

<b>Types of Multi-Level Governance</b>
<b>Liesbet Hooghe and Gary Marks</b>
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<b>Abstract</b>
The reallocation of authority upwards, downwards, and sideways from central states has drawn attention from a growing number of scholars in the social sciences. Yet beyond the bedrock agreement that governance has become (and should be) multi-level, there is no convergence about how it should be organized. This paper draws on various literatures in distinguishing two types of multi-level governance. One type conceives of dispersion of authority to multi-task, territorially mutually exclusive jurisdictions in a relatively stable system with limited jurisdictional levels and a limited number of units. A second type of governance pictures specialized, territorially overlapping jurisdictions in a relatively flexible, non-tiered system with a large number of jurisdictions. We find that both types co-exist in different locations, and we explain some facets of this co-existence.
<b>Kurzfassung</b>
Die Umverteilung von Autorität nach oben, unten und seitwärts von Zentralstaaten hat die Aufmerksamkeit einer steigenden Anzahl von Sozialwissenschaftlern auf dieses Thema gelenkt. Schon vom Urabkommen an, das besagte, dass Regieren eine Mehrebenen-Angelegenheit geworden ist (und dies auch sein sollte), gibt es keine Konvergenz dahingehend, wie dies organisiert sein sollte. Dieses Papier bezieht sich auf verschiedenste Literatur, die zwei Typen von Regieren in Mehrebenensystemen unterscheidet. Eine Art begriff die Verteilung von Autorität auf Mehrebenen-Aufgaben als territorial gegenseitig ausschließende Zuständigkeiten in einem relativ stabilen System mit limitierten zuständigen Ebenen und einer beschränkten Anzahl von Einheiten. Ein zweiter Typ von Regieren beschreibt spezialisierte, territorial überlappende Zuständigkeiten in einem relativ flexiblen, nicht abgestuften System mit einer großen Anzahl von Zuständigkeiten. Wir kommen zu dem Schluß, dass beide Typen nebeneinander an verschiedenen Orten existieren und wir erklären einige Facetten dieser Koexistenz.
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## Contents:

- [1 Introduction](#)
- [2 Data on Governance](#)
- [3 Two Visions](#)
  - [3.1 Type I governance](#)
  - [3.2 Type II governance](#)
- [4 Where Does One Find Type I and Type II Governance?](#)
  - [4.1 Locating Type I Governance](#)
  - [4.2 Locating Type II Governance](#)
    - [4.2.1 Public/private frontier](#)
    - [4.2.2 The national/international frontier](#)
    - [4.2.3 Densely populated frontier regions of bordering states](#)
    - [4.2.4 Where local government interacts with community associations](#)
- [5 Explaining Type I and Type II Governance](#)
  - [5.1 Efficient responses to problems of inter-jurisdictional coordination](#)
  - [5.2 Path dependence](#)
    - [5.2.1 Decisional barriers](#)
    - [5.2.2 Territorial identity](#)
- [6 Conclusion](#)
- [References](#)

1

## 1 Introduction

New forms of governance and the re-allocation of authority have gained the attention of a large and growing number of scholars in economics, political science, sociology, international relations, and public policy and administration.<sup>(1)</sup> On the one hand, decision-making has spilled beyond core representative institutions. Public/private networks of diverse kinds have multiplied at every level from the smallest to the largest scale. On the other hand, formal authority has been dispersed from central states both up to supranational institutions and down to subnational governments. This process has been broad and deep. A recent survey finds that 63 of 75 developing countries have been undergoing some decentralization of authority (Garman et al. 2001: 205). A detailed index drawn up by the authors of this paper finds that no EU country became more centralized since 1980, while half have decentralized authority to a regional tier of government (Hooghe and Marks 2001). The last two decades have also seen the creation of a large number of transnational regimes, some of which, including above all the European Union, exercise real supranational authority.

We begin by discussing strategies for systematic empirical investigation of governance. We then

draw on several literatures in distinguishing two types of multi-level governance. In the third section, we find that both types co-exist in different locations, and in the following sections of the paper, we explain some facets of this co-existence. We do this by refining efficiency arguments, which are well known in the literatures on governance, and by suggesting that the development of governance is characterized by path dependence.

This paper is merely a first step in a larger enterprise. To explain existing governance one must do more than analyze efficiency and path dependency. We believe that a valid theory requires taking political variables seriously (Marks and Hooghe 2000). And this paper is intended to prepare the ground for a political analysis.

## 2 Data on Governance

Dispersal of authority has generated intense intellectual curiosity and scientific inquiry. At the present time, the fields that have engaged authority across advanced industrialized democracies provide descriptions, models, and case studies, but all too rare attempts to gather and analyze basic data. Much of the empirical work that has been accomplished is concerned with the efficiency of alternative jurisdictional arrangements rather than with their incidence.(2)

Comparative data would enable us to get on with the real task of any scientific endeavor—that of building disconfirmable knowledge. What would such data consist of? Let us begin with a basic dependent variable: the jurisdictional allocation of authority, ranging from monopoly in a single jurisdiction to dispersion across a very large number of jurisdictions.

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Take any group of people in a given territory—say Oudenaarde, a small river town along the Scheldt in Belgium. How many jurisdictions exercise authority over the lives of people living in this territory at a given point in time? One, five, one hundred, one thousand? So a first approximation to measuring multi-level governance is to say it varies with the number of jurisdictions bearing on individuals in a particular territory. But this measure must be refined if it is to be meaningful. First, it must take account of the distribution of policy competencies across jurisdictions. Second, it must take particular account of fiscal power—the power to tax and spend. Third, a weighted measure of multi-level governance must take account of formal and informal power relations among jurisdictions. We discuss these briefly in turn.

Counting the number of jurisdictions tells one nothing about the allocation of policy competencies among them. One strategy is to draw up a list of policy areas, and assess how authority over each of them is allocated. This is the approach of students of federalism (Riker 1964; Alexander 1974; Elazar 1991; Watts 1999), decentralization (Prud'homme 1995), European integration (Deutsch 1954, 1957; Lindberg and Scheingold 1970; Schmitter 1996; Pollack 2000; Hooghe and Marks 2001), and regional and global regimes (Mattli 1999; Litfin 1997; Nye and Donahue 2000). To be useful, such lists must disaggregate. Riker examines the distribution of authority between federal and state governments in American federalism across 17 categories (1964). Lindberg and Scheingold (1970), and Schmitter (1996) assess the relative roles of European and national governments across 22 and 28 policy areas respectively.

Some competencies are far more important than others. Constitutional authority—the authority to change formal decision making rules—is fundamental to governance. A distinguishing characteristic of a federal polity is that constitutional authority is shared by governments at different levels, rather than monopolized by central government (Elazar 1987).

Power over resources, over taxing and spending, also lies at the heart of governance. And because it is monetized, the fiscal role of a jurisdiction can be measured precisely.<sup>(3)</sup> There are various ways to calculate fiscal or financial clout. The simplest measure is relative or absolute fiscal revenues or expenditures (before or after transfers). A more sophisticated measure would take into account whether a jurisdiction is entitled to raise taxes, i.e. to define the tax base, rather than simply lower or increase the rate, and the extent to which transfers to and from other jurisdictions are compulsory or discretionary, and conditional or unconditional. Students of fiscal federalism have developed indicators taking into account some or all these distinctions in order to analyze central-local government relations (Alexander 1974; Bird and Vaillancourt 1998; Riker 1964, 1987; Lane and Ersson 1999; Page and Goldsmith eds. 1987; Oates 1972, 1999; Vaubel 1994; Watts 1999; for a recent application to Latin-America, see Garman et al. 2001).

