Chapter 7  Applying Multilevel Governance

1.  Introduction

Multilevel governance is perhaps one of the most widely used concepts in political science and public policy. When one performs a Google Scholar search with the words ‘multilevel governance’ one will be overwhelmed by the number of ‘hits’ which total up to no less than 14,399.¹ Starting with four results in 1993, steadily climbing to 111 for 2000 and then exponentially increasing to 1,320 in 2010 and to 2,100 in 2014. Zürn, Wälti, and Enderlein (2010: 1) found that multilevel governance has been a central topic in fifteen to twenty academic journal articles published per year for the period 2000 to 2009. Briefly browsing over the ‘hits’ reveals that MLG has been applied to a wide variety of multilevel governance systems ranging from global institutions, regional organizations, such as the EU, national governments, and subnational governments. Probably, there are as many definitions as scholars who apply multilevel governance, but what appears to be one common denominator is that multilevel governance is used to describe processes of reallocation of authority away from central states (Hooghe and Marks, 2003; Bache and Flinders 2004; Enderlein et al., 2010).

The burst in publications on multilevel governance lead to a somewhat paradoxical situation. When so many scholars are employing the concept of multilevel governance, surely it must be a very fruitful concept to analyse multilevel governance systems. However, as Piattoni (2009: 163) notes, when a concept is widely applied to a vast number of disparate phenomena one may run into the danger of ‘over-stretching’ (Sartori, 1970). That is to say, ‘distortions’ may occur when the concept does not fit to a new set of cases (Collier and Mahon, 1993). Which kind of ‘authority’ is transferred? What is the ‘direction’ of the transfer of authority and to ‘whom’? What is a ‘level’ and which upward and downward ‘levels’ are included in the study? Given the wide application of MLG one may raise the questions what it helps to study and what it actually helps to explain? (Piattoni, 2009; Smith, 2002).

This aim of this chapter is to identify the main strengths and weaknesses of applying multilevel governance. The objective is not to provide a comprehensive literature review (for recent excellent overviews see, for example, Eising (2015) Piattoni (2009, 2010) and Stephenson (2013)). Rather the goal is to explore the analytical leverage of the concept of multilevel governance (MLG).

The next section discusses the origin and subsequent development of multilevel governance and the section after that will illustrate how MLG has been applied to study policy-making within the European Union. Then I will proceed to explore in how far MLG provides insights into the development of a multilevel Europe. The penultimate section will explore the link between MLG and methodological nationalism and the final section summarizes and concludes.

¹ The Google scholar search was done on 6 February 2015 with the words “multilevel governance” in the search field and citations are not included. The number of ‘hits’ are underestimated since the hyphenated variant (‘multi-level governance’) was not used for the search.
2. The development of the concept of multilevel governance

The introduction of the concept of multilevel governance can be traced back to two seminal book chapters by Gary Marks published in the early 1990s. Marks was interested in the reforms of the European Community’s structural funds policy which came along with the Maastricht Treaty. There was a considerable growth in the budget available for structural policy and there had been fundamental innovations in the administration of the structural funds. To explain the growth for funding for structural policy Marks (1992) adopted a state-centric perspective whereby member states were conceived as the ultimate arbiters of the pace and direction of European integration. However, in order to get a better understanding of the reforms of the structural funds, Marks relied on a “more open-textured, multilevel perspective in which EC institutions are seen as independent political actors, and member states appear as complex political institutions in contested national and regional political arenas” (Marks, 1992: 192). By focusing on a policy that went beyond the areas that are “transparently dominated by member states [such as] financial decisions, major pieces of legislation, and the treaties” Marks found that the Commission had played a vital role and that subnational governments had become increasingly important for policy making (Marks, 1993: 392).

The observed difference in decision-making processes between policy areas was important because it directly confronted the dominant thoughts in the literature on institutional reform within the European Union. The debate in the literature was dominated by two strands of thought. On the one hand, there were (neo)functionalists who conceived that the process of institutional change was driven by supranational institutions which could further integration by shaping institutional competencies, resources, and decision making rules (Haas, 1958). Supranational institutions were able to enhance integration as soon as member states provided them with some authority. On the other hand, there were intergovernmentalists who argued that decision making - including Treaties and the institutional set-up of supranational institutions- was dominated by the member states and their executives (Moravscik, 1998). Marks (1993) claimed that both views did not adequately capture daily policy-making within the EU and that existing theory did not acknowledge the important role that subnational levels play.

