow up earlier decisions. The planner tries to reduce the political transaction costs of those objecting to the unauthorized land use by raising support for the monitoring agency uncovering the wrongdoings. In their transactions with the general public, the planners exchange

information on illegal land use changes for anticipated political pressure for extra staffing.

*Enforcement.* The lax monitoring and enforcement practice on the part of the municipal bureaucracy and local politicians aggravates the problem in several ways. Not only does a recent Supreme Court decision concerning a similar area confirm that the municipality cannot just close its eyes to violations of the law over a long period of time without eroding the basis of legal sanctions. There is also the change in property owners' expectations to consider. When neighbors have developed their plots and upgraded their cabins over a number of years without the authorities trying to stop them, it becomes easier for other owners to argue that they acted in good faith. As one resident said in an interview:

Over the years we could see that the district grew more like a residential area than a recreational area with weekend cabins. A great optimism gradually filled us, in that we believed it would be possible to obtain housing status even for those of us living on properties with only cabin permits. We observed that neighbors got housing status, and we thought that would also apply to us. (Local newspaper, 11 May 2000)

The spreading of such optimism makes enforcement costly, as it has to take place on a greater scale and deal with more disappointed and unruly owners. The number of perpetrators increases, and the municipality cannot prosecute only a few of them.

The planner should inform the property owners of what they are allowed to and what they are not legally authorized to do with their plots, and make sure it is properly documented that such information has been given and received. It might be helpful to arrange public meetings in the controversial area to receive the residents' points of view. The meetings would provide a good occasion for explaining why upgrading to permanent dwellings is illegal and for alerting the property owners to the consequences that this transformation of the cabins might have for them later on. In the case at hand, the critical communicative planner should do all this without acting as an advocate for the municipal administration, as the long-standing passivity and evasiveness of the local administrators and politicians in these matters surely calls for criticism.<sup>11</sup> In their transactions with the owners, the planners exchange advice and formal notification to gain an improved basis for taking legal action. In so doing, the critical planner reduces the enforcement costs of those trying to keep private opportunistic action in check.

If development cases in the area are actually taken to the courts in the future and families are evicted from their unauthorized houses, additional communicative measures will be called for. Social support groups for evicted families have already been established in similar areas. Furthermore, public service committees should be organized to assist those receiving permission to stay on within the borders of the recreational woodland.

With fewer and more locationally scattered families it might be difficult to maintain services such as kindergartens and snow clearing, for example.

The case study above is meant to demonstrate that the logic of transaction cost alteration is reasonable for critical pragmatism, and the next section examines whether it is also useful for strongly consensus-oriented collaborative planning.

### *Is the new logic applicable to consensus-oriented collaborative planning?*

Power is actualized only where word and deed have not parted company, where words are not empty and deeds not brutal, where words are not used to veil intentions but to disclose realities, and deeds are not used to violate and destroy but to establish relations and create new realities. (Arendt, 1958: 200)

The term communicative planning spans quite different planning practices, and transaction cost alteration is not equally well suited to describe the rationale of them all. The primary purpose of this section is to argue that transaction cost alteration fits better as a logical basis for critical communicative planning than for strongly consensus-oriented collaborative planning. Booher and Innes's (2002) notion of 'network power' is used to build the argument.

Booher and Innes (2002) aim to develop a theory of network power. This form of power emerges from consensus-building, collaborative planning and other self-organizing processes that link agents in interactive, communicative, and decentralized networks. Network power offers an alternative to the conventional idea that power is the ability of one actor to make another actor do something she would otherwise not do. The essence of network power is that it is a jointly held capacity embedded in the interaction and dependent on its qualities.

Booher and Innes do not explicitly acknowledge that a concept of power with this essential feature has been around at least since Hannah Arendt's examination of *The Human Condition* (1958). Arendt's concept of power was linked to the critical theory of communicative action by Habermas (1977). Her communicative interpretation of power was alluded to in some of John Forester's contributions throughout the 1980s, and its main features were outlined within the framework of communicative planning by Sager (1994).<sup>12</sup>