Yet a focus on distribution of policy responsibilities or fiscal revenues/expenditure does not capture the dynamics of authoritative decision-making under multi-level governance. Except in the extreme case of a single government that monopolizes power, one has to ask how different jurisdictions interact with one another. Are the relationships characterized by hierarchy, do they reflect mutual dependence, asymmetrical dependence, or relative independence? What, in William Riker's words, is "the nature of the bargain?" To answer this question, one must pay attention to both formal and informal institutions. What, then, are the formal rules constraining interjurisdictional relations? For example, are regional governments represented in a senate at the federal level that can veto certain policies? Are there routinized meetings between federal and state executives at which binding decisions are made? Or, at the international level, is there an independent arbitration panel that can make authoritative decisions?

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As William Riker has stressed, a narrow focus on formal institutions is likely to underestimate *informal* relationships. If decision makers at different levels of a federal polity are coordinated in a centralized political party, the polity may be far more centralized than it formally appears. In his analysis of American federalism in comparative perspective, Riker argues that political pressures—and, in particular, the structure of the party system—are decisive in shaping the federal bargain (Riker 1964, 1987). In the same vein, Garman, Haggard, and Willis emphasize the role of the party system in understanding the dynamics of decentralization and centralization in Latin America (2001).

Riker was concerned with the domestic arena, but his observation has particular force for politics beyond the national state. International decision rules are generally less formally institutionalized, and so there is usually more space for political dynamics to shape the outcome. For example, Keck and Sikkink have argued that active lobbying by transnational social movements and advocacy coalitions has been a significant force in internationalizing certain policy issues (1998).

We have focused above on a basic dependent variable present in much of the literature on multi-level governance: the extent to which authority for a particular territory is dispersed across multiple jurisdictions. However, this does not capture variation along the following dimensions of multi-level governance:

- Are jurisdictions *general-purpose* or *specialized*?
- Are jurisdictional territories *mutually exclusive* or *overlapping*?
- Are jurisdictions *stable* or *fluctuating*?

A test of alternative theories of multi-level governance would require systematic data on the basic variable as well as on these additional dimensions. Some of these data are available, but not easily

comparable; other data would need to be defined, measured, and collected from scratch.

### 3 Two Visions <sup>↑</sup>

Over the past two decades, scholars across social science disciplines have sought to describe how governance has been changing in western societies. One intellectual response has been to stretch well-established concepts over the new phenomena. Scholars of federalism have applied their approach to power sharing among as well as within states. International relations scholars have begun to extend theories of international regimes to political decentralization within states. Another response has been to generate entirely new terms and concepts. These include multi-level governance, multi-tiered governance, polycentric governance, multi-perspectival governance, FOCJ (functional, overlapping, competing jurisdictions), fragementation (or SOAs), and consortio and condominio.

Each of these terms has its own particularities, but all refer to the dispersion of authority away from central government—upwards to the supranational level, downwards to subnational jurisdictions, and sideways to public/private networks.<sup>(4)</sup> The common evolution of similar ideas in diverse places can be explained partly as diffusion from two “*Ur*” literatures—federalism and new institutionalism. But we suspect that this remarkable intellectual convergence is also the result of independent invention in response to common political development. In this paper, we do not summarize the particularities of the concepts that have been put forward, nor do we do justice to the intellectual history of the field. Instead we mine the relevant literatures for some conceptual benchmarks in order to facilitate empirical analysis.

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A common element across these literatures is that the dispersion of governance across multiple jurisdictions is both more efficient than and normatively superior to central state monopoly. Most important is the claim that governance must operate at multiple scales in order to capture variations in the territorial reach of policy externalities. Because externalities arising from the provision of public goods vary immensely—from planet-wide in the case of global warming to local in the case of most city services—so should the scale of governance. To internalize externalities, governance must be multi-level. This is the core argument for multi-level governance, but there are several other perceived benefits. For example, more decentralized jurisdictions can better reflect heterogeneity of preferences among citizens.<sup>(5)</sup> Multiple jurisdictions can facilitate credible policy commitments (Majone 1998; McCubbins and Page 1987). Multiple jurisdictions allow for jurisdictional competition (Frey and Eichenberger 1999; Weingast 1995, 2000). And they facilitate innovation and experimentation (Gray 1973).

However, beyond the bedrock agreement that governance has become (and should be) multi-jurisdictional, there is no convergence about how multi-level governance should be organized. We detect two contrasting visions.

The first conceives of dispersion of authority to a limited number of non-overlapping jurisdictions at a limited number of levels. Jurisdictions in this system of governance tend to bundle authority in quite large packages; they are usually non-overlapping; and they are relatively stable. We label this Type I governance.<sup>(6)</sup>

A second distinctive vision of governance pictures a complex, fluid, patchwork of innumerable, overlapping jurisdictions. These jurisdictions are likely to have extremely fungible competencies, which can be spliced apart into functionally specific jurisdictions; they are often overlapping; and they tend to be lean and flexible—they come and go as demands for governance change. We

describe this as Type II governance.

Table 1 summarizes the main characteristics of Type I and Type II governance as ideal-typical constellations of values along continuous dimensions. The first two dimensions capture variation among individual jurisdictions, while the latter three describe systemic properties.

Table 1

### 3.1 Type I governance

The intellectual home base for Type I governance is federalism, which is concerned with power sharing among a limited number of governments operating at just a few levels. The main thrust of federalism in the context of the national state is the relationship between central government and a tier of non-overlapping sub-national governments. The unit of analysis is the individual government, rather than the individual policy. In the words of Wallace Oates, dean of fiscal federalism, “the traditional theory of fiscal federalism lays out a general normative framework for the assignment of functions to different levels of government and the appropriate fiscal instruments for carrying out these functions” (Oates 1999: 1121; Oates 1972). The framework is system-wide; the functions are bundled; and the levels of government are multiple but limited in number.<sup>(7)</sup> These basic features are part and parcel of federalism, and more broadly, of the study of intergovernmental relations; they also characterize Type I governance.

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*Multi-task jurisdictions.* Federalists and students of intergovernmental relations emphasize the difficulty of decomposing authority into very small packages. Instead, authority is parceled in multi-task bundles among a limited number of usually pre-existing sub-central governments. This idea is especially strong in Europe where local government usually exercises “a wide spread of functions, reflecting the concept of general-purpose local authorities exercising comprehensive care for their communities” (Norton 1991: 22).

*Jurisdictions with mutually exclusive territorial boundaries.* Students of federalism and intergovernmental relations conceive of jurisdictions as mutually exclusive at any particular level. Regional boundaries within a given country are non-overlapping. This extends the Westphalian principle of exclusive territoriality into the domestic arena (Caporaso 2000: 10; Krasner 1999).<sup>(8)</sup>

A system of multi-task and mutually exclusive jurisdictions sets a ceiling on the dispersion of authority. Systemic characteristics of Type 1 governance are as follows:

*Limited number of jurisdictions.* Jurisdictions tend to be large enough to carry out multiple tasks. A motivation for local government amalgamation during the 1970s in several European countries was that existing local governments were perceived to be too small to function efficiently.

*Limited number of jurisdictional levels.* Dispersion of authority is constrained by limiting the of levels of authority. Calculating the optimal number of levels of government in a political system is a major topic among students of intergovernmental relations. It is common to distinguish a local, an intermediate, and a central level, but the utility of additional levels of authority is debated.<sup>(9)</sup> When in Belgium decades of nationalist tensions made the creation of a new regional and community tier inevitable, many scholars argued that this would make the existing intermediate level of provinces redundant. Analyzing developments in the early 1990s, Frank Delmartino, a long-time student of Belgian intergovernmental relations, writes “The size of the regions makes every intermediate body between them and the communes totally redundant. At best the provinces can be used as a

geographical and administrative frame for implementing national and regional policies; but as an independent policy body, their role is over. . . . In a country like Belgium, in the long run this status is nothing less than a death sentence” (Delmartino 1993: 59). Dispersion of authority across six layers of government—local, interlocal, provincial, regional, community, and national—was considered wasteful.