MLG posed in particular a challenge to liberal intergovernmentalism. The central government is conceived by liberal intergovernmentalists as representing a sovereign state which has high boundary and relational integrity and controls decision-making internally vis-à-vis subnational actors and societal groups and externally vis-à-vis other sovereign states and international organizations (Bartolini, 2005). The authority exercised by European institutions is pooled or delegated by the member states to make commitments more credible (Keohane and Hoffmann 1991: 277). Intergovernmentalists link national preference formation to strategic bargaining between states in a two-level game. National interests are framed in domestic political conflict and, once formulated, are bargained in intergovernmental fora (Moravscik, 1998). In this view, European policy-making is largely determined by central governments or their representatives and non-state interests can influence European policy only through the central government which acts as a ‘gate-keeper’. MLG posed a different and opposing picture. In the case of EU structural funding Gary Marks observed that subnational governments “have developed vertical linkages with the Commission that bypass member states and challenge their traditional role as sole
intermediary between subnational and supranational levels of government” (Marks, 1993: 402; emphasis added).

Looking at the conceptual origins of MLG one can concur with Piattoni’s (2009: 165) observation that the original argument by Marks (1992, 1993) “was stronger in its ‘destructive part’ (pars destruens) than its ‘constructive part’ (pars construens).” MLG was introduced to provide for a better account of a particular decision-making process and thereby empirically challenged existing views about European policy making but the theoretical merits beyond that were not yet clear. Some scholars went even further and criticized MLG because it “lacks a causal motor of integration or a set of hypotheses” (Jordan, 2001: 201). MLG is indeed not a ‘standard theory’ but that does not mean that expectations can be derived as will be discussed in the next section.

3. Multilevel governance in the European Union

MLG may not have predictive power with regard to the question how governance arrangements within the European Union had come to be but it can illuminate how policies are produced within the EU (Stephenson 2013: 818). MLG generates hypotheses to the question of whether the EU represents a system of multilevel governance rather than one dominated by national governments (George, 2004: 116-117). Gary Marks, Liesbet Hooghe, and Kermit Blank (1996) offer two alternative models of the European Union. A state-centric model posits that state executives are the ultimate decision-makers for European policy-making and when supranational institutions are set up, they serve on the pleasure of state executives. Because state executive decision-making is done on the basis of unanimity, decisions are likely to reflect the lowest common denominator across state positions. In the state-centric model, state executives are also unitary actors and their negotiation positions can only be influenced in a discrete domestic political arena. Non-governmental and sub-national groups can constrain state executives within the domestic political arena where state executives developed their preferences but the final position and bargaining at the European level is within the full remit of member state governments (Marks et al., 1996: 345).

In a multilevel governance perspective, decision-making is shared by actors at different levels rather than under the full control of state executives. Supranational institutions such as the European Commission, the European Court of Justice, and the European Parliament do not act on behalf of state executives and independently influence policy making. States do incur gains and losses arising from decision-making at the European level and lowest common denominator policy outcomes mainly concern decisions with regard to the scope of integration. Member states do not function as ‘gate-keepers’ of interests of subnational groups and domestic actors operate in both national and supranational arenas (Marks et al., 1996: 346).

The two contrasting models present testable propositions with regard to the question who decides in European policy-making. On the basis of secondary sources, Marks et al. (1996) explored the validity of the two models across four phases of the policy-making process (table 1). The findings do not unequivocally provide support for either one of the models but they do pose a significant challenge to the state-centric model. The authors conclude that multilevel governance does not reject that state governments are important but rather that European policy making “is
characterized by mutual dependence, complementary functions and overlapping competencies”
(Marks et al., 1996: 372).