For the sake of argument in this section, it is worthwhile demonstrating the common ideas of network power and Arendt's communications concept of power. Once the network is able to act politically, power is present, just as – according to Arendt – power is 'inherent in the very existence of political communities' (p. 52). As she sees it, 'power springs up whenever people

get together and act in concert' (p. 52), while, in the parlance of Booher and Innes (2002), network power is present when the linked agents share the ability to 'alter their environment in ways advantageous to these agents individually and collectively' (p. 225). Arendt regards power as 'the very condition enabling a group of people to think and act in terms of the means-end category' (p. 51). Hence, to her, power is not the means to an end, just as Booher and Innes's network power 'is not a weapon that an individual can hold and use at will' (p. 225). Power, as defined by Arendt, 'is never the property of an individual; it belongs to a group and remains in existence only so long as the group keeps together' (p. 44). Analogically, Booher and Innes see network power as a shared ability of linked agents, 'a jointly held resource enabling networked agencies or individuals to accomplish things they could not otherwise' (p. 225). Finally, Arendt's is a concept of power whose essence does not rely on the command-obedience relationship (p. 40). The same is true of Booher and Innes's network power, as there is no central or top-down control over individual behavior in their ideal 'neural network' model.

Scrutinizing the concept of network power brings out more clearly the different foci of critical pragmatism and consensus-oriented collaborative planning.<sup>13</sup> The difference emanates from contrasting responses to the tension created by Booher and Innes's central assumptions of self-interested participants and authentic dialogue, as explained in the following paragraphs.

It is a distinctive feature of critical pragmatism to counteract systematic and politically motivated communicative distortions and to assess plans against the dialogical qualities of the process leading up to them. This is not the only evaluation criterion, but it nevertheless links critical pragmatism to the critical theory of communicative action (Habermas, 1999). The emphasis on distortions follows from acknowledging that it is often not in the self-interest of all participants in the planning process to speak with sincerity, accuracy, comprehensibility and legitimacy. Habermasian dialogue implicates a kind of reasoning different from the strategic considerations of means-ends logic.

Even solutions to which none of the participants openly objects might sometimes have to be questioned. 'What comes about *manifestly* through gratification or threat, suggestion or deception, cannot count intersubjectively as an agreement' (Habermas, 1999: 222). Opportunistic interventions of this sort violate the conditions under which the bonding and binding forces of face-to-face dialogue arouse convictions and bring about the empowering connections of the network. Only in dialogue can:

the structural constraints of an intersubjectively shared language impel the actors . . . to step out of the egocentricity of a purposive rational orientation toward their own respective success and to surrender themselves to the public criteria of communicative rationality. (p. 233)

Hence, critical pragmatists' response to the tension between self-interest and dialogue is to check for opportunistic behavior. They aim to rectify consensus-building processes in which some stakeholders try to back their self-interest by an unacceptable exertion of power; that is, by showing disrespect or violating the rights or integrity of others. Moreover, they question agreements suspected of resting on manipulation. The collaborative network, in contrast, has no central authority with the role of questioning and shaping attention: 'It is not up to planners to challenge or to acquiesce' (Booher and Innes, 2002: 232). When there is a need to redistribute power, this problem should be addressed in advance, as the consensus-building process is not, in any case, the place for it (Innes, 2004). The rules set for collaboration might well serve to bracket power inequalities during discussion, but changing the power relations between participants at the table is not the lodestar giving direction to the collaborative process.

The collaborative style relies on a third characteristic of networks, the interdependence of diverse agents, to relieve the tension between self-interest and dialogue. Booher and Innes (2002) see diversity and interdependence as two independent variables which have to coexist. It seems reasonable, nevertheless, that diversity tends to make the agents interdependent, as each of them has only some of the resources, experience, and information needed for goal achievement. The agents come to realize that they need a solution supported by all parties in order to attain something they cannot achieve alone. It seems to be assumed that this mutual advantage, from a generally supported plan, will effectively discourage opportunistic behavior.<sup>14</sup> Few of the benefits of diversity and interdependence can occur without approaching dialogue among the agents, so the assertion that 'self-interest and rational choice drive network power' (p. 227) seems strangely biased. According to Habermasian reasoning, development of high levels of network power would require that the instrumental and goal-oriented thinking of self-interested and rationally choosing agents be suspended, and that this be accomplished in dialogue. However, Booher and Innes try to solve the dilemma by holding that agents are and should always be motivated by self-interest. Agents simply reframe it through dialogue and decide to work cooperatively because they stand to gain from it.