*Quasi-permanent jurisdictional system.* Jurisdictional reform—that is, creating, abolishing or radically adjusting new jurisdictions—is costly. While it is true that “a well-functioning federal system is . . . always a candidate for change,” such change normally consists of re-allocating policy functions across existing levels of governance (Nicolaidis 2001: 446). Change in the number of units or number of levels of governance is rare. The institutions responsible for governance are sticky, and they often survive long after the conditions that brought them into being have ended. Since the creation of the German federal state in 1949, students of German federalism have argued that the boundaries of some *Länder* should be redrawn to reflect current externalities. These arguments gained force after German unification, but, so far, boundaries have been redrawn only in Berlin.

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Type I governance is not limited to federalism and intergovernmental relations. It captures a notion of governance common among many European Union scholars. Elsewhere, we have described the re-organization of authority in the European Union as “a polity-creating process in which authority and policy-making influence are shared across multiple levels of government—subnational, national, and supranational. While national governments [remain] formidable participants in EU policy making, control has slipped away from them” (Hooghe and Marks 2001: 2). Alberta Sbragia observes that, “The decision-making process evolving in the Community gives a key role to governments—national government at the moment, and . . . subnational government increasingly in selected arenas.” (Sbragia 1992: 289). European integration and regionalization are viewed as complementary processes in which central state authority is dispersed above and below the national state (Ansell 2000; Bache 1998; Bomberg and Peterson 1998; Börzel and Risse 2000; Börzel 2001; Burgess 2000; Jeffery 1996; Keating 1998; Kohler-Koch 1998; Marks, Hooghe, Blank 1996; Sbragia 1993; Scharpf 1988, 1994). Few observers expect the outcome to be as neat and orderly as a classical federation. Yet fewer believe that the final product will be an Escher’s paradise of territorially variable, functionally specific, overlapping, non-hierarchical networks. Governments, according to Sbragia, “will continue to be central actors” because “the territorial claims that national governments represent . . . are exceedingly strong. It is nearly impossible to overestimate the importance of national boundaries as key organizers of political power and economic wealth in the European Community” (Sbragia 1992: 274, 289; for a skeptical view, see Peters and Pierre 2000).

Type I governance dominates thinking in international relations among those describing the modification—but not elimination—of the Westphalian state (Caporaso 2000). These scholars do not deny that transnational movements, public-private partnerships, and corporations play important roles in international regimes, but they highlight the staying power of national states. Robert Keohane and Joseph Nye argue that, “Contrary to some prophetic views, the nation-state is not about to be replaced as the primary instrument of domestic and global governance. . . . Instead, we believe that the nation-state is being supplemented by other actors—private and third sector—in a more complex geography” (Keohane and Nye 2000a: 12).

### 3.2 Type II governance

An alternative vision of multi-level governance is one in which the number of jurisdictions is vast, rather than limited; in which jurisdictions are not aligned on just a few levels, but operate at diverse territorial scales; in which jurisdictions are functionally specific rather than multi-task; and where

jurisdictions are intended to be flexible rather than fixed. This conception is predominant among neoclassical political economists and public choice theorists, but it also summarizes the ideas of several scholars of federalism and international relations.

*Task-specific jurisdictions.* In Type II governance, multiple, independent jurisdictions fulfill distinct functions. This leads to a governance system where “each citizen . . . is served not by ‘the’ government, but by a variety of different public service industries. . . . We can then think of the public sector as being composed of many public service industries including the police industry, the fire protection industry, the welfare industry, the health services industry, the transportation industry, and so on” (V. Ostrom and E. Ostrom 1999: 88-89). In Switzerland, where Type II governance is quite common at the local level, these jurisdictions are aptly called *Zweckverbände*—goal-oriented/functional associations (Frey and Eichenberger 1999).

7

*Territorially overlapping jurisdictions.* According to Alessandra Casella and Barry Weingast, “There is generally no reason why the smaller jurisdictions should be neatly contained within the borders of the larger ones. On the contrary, borders will be crossed, and jurisdictions will partly overlap. The ‘nested,’ hierarchical structure of the nation-state has no obvious economic rationale and is opposed by economic forces” (Casella and Weingast 1995: 13).

Bruno Frey and Reiner Eichenberger coin the acronym FOCJ (functional, overlapping, and competing jurisdictions) for this form of governance (Frey and Eichenberger 1999). Vincent Ostrom and his collaborators adopt the term “polycentric,” to describe the co-existence of “many centers of decision-making that are formally independent of each other” (V. Ostrom, Tiebout, Warren 1961: 831; see also V. Ostrom 1999a, 1999b). Polycentricity initially described metropolitan governance in the United States, which has historically been considerably more fragmented than that in Europe. This sparked a four-decade long research program at Indiana University, led by Elinor and Vincent Ostrom, into the conditions and normative implications of diffusion of authority across multiple, overlapping, fluid jurisdictions in a variety of settings.<sup>(10)</sup> These individual features combine to lift any limits to the dispersion of authority under Type II governance. The jurisdictional system that emerges has the following characteristics.

*Large number of jurisdictions.* Each collective action problem shared by a group of citizens can give rise to a new jurisdiction. So the number of jurisdictions tends to be much larger than under Type I governance.

*Many jurisdictional levels.* Type II governance is organized across a *large number of levels*. Instead of conceiving authority in neatly defined local, regional, national, and international layers, public choice students argue that each public good or service should be provided by the jurisdiction that effectively internalizes its benefits and costs. A range of public goods demand jurisdictions at a range of scales. Something akin to a marble cake emerges. Students of Type II governance generally speak of multi- or poly-centered governance, which, they claim, have less a ring of hierarchy to them than the terms multi-level or multi-tiered governance.

The notion that the number of jurisdictions and levels of governance have proliferated permeates the writings of many international relations scholars. This work extends polycentric governance into the international arena. One of the most vocal critics of the traditional statist view of governance describes this process as “framegration”—a neologism suggesting “the simultaneity and interaction of the fragmenting and integrating dynamics that are giving rise to new spheres of authority and transforming the old spheres. It is also a label that suggests the absence of clear-cut distinctions between domestic and foreign affairs, that local problems can become transnational in scope even as

global challenges can have repercussions for neighborhoods.” What emerges is a global system that is “so disaggregated that it lacks overall patterns and, instead, is marked by various structures of systemic cooperation and subsystemic conflict in different regions, countries and issue areas” (Rosenau 1997: 38). The neat scales, or levels, or tiers, disappear—they meld into one another. There is no up or under, no lower or higher, no dominant class of actor; rather, a wide range of public and private actors compete or collaborate in shifting coalitions. This is like Escher’s famous lithograph of incongruously descending and ascending steps.

*Flexible jurisdictional system.* Type II jurisdictions are intended to be flexible rather than permanent in order to respond to changing citizen preferences and functional requirements. The idea is rooted in Charles Tiebout’s argument that mobility of citizens among multiple competing jurisdictions provides a functional equivalent to market competition (Tiebout 1956). In a subsequent article, Vincent Ostrom, Charles Tiebout, and Robert Warren describe a polity in which groups of citizens band together in “collective consumption units” to procure public goods. Individual citizens can join or leave particular collective consumption units, and these units can procure a public good in one of several alternative ways—for example, by producing it themselves, hiring private producers, subsidizing local community groups, or joining up with other jurisdictions (V. Ostrom, Tiebout, Warren 1961; Ostrom and Ostrom 1999). A defining characteristic of polycentric governance is “the concurrence of multiple opportunities by which participants can forge or dissolve links among different collective entities” (McGinnis 1999a: 6). In his advocacy of FOCJ, Bruno Frey emphasizes a similar jurisdictional flexibility: “FOCJ . . . are flexible units which are established when needed . . . . [And] FOCJ are discontinued when their services are no longer demanded as more citizens and communities exit and the tax base shrinks” (Frey and Eichenberger 1999: 18). “FOCJ are an institutional way to vary the size of public jurisdictions in order to minimize spillovers. A change in size is, therefore, a normal occurrence” (Frey and Eichenberger 1999: 41).