Table 1. Multilevel governance in the European Union according to policy stage

<table>
<thead>
<tr>
<th>Policy stage</th>
<th>Multilevel governance</th>
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<tr>
<td>Policy initiation</td>
<td>Agenda-setting is shared between the Commission, Council and European Parliament. Interests groups and subnational actors strive to influence the process.</td>
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<tr>
<td>Decision-making</td>
<td>The Council is the senior actor in the decision-making stage but the European Parliament and the European Commission are indispensable partners through the co-decision and conciliation procedures.</td>
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<tr>
<td>Implementation</td>
<td>The European Commission is directly involved in day-to-day implementation in a number of policy areas. Subnational authorities and interests groups participate in implementation through comitology.</td>
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<tr>
<td>Adjudication</td>
<td>With the help of the European Commission and national courts, the European Court of Justice has transformed the legal order in a supranational direction.</td>
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Source: Marks, Hooghe and Blank, 1996: 356-371

The academic debate about whether a state-centric or multilevel governance model provides a better description of the European policy making is ongoing but the example indicates that MLG can generate testable hypotheses to guide empirical research. The study of Marks, Hooghe and Blank (1996) illustrates that MLG is not a theory in the traditional sense. That is to say, from MLG we cannot derive precise hypotheses when and how decision-making powers will be dispersed from central government. However, when MLG is applied to a multilevel political system one can explore in how far authority is monopolized by central governments or whether powers are shared among subnational and supranational institutions and non-state interests.

In addition to understanding the ‘nature of the beast’ scholarly interest was also devoted to understanding the workings of European Union’s jurisdictional architecture. Drawing on his prior analysis of German analysis, Scharpf (1988) introduced the ‘joint decision making trap’ to show how divergent national interests under EU membership prevented national governments from making policy while blocking the European Union taking from joint decisions. Scharpf’s analysis underscored the expectation that MLG should hamper effective policy-making in the EU since it introduces institutional complexity, multiple veto-players, and various supra- and sub-national actors vying for influence. However, Scharpf’s article was published at the same time when the EU was entering into a phase of major institutional innovations starting with the Single European Act in 1986 (Eising, 2015: 173). These developments induced Arthur Benz to take up the puzzle how the EU was able to escape from the joint decision making trap. Benz (2010: 220) describes the EU as a loosely coupled structure of multilevel governance which uses a “flexible combination of cooperation, competition and control” to avoid clashes between member states. Policy solutions are found by seeking consensus even under majoritarian rules, by allowing
derogations to treaty commitments, and by legislating by directive that binds in goals but not means.

Eising (2015: 174) observes that the important theoretical contributions by Scharpf and Benz to the study of EU multilevel governance “draw on established theoretical frameworks (such as neo-institutionalism, rational choice, systems and negotiation theories), integrate interaction mechanisms and mid-range theorems into these theories (hierarchy, joint decision-making, loose and tight coupling of levels, etc.) and link them to the institutional configuration of multilevel settings” (emphasis added). This observation underlines the criticisms by Jordan (2001: 201) who notes that MLG “needs to be fleshed out with causal accounts drawn from other theoretical traditions”. From MLG one can derive expectations for what kind of system the European Union is but in order to increase understanding of the functioning of MLG within the European Union scholars have to rely on other theories.

4. Multilevel governance below and above the central state

MLG has contributed to our understanding of the functioning of the European Union but has MLG something to offer in understanding developments in governance within the state? Institutional reform at the European level has coincided with decentralization within the state (Loughlin, 2004). Writing at about the same time as when Marks (1992, 1993) introduced the concept of multilevel governance, Mény and Wright (1985) and Page (1991) noticed that regionalization processes took off in various countries in the 1970s and 1980s. Sharpe (1993) observed a rise of what he labelled as ‘meso-government’ since the 1970s. The twinning processes of regionalization and Europeanization spurred a literature on ‘new’ regionalism (Keating and Loughlin, 1997) which suggested that regionalism was stimulated by European integration through structural policy and the reinforcement of the principles of subsidiarity and partnership by the Maastricht Treaty in 1992. The early 1990s also witnessed the introduction of the notion of ‘Europe of the Regions’ which refers to a federal Europe in which the constituent units would be regions and not the nation-states (Loughlin, 1996).

Enthusiasm for a European federation of regions have by now toned down. The Committee of the Regions, a consultative assembly of subnational leaders across the EU, has issued a Charter for Multilevel Governance which sets out principles and methods for involving regions in national and European decision making. The goal is ‘Europe with the regions’ not ‘Europe of the regions’ (Schakel et al. 2015). Multivariate analysis suggest that the effect of European integration on subnational authority is muted (Schakel, 2009; Tatham, 2012). The simultaneous processes of downward and upward reallocation of authority have inspired MLG scholarship to study the restructuring of polities.