However, an extra incentive is needed to persuade self-interested agents to give priority to mutual understanding and partake in authentic dialogue, and so expectations of innovative solutions which serve everybody are held out to them. This is where creativity and processes of collective, intellectual bricolage and role-playing are given a crucial part in collaborative planning (Innes and Booher, 1999). 'Probably the most important aspect of network power is the ability of networked agents to improve the choices available to all of them as a result of collectively developed innovative ideas' (Booher and Innes, 2002: 226). Anticipation of such ideas serves to weaken the motive of stakeholders to opportunistically exploit their power bases to sway group agreement towards their own preferred outcome. Furthermore,



the shared identity which is considered a central outgrowth of dialogue and network power, helps agents commit to new proposals serving the 'common good'. Hence, collaborative planners seek to ameliorate the tension between self-interest and authentic dialogue not so much by revealing and counteracting communicative misrepresentations, as by sensitizing stakeholders to their interdependence, demonstrating their need for cooperative accomplishment, and nurturing their hope for win-win solutions.

On the basis of the above characteristics of collaborative planning, I contend that alteration of the relative political transaction costs of the participants would not contribute significantly to solving problems in this planning style. One reason is that the even higher transaction costs of promoting their interests through alternative processes (such as litigation or political lobbying) provide a motive for cooperation and drive them to the collaborative effort in the first place. Moreover, transaction cost alteration is not an efficient measure for stimulating the mechanisms making consensus-oriented collaborative planning work despite internal stress and strain. The mutual understanding inspiring creativity, innovative thinking, and development of shared identity develops in processes avoiding one-sided orientation towards means and ends, and the success of each participant. The category of 'cost' is therefore not that relevant. Neither is transaction cost alteration effective in building trust or making participants feel comfortable and safe in expressing views and feelings, as is desirable in consensus-building.

To sum up, the critical pragmatists rely upon critique of distorted communication to leverage better agreements on plans, while collaborationists focus on procedures that foster consensus-building. Alteration of transaction costs has application in the former because the critical pragmatists do not presume that adversarial relations have been tamed by pressing interdependencies of such importance that pursuit of self-interest becomes pursuit of mutual interest.

Although increased capacity to act in concert is seen as valuable in all communicative planning, this ambition features most prominently in consensus-oriented collaborative planning. In the development of network power, the mode of thinking oriented towards mutual understanding is therefore of great importance. Consensus-building is usually not promoted by critique of power relations or attempts to manage them by influencing the political costs of informing, negotiating, monitoring, and enforcing agreements. Hence, transaction cost alteration is not well suited as a rationale for consensus-oriented communicative planning.

## *Conclusions*

The purpose of the article is not to improve the planning practice of critical pragmatists, but to articulate the logic of critical communicative planning in



a new way intended to enhance understanding of the strategy for dealing with power relations in this planning mode.

Some stakeholders exploit their strong position in power relations to distort the communicative planning process and promote outcomes catering only to their own needs. If the planner can use her guidance of the planning process to raise their cost of acting in this manner, she might improve the capacity of other involved parties to implement a plan taking everybody's interests into account. Thus, process intervention – achieved through expert authority or the mandate of the planning bureaucracy – calls for transaction cost altering strategies whose effect is to raise the political transaction costs to adversaries of acting to attain planning outcomes unduly serving special interests (Twight, 1994). Changing the relative transaction costs of participants in the planning process implies altering the power relations between them. The logic of critical communicative planning – critical pragmatism – is to alter political transaction costs by going against manipulative tactics and other deliberate perversion of communication whenever it promotes the fairness of the plan.

There are always fine balances to be struck in the design of a planning process, however. Even when intervening in order to manage transaction costs, the planner should be attentive and sensitive to the discursive nature of the process. Furthermore, in the interest of a socially just plan, the critical pragmatist might choose not to make a fuss over an underprivileged group keeping secrets or applying other non-dialogical tactics to improve its position vis-à-vis a dominant adversary. This might be contrary to the 'paradigm' of Habermasian communicative planning (Innes, 1995), but it is in line with the pragmatic ethos of critical pragmatism. In practice, the critical pragmatist will therefore neither be a purely dialogical planner-saint nor Alexander's (2001c) power-wielding planner-Prince.