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Under Type II governance, the capacity to take collective decisions, and make them stick, is shared among a wide variety of actors. As Elinor Ostrom and James Walker put it, “The choice that citizens face is not between an imperfect market, on the one hand, and an all-powerful, all-knowing, and public-interest-seeking institution on the other. The choice is, rather, from among an array of institutions—all of which are subject to weaknesses and failures. . . . These include families and clans, neighborhood associations, communal organizations, trade associations, buyers and producers’ cooperatives, local voluntary associations and clubs, special districts, international regimes, public-service industries, arbitration and mediation associations, and charitable organizations” (Ostrom and Walker 1997: 36). Type II governance comprises dispersed self-rule on the part of diverse voluntary groups. Collective action problems are dealt with in heterogeneous arenas mobilized by many kinds of groups.(11)

Several writers point out that Type II governance resembles pre-modern governance. John Ruggie identifies commonalities between contemporary and medieval “multiperspectival” governance (Ruggie 1993). He argues that “the medieval system of rule comprised a ‘patchwork of overlapping and incomplete rights of government’ (Strayer and Muro 1959: 115), which were ‘inextricably superimposed and tangled,’ and in which ‘different juridical instances were geographically interwoven and stratified, and plural allegiances, asymmetrical suzerainties and anomalous enclaves abounded’ (Anderson 1974, 37-38)” (cited in Ruggie 1998: 146). Students of polycentric governance trace the prevalence of special districts and other forms of polycentric governance in the United States back to the conception of federalism anchored in the US constitution (Ostrom 1999b). Analysts of multi-centered governance in Europe find inspiration in pre-modern theories of federalism. The father of societal federalism, Johannes Althusius, formulated his ideas against Jean Bodin’s unitary conception of the state (Nicolaidis 2001; Elazar 1987; Elazar and Kincaid eds. 2000;

Hueglin 1999).

The conceptions of multi-level governance we have identified are distinct but not mutually exclusive. The question we ask next is how do they fit together.

## 4 Where Does One Find Type I and Type II Governance?

### 4.1 Locating Type I Governance

Type I governance—multi-task, territorially mutually exclusive jurisdictions in a relatively stable system with limited jurisdictional levels and a limited number of units—predominates in conventional territorial government up to the national level.

Dispersion of authority in Type I governance has taken place in many parts of the world since World War II. The past two decades have seen widespread decentralization of authority from central states to regions and localities. Examples include the reallocation of certain federal competencies to US states and Canadian provinces, the break-up of the Soviet Union and the regionalization of Russia, regionalization in Latin America, and decentralization in China and India (Bird and Vaillancourt 1998; Casella and Weingast 1995).

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In the European Union, Type I governance has been pressed forward by the simultaneous empowerment of subnational and supranational institutions (Goldsmith and Klausen 1998; Ansell, Parsons and Darden 1997; Kohler-Koch 1998; Bomberg and Peterson 1998; Keating and Hooghe 1996). Table 2 presents an index summarizing regionalization—the main component of subnational empowerment—in the 14 larger EU countries since 1950. The greatest changes have been in France, Italy, Spain and Belgium. France and Italy have seen partial constitutional reforms strengthening subnational governments and creating popularly elected regional parliaments. Beginning in the 1970s, with democratization, Spain has become a quasi-federal polity. Belgium has been transformed from a relatively centralized state into a federal regime run mainly by regional governments. The United Kingdom has seen devolution to Scotland and Wales with assemblies for English regions on the agenda. No EU country has become more centralized since 1980, while half have decentralized authority to a regional tier of government (Hooghe and Marks 2001).

This dispersion of authority follows the logic of Type I—not Type II. As Table 3 shows, the overall structure is relatively simple, even elegant. There are *few* rather than many tiers. The very lowest tiers of communal government are not represented in the table, but in no country are there more than three additional levels of government beyond those accounted for in the table. So the territorial scales of government across the EU range between three and six. This is a far cry from the near infinite jurisdictional dispersion conceived in Type II governance.

Table 2

Table 3

Table 4 summarizes the changing balance of national and European decision making across 28 issue areas in four broad categories: economic policy, social/industrial policy, legal/constitutional policy, and international relations. In 1950, policy making in all issue areas was determined exclusively in territorial states. In 2000, not a single policy area was exclusively national.

Table 4

The EU combines Type I and Type II governance. The bulk of EU policies, with the major exception of monetary policy, apply to a single unified jurisdiction. The EU bundles together a variety of internationalized policy competencies that are handled elsewhere by numerous, overlapping, and functionally specific jurisdictions. However, some salient features of EU architecture appear consistent with Type II governance: variable territorial jurisdictions as a result of treaty derogations; distinct governance systems or “pillars” for different policies; the multiplication of independent European agencies; the flexibility clause of the Amsterdam Treaty specifying the conditions under which a subset of member states can engage in greater integration.

## 4.2 Locating Type II Governance

Type II governance—specialized, territorially overlapping jurisdictions in a relatively flexible, non-tiered system with a large number of jurisdictions—appears strongest at the edges of Type I governance, in the following niches:

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### 4.2.1 Public/private frontier

While we do not have a precise count of Type II jurisdictions at the nexus between public and private, such as firms, interest groups, and community groups, it seems clear that their number has grown enormously over the past two decades. Type II governance of product standards and health & safety standards has, for example, mushroomed in Europe and throughout the developed world. Some jurisdictions are entirely run by private actors according to the principle of self-regulation, while others exercise formal authority. In general, such standard-setting jurisdictions are task-specific, arm’s length from traditional government, largely autonomous, and territorially overlapping.

Space has opened up for Type II governance as formal government has shrunk in the process of privatization, outsourcing, administrative decentralization, and the shift from redistributive policies and discretionary management to market regulation (Majone 1994). For example, public ownership of the rail system in Britain has been replaced by private provision organized on a contractual basis with central government. This is Type II governance, not market competition. Central government remains accountable for the quality of service, but private firms contract with the government to provide it and, for the duration of the contract, they exercise considerable autonomous authority in doing so. In the US, many state governments have farmed out the management of prisons to private companies; in some US states, collection of certain tax arrears is outsourced to private collection agencies.

### 4.2.2 The national/international frontier

Type II governance is ubiquitous in efforts to internationalize transnational spillovers in the absence of authoritative coordination (i.e. hierarchy) (Rosenau 1997; Hocking 1999). Some Type II transnational jurisdictions coordinate state actors; others coordinate a mix of state and non-state actors; while others are entirely non-state.

More than 150 international environmental treaties have been agreed among states, half of them since 1970 (Clark 2000). The territorial scale of these regimes varies from global to regional (including patchworks of non-contiguous territories). Most target functionally specific policy problems ranging from aircraft engine emissions, climate change, ozone layer protection, shipment

of hazardous waste, to whaling, migratory species, tropical timber, etc.

Much transnational governance is primarily nongovernmental (Clark 2000; Young 1999). Some jurisdictions authorize self-regulation among firms (e.g. the World Business Council for Sustainable Development). There are a very large number of issue-specific transnational governance arrangements among more than 25,000 international nongovernmental organizations (Clark 2000). A global civil society of functionally specific, territorially overlapping, and fluid jurisdictions is responsible for policy making at the national/international frontier (Lipschutz 1996).

