

Developments in intergovernmental relations: towards multi-level governance

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This issue of *Policy & Politics* features a series of articles addressing recent developments in intergovernmental relationships in the advanced Western democracies. There is today, we believe, sufficient uniformity in these developments across different jurisdictions to allow a discussion on the causes, mechanisms and consequences of a new or emerging type of relationship between institutions at different levels. While it is also true that intergovernmental relationships in each individual country are developing to some extent according to the trajectory of institutional relationships which is typical of that national context, we suggest that the triggering mechanisms have been, on the whole, fairly similar across the western world. What we are thus witnessing is a gradual institutional – and inter-institutional – change reflecting both similar problems facing countries in different parts of the world and, at the same time, the trajectory of institutional change in each national context.

The emergence of multi-level governance challenges much of our traditional understanding of how the state operates, what determines its capacities, what its contingencies are, and ultimately of the organisation of democratic and accountable government. Acknowledging the risk of idealising times past in order to exaggerate changes over time, we could say that we are moving from a model of the state in a liberal-democratic perspective towards a state model characterised by complex patterns of contingencies and dependencies on external actors (Pierre, 2000). Political power and institutional capability is less and less derived from formal constitutional powers accorded the state but more from a capacity to wield and coordinate resources from public and private actors and interests. Put slightly differently, we have been witnessing a development from a ‘command and control’ type of state towards an ‘enabling’ state, a model in which the state is not proactively governing society but is more concerned with defining

objectives and mustering resources from a wide variety of sources to pursue those goals (Pierre and Peters, 2000).

These are obviously changes and developments which are of considerable magnitude and significance. The gradual shift from a government towards a governance perspective reflects the new role of the state which has become typical of western politics in the past decade or so. Multi-level governance is to some extent merely a logical extension of these developments. However, it also signals a growing awareness among elected officials of the decreasing meaningfulness of speaking about sovereignty and autonomy in a political and economic order increasingly characterised by international political, economic and administrative coordination, economic globalisation and growing subnational assertiveness vis-à-vis the state in many countries. Multi-level governance is also manifested in a growing number of exchanges between subnational and transnational institutions, seemingly bypassing the state (see, for example, Beauregard and Pierre, 2000).

The remainder of this introduction is organised as follows. First, we will discuss in closer detail the definition and meaning of the concept of multi-level governance and what might explain the emergence of such governance. Following that we will assess the impact of multi-level governance on traditional models of institutional relationships and highlight the strengths and weaknesses of such governance as compared to more traditional, hierarchical models of government. In the closing section of the introduction we briefly present the other articles in this issue.

What is multi-level governance?

A baseline definition of multi-level governance is that it refers to negotiated, non-hierarchical exchanges between institutions at the transnational, national, regional and local levels (Jachtenfuchs,

1995; Smith, 1997; Hix, 1998). Taken one step further, the definition could be slightly expanded to denote relationships between governance processes at these different levels. Thus, multi-level governance refers not just to negotiated relationships between institutions at different institutional levels but to a vertical 'layering' of governance processes at these different levels (Pierre and Stoker, 2000). The important point here is that although we tend to think of these institutional levels as vertically ordered, institutional relationships do not have to operate through intermediary levels but can take place directly between, say, the transnational and regional levels, thus bypassing the state level (Kohler-Koch, 1996; Marks et al, 1996; Scharpf, 1997; Puchala, 1999).

Multi-level governance gained attention among political scientists primarily along with EU integration and particularly with the changing relationships between the EU, the member states and subnational governments. In his paper in this issue, Andrew Jordan gives an account of the development of multi-level governance theory in that institutional and political context. But there are other developments that have propelled the emergence of multi-level governance. First of all, the state has been weakened by the fiscal crisis that has swept across most of the western world during the past couple of decades. This crisis has impacted differently on different levels of government and on the relationship between these levels. A case in point is Japan where the state previously used financial resources as incentives to steer subnational government. Now that the state cannot provide prefectures and cities with such financial incentives, regional and local institutions gradually shift towards new and more inclusive models of governance. We can see similar developments in Scandinavia and much of western Europe as well.

Second, the state is no longer the unrivalled king of the hill; it is being challenged by transnational institutions such as the EU. By the same token, subnational governments are becoming more assertive in an effort to expand their economic base. This development is encouraged by international institutions such as the EU and the Association of Southeast Asian Nations. Thus, there is substantive evidence for the observations of Patrick Le Galès and Alan Harding that "the withdrawal, albeit relative, of the state, opens up

new opportunities for cities" (Le Galès and Harding, 1998: 142).