Hooghe and Marks (2003) distinguished between two ideal types of governance which they simply labelled Type I and Type II. Type I multilevel governance is drawn from federalism whereby authority is allocated across general-purpose, non-intersecting jurisdictions which are responsible for providing a number of policies. One may find Type I jurisdictions at few levels from the local to the global and the institutional framework tends to be system-wide and durable (ibid: 236-237). In contrast, Type II multilevel governance consists of a set of special-purpose jurisdictions that carry out specific tasks. Type II jurisdictions may overlap (i.e. they are not
‘nested’), they can operate at various territorial scales and they tend to be flexible. (ibid: 237-239). Subnational dispersion of authority follows the logic of Type I whereas Type II arrangements can be found at the national/international frontier where functionally differentiated Type II arrangements are set up by Type I general-purpose jurisdictions (Hooghe and Marks, 2010). The concept MLG was originally employed in the analysis of policies and the two ideal types of multilevel governance allows for exploring the territorial restructuring of polities (Eising, 2015; Piattoni, 2010).

To what extent has authority been reallocated downwards and upwards from central states? Hooghe et al. (2010) track decentralization to regions –defined as intermediate tiers between national and local government with an average population of more than 150,000- in 42 countries for 1950 until 2006. Regional authority is estimated along two domains: self rule (the authority exercised by regional government over those who live in the region) and shared rule (the authority exercised by a regional government or its representatives in the country as a whole). The authors find that out of 27 EU countries in 2006, 21 have become more regionalised. Twenty additional levels of government have been established and not one disestablished. The biggest drivers of the growth of regional authority have been the proliferation of elected institutions at the regional level (from eight to twenty assemblies), and the accumulation of the functions of government held by those institutions.

Börzel (2005) has charted the evolution of formal rules concerning national/EU decision making across 18 policy areas from the 1957 Rome Treaty to the 2005 Constitutional Treaty. Formal decision making is estimated according to scope (the extent to which the EU plays a role in policy) and depth (the supranational or intergovernmental character of the decision rules). In 1957, the EU had only significant competences in agriculture but with various treaty reforms the number of policies allocated to the EU has gradually increased. The EU has now extensive competencies for economic external relations, environment and consumer protection, occupational health and safety standards, economic freedoms, energy and transport, territorial, economic and social cohesion, and monetary policy. There is not one policy which has shifted back from the European to the national level.

Börzel (2005) and Hooghe et al. (2010) show that regionalization and Europeanization are coherent processes of change and both studies give credence to the claim that the jurisdictional architecture of Europe has become multilevel. But how can we explain the rise in multilevel governance within the European Union? Here Jordan’s criticism of MLG comes to the fore again: MLG “lacks a causal motor” and “it does not explain the creation of MLG” (Jordan, 2001: 201). However, one can gain insight into the causes of MLG by drawing on literatures which theorize the structure of government.

According to a public goods perspective the structure of government will reflect the efficient production of public goods given their economies of scale and externalities (Alesina and Spolaore, 2003; Oates, 1972). Multilevel governance should be very common since the externalities and scale effects of most policies provided by government –e.g. health, education, economic development, spatial planning, environment and welfare services- encompass a variety of territorial scales so one would expect some policies to be decentralized and others to be provided by central or supranational government. European integration largely follows a functional logic (e.g. international trade, transport, energy, competition, environment, research,
and immigration), however, other policies (e.g. regional and cohesion policy and agricultural subsidies) became European competences because they were political side-payments (Alesina et al. 2005). The process of regionalization parallels the growth of government responsibility for welfare, environmental, education, health, and transport (Sharpe, 1993). The territorial scope of externalities and scale effects of these policies are diverse and, as a result, are most efficiently delivered at the local, regional and national level (Osterkamp and Eller, 2003; Ter-Minassian, 1997).

The structure of government may also reflect pressures arising from identity. Territorially based and distinct groups may demand self-rule so that they can decide policy according to their own preferences. The presence of ethnic or territorial minorities and their effects on the jurisdictional design within the state has been widely acknowledged in the literature (Amoretti and Bermeo 2004; Brancati, 2008). Research has also shown that national identities may impact heavily on preferences with regard to the level European integration (Carey 2002; Hooghe and Marks, 2005). Jurisdictional design above and below the state have become politicized. The growth of regional parties leads to an increased and intensified demand for self-rule (Massetti and Schakel, 2013) and a deepening and widening Europe went alongside with the development of Eurosceptic parties in the member states (Szczerbiak and Taggart, 2008).