#### 4.2.3 Densely populated frontier regions of bordering states

Type II governance in the form of inter-regional commissions, task forces, and inter-city agencies is the norm for densely populated frontier regions in North America and Western Europe. Ad hoc, problem driven, coordination has blossomed along the US/Canadian border and in numerous trans-border conurbations in Europe. In the Upper Rhine Valley, for example, the Swiss cantons of Basel-Land and Basel-Stadt, the French département Haut Rhin, and the German district Basel-Stadt have developed a wide range of trans-national jurisdictions, including routinized meetings of regional government leaders, a regional council of parliamentary representatives, a conference of city mayors, boards of regional planners, associations of local authorities, agricultural associations, chambers of commerce, cooperation projects among universities, joint research projects on regional climate change and biotechnology, teacher exchange programs, and school partnerships (Weyand 1996).

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11

The institutional architecture of frontier governance is most developed in Belgium, Germany, and the Netherlands where a trans-national association, Euregio, connects public and private actors at multiple levels. Such arrangements are brokered by regional politicians, but most of the action is left to private actors who set up their own collaborative arrangements. The European Commission has actively supported Type II governance with seed money and ongoing funding. One of its best-known programs, Interreg, explicitly aims to facilitate inter-regional networks along the European Union's internal and external borders.

Governance arrangements that straddle national borders are usually functionally specific; they overlap with established subnational jurisdictions; they encompass non-contiguous territories; and they are viewed as ad hoc, problem-solving endeavors.

#### 4.2.4 Where local government interacts with community associations

Type II governance may well be most prevalent at the local level, though we lack comparative data. We have fairly detailed data on Switzerland, where Frey and Eichenberger identify six types of functional, overlapping, competitive jurisdictions (FOCJ) that complement or compete with traditional, multi-task local governments. These communes, of which there are around 5,000, perform specialized tasks, such as organizing local schooling, or providing electricity, gas, water, or street lighting. In addition, hundreds of inter-communal associations provide specialized public goods at a larger scale, including for example, hospitals, nursing homes, or garbage collection. According to the authors' calculations, there were 178 such associations in the canton of Zurich alone in 1994. Most communes and some associations of communes have the power to raise taxes; the territorial boundaries and conditions for membership vary from type to type; and the governing boards of some communes are directly elected (Frey and Eichenberger 1999: 49-53). The functional equivalent in the United States are the "special districts," which, as in Switzerland, have variable territorial boundaries and perform specific tasks (Casella and Weingast 1995; for assessments, Dowding, John, and Biggs 1994; Inman and Rubinfeld 1997).

Type II governance at the local level is more common in Switzerland and the US than in Europe, though “partnership between a whole variety of service providers and levels of [local] government is the normal practice in most West European countries” (Batley 1991: 225). But nowhere do Type II jurisdictions overshadow Type I local government. Frey and Eichenberger concede that traditional communes constitute the most important form of governance in Switzerland (Frey and Eichenberger 1999: 50).

Type II governance may also appear where local communities are faced with local common pool resource problems, that is, where scarce, renewable resources—for example, a water basin, a lake, an irrigation system, fishing grounds, forests, hunting grounds, common meadows—risk depletion because it is difficult to restrict access. Elinor Ostrom has demonstrated how communities around the world have developed task-specific governance structures, often self-generated, to cope with common pool resources (Ostrom 1990; also Keohane and Ostrom 1995). We know there are many such examples, but we do not know what the total would amount to.

12

## 5 Explaining Type I and Type II Governance <sup>↑</sup>

Why have two distinct types of multi-level governance emerged? And why do we find them in distinct parts of society? These questions motivate our analysis of jurisdictional change. A first step is to mine and refine some basic efficiency and path dependency arguments.

### 5.1 Efficient responses to problems of inter-jurisdictional coordination <sup>↑</sup>

To the extent that policies of one jurisdiction have spillovers (i.e. negative or positive externalities) for other jurisdictions, so coordination is necessary to avoid socially perverse outcomes. The larger the externalities, the greater the potential harm, and the greater are the benefits of inter-jurisdictional cooperation. However, coordination costs tend to rise exponentially as the number of jurisdictions rises.

Fritz Scharpf has gone further than anyone else in investigating the conditions under which cooperation is possible under multi-level governance. It seems to us fitting to call the basic dilemma underlying interjurisdictional negotiation Scharpf’s law: “As the number of affected parties increases . . . negotiated solutions incur exponentially rising and eventually prohibitive transaction costs” (Scharpf 1997: 70).

The simplest way to understand this is to think through the impact of increasing numbers of players in an iterated prisoners’ dilemma. A two-player game provides certainty of repeated interaction, and this permits strategies based on tit for tat to effectively punish defection.<sup>(12)</sup> As the number of actors rises beyond two, it becomes harder to punish defectors. Free riding is the dominant strategy in the absence of a leviathan or of countervailing norms that can induce a sufficiently large proportion of actors to monitor and punish defection. This is, in a nutshell, the dilemma of multi-level governance.

How can multi-level governance escape the coordination conundrum? An efficiency logic suggests two possible solutions, and these, we believe, provide a key to the types of governance that we have described above.

Type I governance diminishes coordination costs by limiting the number of jurisdictions and by setting up multi-task, general-purpose jurisdictions with non-overlapping territorial borders. As a last resort, Type I governance often imposes “a shadow of hierarchy” across jurisdictions (Scharpf

1997), that is, when the chips are down, someone—a court, an arbiter, a venerable representative body—has the final word.

A hierarchical authority structure may facilitate negotiation among a plurality of actors without directly controlling them, as Scharpf has observed in the German federal bureaucracy (1997: 198). Political actors, in this case ministerial civil servants, bargain directly with each other in horizontal fashion, but have the option of appealing their case to a higher authority, the Federal Chancellory. This threat induces both sides of a dispute towards compromise when it is unclear who will prevail at the superior level.

Similarly, theorists of polycentric governance speak of nesting local jurisdictional arrangements within an “overarching political, economic, and cultural order” (McGinnis 1999a: 2). Vincent and Eleanor Ostrom note that, “cooperative arrangements maintained under a rule of unanimity can always be threatened by the presence of a holdout where multiple collective consumption and production units are creating significant externalities for one another. If those externalities have the characteristics of a public good in a large domain that impinges upon several collectivities, one collectivity may find it advantageous to hold out and enjoy the benefits it can derive from the joint actions of others without assuming its proportionate share of the costs” (Ostrom and Ostrom 1999: 96). They go on to point out that, “with overlapping units of government, conflicts among governments at any one level may be resolved by recourse to the decision-making arrangements existing at a higher level of government” (96-97), including particularly the courts.

Type I governance limits the costs of coordination by constraining the number of jurisdictions and by imposing a “shadow of hierarchy” across them. Looking over the institutional architecture summarized in Table 3, one can observe the following design principles:

- **Non-intersecting jurisdictions.** Governments located at the same level do not overlap with each other. They are separated by permanent, clearly articulated, borders. Moreover, the territories of more territorially extensive governments at higher tiers do not intersect the territories of less extensive governments at lower tiers. That is to say, NUTS 1 units are neatly contained within their respective states, as are NUTS 2 units within individual NUTS 1 units, and so on for progressively smaller levels.
- **Sharply cascading scale.** The scale of governance more than doubles at each successive level. Levels are widely separated and are correspondingly limited in number.
- **Multiplex competencies.** The competencies that are dispersed across jurisdictions are bundled into a small number of packages. This limits cross-jurisdictional spillover.
- **System-wide institutional architecture.** One does not arrive at sharply cascading, multiplex, non-intersecting governance by accident. Systemic institutional choice is written all over the structures listed in Table 3.

Even highly decentralized Type I governance systems are normally bound together by a single court system. This leads Joe Weiler to argue that even federal systems have a strong measure of hierarchy: “Federal state constitutions create, always, a vertical hierarchy of a triple nature: a hierarchy of norms which, in turn, is rooted in a vertical hierarchy of normative authority which, in turn, is situated in a hierarchy of real power” (Weiler 2000: 2).