Furthermore, the changing division of labour among institutions at different tiers of government over the past couple of decades has opened up opportunities for negotiated arrangements either to complement or to replace legalistic, hierarchical institutional relationships. The decentralisation that was implemented in most of Western Europe during the 1980s and 1990s beefed up regional and especially local government, something which over time made them less dependent on the state, as Hélène Reigner argues in her analysis of the changing intergovernmental relationships in France. Also, new, informal models of governance have emerged at the urban and regional levels, a development which has been applauded by central government. For such governance to be successful, however, intergovernmental relations need to be relaxed (Pierre, 1999).

Additionally, as several articles point out, recent administrative reform has entailed changing intergovernmental relationships. This is partly because 'new public management'-style reform typically aims at allowing each level of government to separate the political-democratic element of government from the managerial-service-producing sector of government, and partly because these reforms have tended to relax the 'command and control nature' of previous intergovernmental relationships. The articles in this issue show that the impact of administrative reform on intergovernmental relationships varies significantly between national contexts. Helmut Wollmann argues in his article that in Germany administrative reform has had more profound intra- than intergovernmental consequences, whereas Guy Peters suggests that in the United States reforms have to some extent made state and local authorities more autonomous vis-à-vis the federal government.

Finally, the overall nature of the political project pursued by contemporary Western states has changed significantly over the past 10–15 years. Previously, the emphasis was on expanding the political sphere in society; the current main objectives are to increase efficiency in public service delivery and delivering more customer-attuned services. Interestingly, a common feature has been to make state-centred

societies less state-centred; as the articles in this issue substantiate, recent institutional reform in different national contexts has aimed at opening up new patterns of interaction between authorities at different tiers of government and key actors in their external environment.

The linkage between policy change and institutional change is, or should be, evident. This linkage works both ways; policy changes trigger or necessitate institutional changes and, similarly, institutional changes frequently entail some degree of policy change. In the present context, decentralisation and European integration have jointly reshuffled institutional relationships and created a system where institutions at one level can enter into exchanges with institutions at any other level and where the nature of the exchange is characterised more by dialogue and negotiation than command and control.

The development from a legalistic towards a more negotiated, contextually defined system of institutional exchange changes to some extent the zero-sum nature of intergovernmental relationships. As we have argued elsewhere, the zero-sum metaphor of institutional relationships where one institution's gain is another institution's loss is misleading as it defines institutional capacity only in relationship to institutions at other levels of government. However, the search for new governance strategies, not least at the local level, could be seen as an attempt to increase horizontal institutional capacity without doing so at the expense of the institutional capacity of institutions at other levels (Pierre and Peters, 2000).

Multi-level governance may well be a far more relevant way of understanding intergovernmental relationships than the previous, more legalistic approach. Judging from the articles in this special issue, it seems clear that intergovernmental relationships are becoming increasingly negotiated and contextual. That having been said, however, we need to be aware that these are long-term, incremental changes; hence, formal rules pertaining to intergovernmental relationships still carry some weight.

The articles in this issue

This issue presents analyses of the emergence of multi-level governance and other types of changes in intergovernmental relationships in five different institutional contexts. Martin Painter's article on intergovernmental relationships in Australia is based on two different models of such relationships. One is the traditional model of institutional relationships in a federal system, whereas the other is based in what Painter calls "the imperatives of concurrent competencies" (p 139). This model, which comes close to a textbook case of multi-level governance, features collaborative exchanges and joint decision making between institutions at different levels of the political system. Painter argues that this type of intergovernmental relationship will play a more prominent role in the future as a result of what appears to be an increasing degree of institutional overlap in terms of competencies and of growing political, economic and administrative interdependencies.

Describing the new or emerging forms of intergovernmental relationships in another federal system, Helmut Wollmann reports on how administrative reform, or modernisation, has impacted on the German political system. Overall, he finds that while there is a tendency for local government to become more autonomous vis-à-vis state and federal authorities, intergovernmental relationships have not changed dramatically as a result of the administrative reform which has targeted intra-institutional processes more than inter-institutional exchanges. This is to a large extent because in the German system each tier of government largely conducts its own processes of institutional change and also because the budgetary problems that emerged in the wake of reunification have targeted institutions, not institutional relationships, in budgetary cut-back programmes. Wollmann argues that the changes that have taken place in intergovernmental relationships have been 'path-dependent', that is, they have not indicated any major deviations from historical patterns.