5. Multilevel governance and methodological nationalism

Multilevel governance concerns the analysis of upwards, downwards, and sideways transfers of decision making authority away from the central government to other (non-)governmental actors. Multilevel governance may pose three challenges to the sovereign state (Piattoni, 2009: 173). First, states have pooled authority in international organizations and have become increasingly subject to international coordination and regulation. Second, unitary states devolve powers to sub-national units to the point of federal arrangements whereby authority is divided over government tiers. Third, public power is also increasingly shared with non-governmental and private interests groups. These three challenges nicely tie into a criticism posed by methodological nationalism.

Methodological nationalism refers to the tendency within social science to focus on the nation-state as the main unit of analysis in studying social and political life, and, in consequence, to neglect actors below and above the state as a unit for political analysis (Jeffery and Wincott, 2010). According to Ulrich Beck “it is a nation-state outlook on society and politics, law, justice and history” that has governed the social science imagination (Beck, 2002: 52). Social science scholars often conceive the nation-state to be the most important scale at which social and political life is organized and often distinguish between different nation-states so that comparative analysis at that scale can be carried out. Methodological nationalism does not imply that work based on nation-states as a unit of analysis is not useful. Rather, methodological nationalism points out a potential risk. That is, taking nation-states as a unit of analysis may import an unreflected assumption that everything else is subordinate to national politics; it underscores the uncritical methodological assumption that the national scale of politics is the only one of ‘real’ importance. As a consequence, phenomena not manifest or not perceived to be significant at the scale of the nation-state can remain “hidden from view” (Wimmer and Glick Schiller, 2002: 302).
At the subnational level MLG opened up a whole world which was, conceptually speaking, inhabited only by unitary and federal states. Many countries created or reformed subnational tiers of government but very few countries moved between the unitary and the federal categories. The scale of change becomes apparent only when one escapes methodological nationalism. MLG within the state poses a significant challenge for future research. Building the datasets around regional units of analysis that will enable a more nuanced appreciation of the regional dimensions of multilevel statehood is difficult for the simple reason that there are many more regions than there are states (Jeffery and Schakel, 2013).

Instead of seeing state executives as the main drivers of European integration and the prime producers of European policy, MLG draws scholarly attention towards the influence exercised by supra-national and sub-national actors. MLG broadens the scope of relevant units of analysis and thereby reveals that in the day-to-day European policy making practice authority is shared among a variety of actors and institutions. MLG has succeeded in challenging the view present in much of EU scholarship that nation-states are dominant and thereby MLG has proven to be a powerful corrective for methodological nationalism in EU studies.

6. Conclusion

This chapter set out to explore the analytical leverage of applying the concept of MLG. The introduction of MLG served to provide a precise description of day-to-day policy-making in the European Union and thereby posed a hefty challenge to theory. Central states do not monopolize decision-making in the EU; rather authority is shared with supra-national institutions and sub-national actors which mobilize at the European level. MLG has been criticized because it is not a theory. However, MLG allows for deriving hypotheses with regard to the functioning of multilevel systems. The criticism has merit in that scholars need to rely on well-established theoretical frameworks to illuminate the operating logic of multilevel institutions and to provide insight into the causes of reallocation of authority. MLG enhances scientific inquiry by challenging methodological nationalism. The central state is not the only or the most important unit of analysis for understanding decision-making in multilevel political systems. Scholars should also take account of a variety of supranational and subnational institutions and actors who also exercise significant authority.

Box 1: Bullet-points

-Multilevel governance refers to the vertical and horizontal dispersion of authority away from central states.

-The main criticism with regard to the concept of multilevel governance is that it is not a theory but just a mere concept useful for descriptive purposes.
-From multilevel governance one can generate hypotheses with regard to the functioning of multilevel political systems.

-Scholars need to rely on other theories to understand the working mechanisms of multilevel governance systems and to identify causes for the reallocation of authority away from central states.

-Applying multilevel governance enhances scientific inquiry by enlarging the scope of relevant units of analysis from central states to supranational and subnational governments and actors.

Box 2: Essential readings


References