Type II offers an alternative solution to the problem of coordination under multi-level governance. Its line of defense is to limit spillover among jurisdictions by compartmentalizing, so that each government is solely responsible for a particular policy. Type II sets no ceiling on the number of jurisdictions or on task-specialization. It spawns a large number of jurisdictions while minimizing

coordination among them. Minimizing inter-jurisdictional externalities is in principle the same as dividing tasks within an organization into what Herbert Simon has called “nearly decomposable” structures. Nearly decomposable structures are those in which the ratio of internal to external interactions is maximized. That is to say, the short-run behavior of actors across different governments is more or less independent of the other, while their long-run behavior is only connected in the aggregate (Simon 1996: 178).

14

How can decomposability be attained in policy provision? How can one break up policy making into discrete pieces demanding internal coordination with minimal external spillover? The following design principles characterize Type II governance:

- **Functional specificity.** Specific competencies are hived off, and insulated, in separate jurisdictions. Jurisdictions are numerous and intersect, but they are relatively inert with respect to each other.
- **Low level of distributional conflict.** The emphasis in each jurisdiction is on pareto optimality in problem solving rather than distributional bargaining with societal-wide consequences.
- **Ad hoc, policy-specific, architecture.** The unit of political engineering in Type I governance is the jurisdiction; in Type II governance it is the individual policy problem.

The advantage of numerous overlapping jurisdictions is that different authoritative functions can be tailored to different constituencies. Also, problem-solving capacity is enhanced within small jurisdictions. But this solution is efficient only to the extent that policy solutions can be targeted at particular problems with well-defined constituencies. The gist of this line of thinking is that Type I and Type II governance are good at different things, and co-exist because they are complementary. The result is a large number of functionally differentiated Type II jurisdictions that are relatively self-contained (i.e. which do not impose major externalities for other jurisdictions) alongside a smaller number of multi-purpose Type I jurisdictions in which coordination is made less costly by their relatively small number and their non-intersecting territoriality.

## 5.2 Path dependence

Why do Type II jurisdictions cluster at the edges of Type I jurisdictions? To understand this, we must investigate the costs of institutional change. Two transaction costs are, we believe, decisive, and we discuss them in turn.

### 5.2.1 Decisional barriers

Barriers to change for Type I jurisdictions are often high, sometimes extremely high. Two things have to happen in order to create a new jurisdiction. First, reformers must coordinate to bring the change about. Second, they must surpass whatever decisional barriers stand in their way.

It seems likely that the vast majority of pareto-optimizing jurisdictions are never proposed because those who benefit remain unorganized. To the extent that potential jurisdictions compete with actual jurisdictions, this is often an uneven struggle between a potential government and an actual government. If power is the arbiter, the odds will usually be heavily in favor of interests already organized and vested in established jurisdictions.

In addition, jurisdictions, particularly of Type I, are frequently mandated by decisional rules that make change difficult. The territorial scope and competencies of Type I institutions are often set out in constitutions that can only be changed by super-majority. A defining characteristic of federalism

is precisely that it constitutionally embeds the respective powers of federal and regional governments. Reform of Type II arrangements rarely faces such high barriers.

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15

The more rooted a jurisdiction is in other institutions, the higher the barriers to change. Many Type I jurisdictions have elected legislatures, formally constituted executives, and civil services. Eliminating a jurisdiction will often entail far-reaching change for the scope, competencies, and perhaps survival, of these institutions. Hence, when reform of Type I governance takes place, it typically involves reallocating competencies across existing jurisdictions, rather than creating entirely new jurisdictions.

Fundamental jurisdictional change is rare in the absence of the collapse of a regime in war or revolution. Federal polities in West Germany and Austria were established after World War II. Federalization in Spain became possible with the transition to democracy once the Franco regime collapsed. Once new jurisdictional boundaries were established in Germany, Austria, and Spain, they have remained unchanged. Unification in Germany added new jurisdictions, but did not change existing ones, save in Berlin. Punctuated equilibrium is exactly what one would expect given the considerable transaction costs of jurisdictional reform (Krasner 1984; Spruyt 1994).

Once a level of governance is established, it is likely to become a magnet for additional competencies—even if this is not optimal from a pure efficiency standpoint. Path dependence arises due to increasing returns to concentration of competencies in existing jurisdictions. The logic is similar to that of increasing returns to scale in location theory: the transaction costs of allocating an additional competence to an existing jurisdiction are often less than the costs of establishing a new jurisdiction. If, as we speculate, Type I governance is characterized by such path dependence, then this will constrain the location of Type II governance.

### 5.2.2 Territorial identity

Some jurisdictions, particularly Type I jurisdictions, have intrinsic meaning for citizens. Citizens may identify with a particular territorial community represented in a particular jurisdiction. Nationalism, which is one variant of this, has been an immensely powerful force in jurisdictional reform.

Many political economists and some scholars of fiscal federalism have tried to encompass identity in their models under the rubric of heterogeneity of policy preferences. But this is flawed. Identity expresses an intrinsic sense of belonging to a particular group rather than a preference across some set of policies. Members of a group can value self-government even if it involves some sacrifice of other goods, including realization of policy preferences.

Resistance to creating or empowering supranational jurisdictions is often rooted in identity rather than efficiency. Opposition in the United States to the International Court Tribunal or NAFTA, for example, is often expressed in terms of defence of national sovereignty against the incursion of foreign authority. Evidence from expert surveys reveals that the extent to which political parties in Europe support further integration is powerfully shaped by their degree of nationalism (Hooghe, Marks, and Wilson 2001). Opposition to the EU is associated with what we call *Tan* values—traditionalism, authoritarianism, and nationalism.

Territorial identity can change, but it usually does so over decades rather than years. Identity is therefore a force for jurisdictional stability. Durable jurisdictions can intensify territorial identity. Eurobarometer surveys reveal that regional attachment is particularly strong—stronger, in fact, than

national attachment—in four countries with an entrenched regional tier of governance, Belgium, Austria, Germany, and Spain (Hooghe and Marks 2001).

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16

There are several cases in which identity strains against existing jurisdictional arrangements, as in the several nations of Europe that are sub-jurisdictions within larger states. This is a potential source of sudden change. The one European country that has undergone radical jurisdictional surgery in the absence of war or regime transformation is Belgium, as a result of powerful identity pressures.

## 6 Conclusion <sup>↑</sup>

The types of governance that we have discussed in this paper share one vital feature: they are sharp departures from the model of the all-powerful central state. Political fordism is their common target. Multi-level governance, in contrast, involves dispersion of authority. However, there are distinct ways to institutionalize this. One is to allocate competencies in bundles to a limited number of non-overlapping governments, each catering for a particular territory at a particular scale. This limits the sheer number of jurisdictions and thereby facilitates coordination while gaining most of the scalar benefits of multi-level governance. An alternative, more radical, strategy is to disperse competencies among a very large number of overlapping governments. To the extent that the policies pursued by these governments do not spill over to neighboring jurisdictions, so the task of coordination is limited.

Not much attention has been paid to the normative implications of these alternative visions. If we have nudged this debate forward then we have achieved one of our goals. But we doubt whether much progress can be made in evaluating costs and benefits of alternative types of governance without good comparative data on what forms of governance exist where and with what results. Without good data there can be neither good prescriptive theory nor good social science.

Our second and principal goal has been to ask where these types of governance might be found and why they co-exist. Our evidence consists mostly of stylized facts, except for Type I multi-level governance in the European Union, and our answers are tentative. We draw on Fritz Scharpf's work in developing an account of coordination among multiple jurisdictions. And we set out a framework for examining jurisdictional path dependence. We ignore the political choices of key political actors, and we ignore political coalitions, not because we believe these to be unimportant, but because their decisive causal role needs to be explicated in an institutional context such as the one we set out here.