The United States presents a different picture in these respects. In his article, Guy Peters suggests that administrative reform – or what in the US is normally referred to as 'reinvention' projects – have emerged primarily at the local

level. Cities have become laboratories for such 'reinvention' concepts, something which has helped portray this level of government as more dynamic and hence less easy to control by institutions higher up in the system. Furthermore, reform strategies and methods developed at the local level have later been adopted by state and federal institutions, something which begs the question of whether we can still, *de facto*, speak of an institutional hierarchy. Thus, administrative reform has had a clearly noticeable effect on intergovernmental relationships in the US.

In institutional terms, France represents almost the opposite end of the spectrum to Germany and the US. France has, for a long time, been the epitome of a strong, centralised state with extensive governance capacity. The decentralisation reforms that were implemented during the 1980s changed this pattern to some extent. Even so, France remains one of the more centralised European states. But even here, as H  l  ne Reigner shows, the previous 'command and control' nature of intergovernmental relations has been accompanied by negotiated exchanges between different tiers of government. The central state is today less *dirigiste* and allows for more autonomy at the local level. Also, as is the case in the US, local authorities in France have become increasingly important centres of innovation in public sector reform – something which affects central–local relationships. Reigner's article uses the Ministry of *Equipement* as a case study to investigate the new forms of intergovernmental relationships and outlines a model of what she calls 'co-administration'. She reminds us that the state remains a key player in the French administrative system but it is less hegemonic today compared with a couple of decades ago.

Andrew Jordan's article, finally, looks at multi-level governance in the European Union. Much of the early work on multi-level governance was focused on the relationship between EU institutions, national and subnational governments. Jordan asks whether multi-level governance is as common in the EU context as is often argued or if it would make more sense to speak of multi-level government. While there does not necessarily have to be a contradiction between the two perspectives – the role of government in governance is a key issue in governance research (Pierre and Peters, 2000) – it is important to

remember that governments remain significant actors in the EU context. Jordan suggests that the development towards multi-level governance probably varies between policy sectors; there exist major differences, for instance, between environmental policy and economic policy in these respects.

A common pattern in all these country reports is that changes in intergovernmental relationships or developments towards negotiated forms of institutional exchange that sidestep the hierarchical model of intergovernmental relationships are primarily the result of incremental changes in institutional behaviour that are rarely accompanied by changes in the legal and institutional structures governing these institutions. To some extent, multi-level governance seems to emerge as the combined result of decentralisation, the 'hollowing out' of the state, a shift from an interventionist towards an 'enabling state', budgetary cutbacks and a growing degree of institutional self-assertion and professionalism at the subnational level. These developments are obviously long-term and incremental in nature. Hence, we should not expect to see any major constitutional reform acknowledging these new intergovernmental relationships for some time yet. The articles in this issue on these developments suggest, however, that we need to rethink much of our historical understanding of the relationship between the state and regional and local authorities.

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How to Constitutionalize a Multi-Level Governance System? What Kind of Constitution for What Kind of Polity? Responses to Joschka Fischer Christian Joerges Yves MÃ©ny J. H. H. Weiler Florence European University Institute.Â Peters B. Guy Pierre Jon 2000 Developments in Intergovernmental Relations: Towards Multi-Level Governance Policy and Politics 29 131-35Google Scholar. Peters B. Guy Jon Pierre N.d. Multi-level Governance: A Faustian Bargain? Multi-level Governance in Theory and Practice Ian Bache Matthew Flinders Oxford Oxford University Press Forthcoming. Peterson John 2001 The Choice for European Union Theorists: Establishing a Common Framework for Analysis European Journal of Political Research 39 289 318Google Scholar. Multi-level governance is to some extent merely a logical extension of these developments. However, it also signals a growing awareness among elected officials of the decreasing meaningfulness of speaking about sovereignty and autonomy in a political and economic order increasingly characterised by international political, economic and administrative coordination, economic globalisation and growing subnational assertiveness vis-Ã -vis the state in many countries.Â This issue presents analyses of the emergence of multi-level governance and other types of changes in intergovernmental relationships in five different institutional contexts. Martin Painter's article on intergovernmental relationships in Australia is based on two different models of such relationships. Multi-level governance [should not be] seen as an alternative but rather as a complement to intergovernmental relationships in a regulatory framework.â€ FLEXIBLE GOVERNANCE.Â 4 Other hypothesized benefits of multi-level governance are that it provides more complete information of constituents' preferences, is more adaptive in response to changing preferences, is more open to experimentation and innovation, and facilitates credible commitments (Majone 1998; Weingast 1995). Costs of multi-level governance are seen to arise from incomplete information, interjurisdictional coordination, interest-group capture, and corruption (Foster 1997; Gray 1973; Lowery et al.