A change of emphasis in communicative planning, downgrading its critical function and upgrading the collaborative search for consensus, would make alteration of political transaction costs less urgent, thus giving planners a weaker motive for affecting power relations. The planner might then experience untenable ethical dilemmas less often. However, provided that critical pragmatism is reasonably successful in altering transaction costs to the benefit of disadvantaged groups and persons, such a change of emphasis might shift power from 'the unorganized and vulnerable, and from the publicly minded more generally, to the economically organized and influential' (Forester, 1985: 130).<sup>15</sup>

When planners are in a position to modify political transaction costs, they might to some extent be able to influence the processes leading to formal and informal agreements and rules – and thus institutional design. Among the issues of interest to planners are delegation (Epstein and O'Halloran, 1999), public goods (Webster and Lai, 2003), budgeting procedures (Patashnik, 1996), and deregulation (Choi, 1999). In general, transaction costs have a bearing on the way problem areas are managed politically, and hence on the locus of the borderline between plan and market.

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## Notes

1. 'The public interest' is a contested concept in planning theory (Alexander, 2002; Campbell and Marshall, 2002; Moroni, 2004). Nevertheless, the APA Ethical Principles in Planning hold that the planning process must continuously pursue and faithfully serve the public interest. The meaning of the concept here is as specified on webpage [<http://www.planning.org/ethics/ethics.html>] of the American Planning Association. There is no guarantee, neither in communicative planning nor in any other style of planning, that the planner will act in the interest of the public rather than in self-interest or partisan interest. However, an open and dialogical process makes it easier to reveal self-serving practice and special interest policies. Carefully designed incentive schemes can decimate planners' motives for disregarding the public interest (Sager, 2002). Furthermore, unfounded support of powerful special interests would be a blatant break with the core principles of critical communicative planning and thus generate heavy peer pressure.
2. An efficient political market would be one in which constituents could accurately evaluate the policies pursued by competing candidates in terms of the net effect upon their well-being; only legislation (or regulation) that maximized the aggregate income of the affected parties to the exchange would be enacted; and compensation to those adversely affected would insure that no party was injured by the action. (North, 1990b: 360)
3. The right to exercise authority is of course part of what makes the public planner an attractive or even a mandatory contracting party in some processes. For instance, the client group in a potential advocacy relationship faces a choice similar to the make-or-buy problem analyzed in transaction cost economics (Walker and Weber, 1984). The group can choose 'to go it alone' or demand the services of the advocate planner, that is, to produce a resistance strategy itself or pay somebody from outside to do it for them.
4. By and large, Dixit (1996) follows Oliver Williamson's outline of transaction costs. This means that opportunistic behavior figures more prominently in the text, and imperfect contracts less prominently, than if the outline were based on Steven Cheung's ideas. However, as stressed by Lai (2005), the focus on opportunism can lead to double counting of transaction costs (Cheung, 2002). This does not matter much in the present article, as I am not seeking to build a refutable hypothesis to be tested empirically. I follow Dixit (and Williamson), as the idea of opportunistic behavior is probably more easy to grasp in relation to planning than a heavy emphasis on imperfect contracts.
5. In transaction cost economics, the contract or the single transaction between

two parties is the basic unit of analysis (Dixit, 1996). Most often, however, understanding or agreement better catch the informality of the 'contracts' between the parties in a planning process. Epstein and O'Halloran (1999: 37) note that:

In a world where contracts are complete, every provision that is or will be relevant to a transaction can be written down and bargained over by the contracting parties. Once the initial contract is signed, all that remains is a mechanical unfolding of its provisions over time . . . In this world, the *ex post* division of power among parties has no meaning, since every action they take has been specified in the contract.

The diffuseness and informality of agreement in many planning processes correspond to the notion of incomplete contracts in transaction cost economics.