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## Endnotes

(1) We define governance as authoritative rule making. Such rule making encompasses making, implementing and adjudicating rules. Our focus is on the political realm, that is, on the legitimate exercise of power, as distinct from governance in corporations, private associations and families.

- (2) The work of Oates, Inman and Rubinfeld, and the Indiana Workshop led by Vincent and Elinor Ostrom stand out as attempts to systematically test some of the many extant hypotheses and models that are on offer (for overviews, see Oates 1999; Inman and Rubinfeld 1997; Dowding, John, and Biggs 1994; McGinnis 1999a, 1999b, 2000).
- (3) One can also count government employees, although to less effect. The number of persons employed by a government is heavily biased in favor of governments responsible for policy implementation. Such governments may, or may not, shape the content of that policy.
- (4) While we have used the term multi-level governance to describe this, any one of the terms in the list above would serve just as well.
- (5) Assuming that this heterogeneity can be jurisdictionally captured. For most purposes, this demands that heterogeneity is territorial, so that groups with distinct preferences have a separate territorial government, or that heterogeneity is socially pillarized, and thus amenable to consociational arrangements. Moreover, the greater the number of jurisdictions, the higher the informational demands on citizens who are assumed to fully understand the costs/benefits of alternative jurisdictional arrangements. This assumption is often unrealistic, as has been demonstrated even at the local level, where opportunities for accurate citizen information are greatest (Lowery et al. 1995; Hoogland DeHoog, Lowery, and Lyons 1990).
- (6) For the present, we have chosen not to use technical terms to describe these types.
- (7) Traditional federalism studies focused primarily on constitutional federations, which reduced the universe to a handful of primarily western cases (e.g. Riker 1964; Wheare 1953; but not Daniel Elazar 1987, 1991). Contemporary work on (fiscal) federalism focuses more broadly on the benefits and costs of centralization vs. decentralization of authority. This expands the universe of cases in two directions. First of all, it enables scholars to apply insights from federalism to all countries with some form of non-unitary rule. Hence the wave of studies on decentralization in former non-democratic countries (Besley and Coate 1999; Inman and Rubinfeld 1997; Panizza 1999; Prud'homme 1995; Treisman 1999). In the second place, relaxing federalism to include non-constitutional dispersion of authority has induced students of federalism to examine diffusion of authority *beyond* the national state. Applying categories from American federalism, Inman and Rubinfeld have analyzed the dynamics of fiscal federalism in post-EMU European Union (Inman and Rubinfeld 1992). Alberta Sbragia, Fritz Scharpf, Daniel Elazar, Barry Weingast, Dominique Bureau, Alessandra Casella, Alberto Alesina, Roland Vaubel among others, have done the same (Alesina and Wacziarg 1999; Alesina, Perotti, and Spolaore 1995; Alesina, Spolaore, and Wacziarg 2000; Bureau and Champsaur 1992; Casella and Frey 1992; Casella and Weingast 1995; Sbragia 1992, 1993; Scharpf 1988; Vaubel 1994). Yet the premises of this recent literature are the same: "how many local and state governments there should be; how they will be represented in the central government; and how policy responsibilities should be allocated between the central government and the lower tiers" (Inman and Rubinfeld 1997: 43). The levels of jurisdictions are limited—usually two or three, and sometimes four; the number of jurisdictions is restricted; and policy competencies are bundled.
- (8) Consociational rule is an exception. Dutch and Swiss consociationalism provided religious communities with self-government in education, health care, and welfare services. Religious affiliation, not territory, determined whether an individual was subject to catholic or protestant authority.
- (9) In many European countries, the intermediate, or meso, level is a post-WWII institutional innovation. As Jim Sharpe observes: "What seems to be a near-universal phenomenon over the last twenty years or so in the Western European state, namely the emergence of an intermediate level of government between the centre and the basic municipal or communal level . . . The meso constitutes

one of the most important institutional changes in the modern Western state” (Sharpe 1993:1).

(10) Michael McGinnis, a long-time collaborator of the Ostroms, defines a political order as polycentric “when there exist many overlapping arenas (or centers) of authority and responsibility. These arenas exist at all scales, from local community groups to national governments to the informal arrangements for governance at the global level. . . . A sharp contrast is drawn against the standard view of sovereignty as connoting a single source of political power and authority that has exclusive responsibility for determining public policy” (McGinnis 1999b: 2).

(11) James Rosenau distinguishes between eight types of collectivities (2001).

(12) The classic "tit-for-tat" makes minimal demands on memory, and is therefore the simplest strategy within an extensive family of more demanding strategies that can punish defection under less restrictive assumptions about incomplete information. (See Lindgren 1991 for an intriguing, but rarely cited, simulation of this.)

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## Table I

### Types of Multi-Level Governance

TYPE I	TYPE II
<i>multi-task</i> jurisdictions	<i>task-specific</i> jurisdictions
<i>mutually exclusive</i> jurisdictions at any particular level	<i>overlapping</i> jurisdictions at all levels
<i>limited</i> number of jurisdictions	<i>unlimited</i> number of jurisdictions
jurisdictions organized in a <i>limited number of levels</i>	<i>no limit</i> to the number of jurisdictional levels
jurisdictions are intended to be <i>permanent</i>	jurisdictions are intended to be <i>flexible</i>

## Table II

### Regional Governance in the European Union, 1950-2000

	Year	Constitutional federalism (0-4)	Special territorial autonomy (0-2)	Role of regions in central government (0-4)	Regional elections (0-2)	Summary score (0-12)
<i>Austria</i>	1950	4	0	2	2	8
	1970	4	0	2	2	8
	1990	4	0	2	2	8
	2000	4	0	2	2	8
<i>Belgium</i>	1950	1	0	0	2	3
	1970	1	0	0	2	3
	1990	3	1	2	1	7
	2000	4	1	2	2	9
<i>Denmark</i>	1950	0	1	0	0	1
	1970	0	1	0	0	1
	1990	0	1	0	0	1
	2000	0	1	0	0	1
<i>Finland</i>	1950	0	1	0	0	1
	1970	0	1	0	0	1
	1990	0	1	0	0	1
	2000	0	1	0	0	1
<i>France</i>	1950	0	0	0	0	0
	1970	1	0	0	0	1
	1990	2	0.5	0	2	4.5
	2000	2	0.5	0	2	4.5
<i>Germany</i>	1950	4	0	4	2	10
	1970	4	0	4	2	10
	1990	4	0	4	2	10
	2000	4	0	4	2	10
<i>Greece</i>	1950	0	0	0	0	0

	1970	0	0	0	0	0
	1990	0	0	0	0	0
	2000	1	0	0	0	1
<i>Ireland</i>	1950	0	0	0	0	0
	1970	0	0	0	0	0
	1990	0	0	0	0	0
	2000	0	0	0	0	0
<i>Italy</i>	1950	0	1	0	0	1
	1970	0	1	0	2	3
	1990	2	0	0	2	4
	2000	3	0	1	2	6
<i>Netherlands</i>	1950	1	0	0	2	3
	1970	1	0	0	2	3
	1990	1	0	0	2	3
	2000	1	0	0	2	3
<i>Portugal</i>	1950	0	0	0	0	0
	1970	0	0	0	0	0
	1990	1	1	0	0	2
	2000	1	1	0	0	2
<i>Spain</i>	1950	0	0	0	0	0
	1970	0	0	0	0	0
	1990	3	2	0	2	7
	2000	3	2	1	2	8
<i>Sweden</i>	1950	0	0	0	0	0
	1970	0	0	0	0	0
	1990	0	0	0	0	0
	2000	0	0	0	0	0
<i>United Kingdom</i>	1950	0	1	0	0	1
	1970	1	1	0	0	2
	1990	1	0	0	0	1
	2000	1	2	0	0	3

Table 2 measures regional governance along two dimensions: the extent to which a regional government exercises authority independently from central government, and the extent to which a regional government participates in national or European decision making. (1)

We apply Daniel Elazar's notion that federalism combines self rule (autonomy) with shared rule (power sharing) (Elazar 1987). We evaluate self-rule by scoring *constitutional federalism*, *special territorial autonomy* and *regional elections*. We evaluate shared rule by scoring the *role of regions in central government*. For country-by-country details of coding decisions see Hooghe and Marks, 2001.