6. The question of who has 'residual rights of control' when an unanticipated eventuality occurs is thus important in transaction cost analysis of planning (Epstein and O'Halloran, 1999). As seen from Table 1, the question concerns the relative power of the planner and the other parties making the terms of the planning process. In critical communicative planning this power relation determines whether the planner can go on questioning and shaping attention, that is, pursue the critical pragmatist strategy for achieving a fair plan, even if important actors in the community feel threatened by it and want to withdraw from the main transaction. Critical pragmatism assumes agreements that are vague and not fully specified (incomplete contracts), as the consequences of biased power relations and their disclosure and counteraction are central in this planning style.
7. Both types of decision processes face logical problems analyzed in social choice theory (Sager, 2002).
8. The strategy of raising rivals' costs has been analyzed in economics (Salop and Scheffman, 1983, 1987). Twight (1988, 1993) applies transaction cost augmentation to the analysis of government growth and ideological change. Choi (1999) shows how transaction costs may be manipulated in the contracting process of competitive tendering.
9. Surely, planning departments are designed to coordinate the provision of infrastructure rather than to authorize critical and communicative planners. However, there is not necessarily a contradiction between the two aims. The ability to practice sound professional judgment and to coordinate actors and agencies backed by different political interests might depend, for instance, on institutional protection from political micro-management.
10. This case concerns the Lian district in the recreational woodland Bymarka in the vicinity of the city of Trondheim, Norway. A large part of the urban population is actively using Bymarka for hiking, skiing and other recreational activities, so the woodland is truly a common good where access is meant to be unhindered. Urban sprawl nevertheless occurs in several places, and transformation of cabins to houses is supposed to number about 100 cases in the Lian district alone. It should be emphasized that in Norway the great

majority of people choosing to live at the edge of the city is not poor. Most houses in the contested area are of a similar standard to houses found in other parts of town. All citations in the case study are from the local newspaper *Adresseavisen*.

11. In this process of stemming urban sprawl, it would be appropriate for the critical planner to pose tough questions about the long-lasting negligence of local politicians and bureaucrats. Criticism of the municipal authorities' handling of the conflict between the protection of the common recreational good and the development of private properties would most likely lower the political transaction costs (of informing and building support) carried by the property owners relative to the authorities. My somewhat one-sided exposition is due to the pedagogical need for clear and unambiguous examples. In practice, the critical communicative planner often has to strike out in several directions.
12. Arendt offered an elaboration of her communications concept of power in *On Violence* (1970). Habermas's 1977 article sparked off some clarifications of the differences between his and Arendt's notions of power (Canovan, 1983; Luban, 1979). Habermas (1983) revised the 1977 article under the heading of 'Hannah Arendt: On the Concept of Power'. Reference to Arendt's concept of power is found in Forester (1981, 1989). Quite recently, the communicative concept of power has received renewed attention in discussions of the forms of social control in democracies (Gordon, 2001), and in comparisons of Arendt's and Foucault's thinking on agency and power (Allen, 2002; Gordon, 2002).
13. Planners working in less dialogical processes may in some conditions still be able to reap some advantages similar to those offered by network power. Consider the concept of 'planning doctrine' (Alexander and Faludi, 1996). A planning doctrine for a territory is a master policy for the planning subject's and other stakeholders' discourse about plans for spatial development. As planning doctrine is in the nature of a shared understanding in the relevant discourse community, there are similarities to an informal agreement creating 'a shared ability of linked agents to alter their environment' (Booher and Innes, 2002: 225). Moreover, a planning doctrine is not an instrument that one person can create to achieve her goals; it is the result of discourse centering on a suggestive metaphor. The doctrine is a manifestation of the communicatively produced power of common convictions.
14. Alexander (2001c) offers a broader discussion of interdependence. Moreover, even if all agents in the network support a plan, this does not imply that they have identical interests. As an analogue, it is a common interest of management and labor that a business firm makes a profit, yet there might still be conflict over the division of the earnings between the two groups. Being self-interested, why would agents not try to manipulate others in the network if they can get away with it? Self-interest and rational choice do not typically lead to authentic dialogue (Sager, 2002).
15. The quote is from Forester's description of the consequences of a general cutback in public planning. He is not dealing with a shift from critical pragmatism to more consensus-oriented planning. However, his description captures well the effects of a de-emphasis on critical communicative planning:

This reflects a shift in power that affects what citizens know, what their rights and entitlements are, what social roles they may play as members of the society in which they live, indeed even what issues they may recognize as pressing and worthy of attention in the first place. (Forester, 1985: 131)

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**Tore Sager** is Professor in the Department of Civil and Transport Engineering at the Norwegian University of Science and Technology, Trondheim. His research is mostly directed to the interfaces between institutional economics, decision processes in transport, and communicative planning theory. His latest book is *Democratic Planning and Social Choice Dilemmas*.

*Address:* Department of Civil and Transport Engineering, Norwegian University of Science and Technology (NTNU), 7491 Trondheim, Norway. [email: [tore.sager@ntnu.no](mailto:tore.sager@ntnu.no)]