## I. Constitutional Federalism

Constitutional federalism taps the formal scope of regional government within the state as a whole. We assign one point for each of the following characteristics:

- existence of a functioning regional tier of government
- extensive authoritative competencies, including two or more of the following: authority to tax; control over police; education policy (including tertiary education); cultural policy; transport and communications policy; economic development; local government; and authority to

determine regional political institutions (e.g. administrative hiring, budget process, timing of regional elections)

- specific regional competencies that are constitutionally guaranteed
- federal state in which constitutional change is co-decided by the central state and regions.

These features are usually, but not always, cumulative. That is to say that the first characteristic is a requisite for the second, the second a requisite for the third, and the third a requisite for the fourth.

[\[Back to table\]](#)

## II. Special Territorial Autonomy

By special territorial autonomy we refer to the decentralization of authority to territorial minorities, not merely deconcentration of administration. Our scale varies from 0.5 to 2 and is derived by multiplying scores for the following criteria:

- authoritative competencies:

0.5 = weak authoritative competencies;

1 = extensive authoritative competencies (same as entry for constitutional federalism)

- population coverage:

1 = special arrangements for home rule for less than ten percent of the population;

2 = special arrangements for home rule for more than ten percent of the population.

### Footnote

(1) We define as "regions" as the most authoritative tier of intermediate government. Intermediate level governance is equivalent to NUTS 1 and NUTS 2 regions in the European Union's categorization (*Nomenclature des Unités Territoriales Statistiques*), which we reproduce here in Table 3. Regions in our analysis range from Valle d'Aosta with a population of 119,000 to the 17.9 million in the case of North Rhine-Westphalia—a range that is similar to that among states in the United States. The regional level in a country may shift over time if regional institutions are reformed. This is the case for Belgium, where the region replaced the province in the early 1980s as the dominant meso level of government.

[\[Back to table\]](#)

## III. Role of Regions in Central Government

We distinguish two kinds of power sharing. First, regions can share rule because they collectively constitute a national legislature, usually a second chamber composed of representatives of regional parliaments or regional executives. Second, regional governments may share executive power to the extent that regional ministers and civil servants regularly negotiate legislation or executive decisions with their counterparts in central government.

- legislative power sharing:

1= a chamber in the national legislature composed of representatives of regional governments or parliaments *without* wide-ranging legislative veto power

2 = a chamber in the national legislature composed of representatives of regional governments or parliaments *with* wide-ranging veto power

- executive power sharing:

1 = regular intergovernmental meetings between central state and regional executives *without* authority to reach binding decisions

2 = regular intergovernmental meetings between central state and regional executives *with* authority to reach binding decisions

[\[Back to table\]](#)

#### **IV. Regional elections**

- 1 = the regional assembly is *indirectly* elected

2 = the regional assembly is *directly* elected

[\[Back to table\]](#)

## Table III

### European Regional Divisions

	<b>NUTS 1</b>	<b>N</b>	<b>NUTS 2</b>	<b>N</b>	<b>NUTS 3</b>	<b>N</b>
Austria	<i>Gruppen von Bundesländern</i>	3	<i>Bundesländer</i>	9	<i>Gruppen von Politischen Bezirken</i>	35
Belgium	<i>Regio's/ Régions</i>	3	<i>Provincies/ Provinces</i>	10	<i>Arrondissements</i>	43
Denmark	–	1	–	1	<i>Amter</i>	14
Finland	<i>Manner-Suomi/ Åland</i>	2	<i>Suuralueet</i>	6	<i>Maakunnat</i>	19
France	<i>ZEAT + DOM</i>	8+1	<i>Régions + DOM</i>	22+4	<i>Départements + DOM</i>	96+4
Germany	<i>Länder</i>	16	<i>Regierungsbezirke</i>	40	<i>Kreise</i>	543
Greece	<i>Groups of development regions</i>	4	<i>Development regions</i>	13	<i>Nomoi</i>	51
Ireland	–	1	–	1	<i>Regional authority regions</i>	8
Italy	<i>Gruppi di regioni</i>	11	<i>Regioni</i>	20	<i>Provincia</i>	103
Luxembourg	–	1	–	1	–	1
Netherlands	<i>Landsdelen</i>	4	<i>Provincies</i>	12	<i>COROP-regio's</i>	40
Portugal	<i>Continente+Regioes autonomas</i>	2	<i>Commissaoes de coordenação regional + Regioes autonomas</i>	5+2	<i>Grupos de Cancelhos</i>	30
Spain	<i>Agrupaciones de comunidades autonomas</i>	7	<i>Comunidades autonomas + Ceuta y Melilla</i>	17+1	<i>Provincias</i>	50
Sweden	–	1	<i>Riksområden</i>	8	<i>Län</i>	24
United Kingdom	<i>Standard regions</i>	11	<i>Groups of counties</i>	35	<i>Counties/local authorities areas</i>	65
<b>EU</b>		<b>77</b>		<b>207</b>		<b>1030</b>

Note: NUTS division as revised in 1995 by Eurostat. Source: Antonia Casellas & Catherine Galley (1999).

## Table IV

### Issue Arenas and Levels of Authority in Europe: 1950-2001 (1)

Issue arena	1950	1957	1968	1992	2000
<b>ECONOMIC POLICY</b>					
Goods/services	1	2	4 (3)	4	4
Agriculture	1	1	4	4	4
Capital flows (2)	1	1	1	4	4
Persons/workers (3)	1	1	2	3	4
Transportation	1	2	2	2	3 (2)
Energy (4)	1	2	1	2	2
Communications	1	1	1	2	3 (2)
Environment (5)	1	2	2	3	3
Regional development (6)	1	1	1	3	3
Competition	1	2	3 (2)	3	3
Industry (7)	1	2	2	2	3 (2)
Money/credit	1	1	2	2	4 (5)
Foreign exchange/loans	1	1	3 (2)	2	4
Revenue/taxes	1	1	3 (2)	2	3 (2)
Macroeconomic (8)	1	1	2	2	4 (3)
<b>SOCIAL/INDUSTRIAL POLICY</b>					
Work conditions	1	1	2	2	3
Health	1	1	1	2	2
Social welfare	1	2	2	2	2
Education and research	1	1	3 (2)	2	3 (2)
Labor-management relations	1	1	1	1	3 (2)
<b>LEGAL-CONSTITUTIONAL POLICY</b>					
Justice and property rights (9)	1	1	1	3	4 (3)
Citizenship (10)	1	1	1	2	3
Participation	1	1	2 (1)	2	2
Police and public order (11)	1	1	2 (1)	1	2
<b>INTERNATIONAL RELATIONS/EXTERNAL SECURITY</b>					
Commercial negotiations	1	1	3	5	5
Economic-military assistance	1	1	1	2	4 (2)
Diplomacy and membership of international organizations	1	1	2 (1)	2	4 (3)
Defense & war	1	1	1	2	3 (2)

#### Key:

- 1 = All policy decisions at national level
- 2 = Only some policy decisions at EC level
- 3 = Policy decisions at both national and EC level
- 4 = Mostly policy decisions at EC level
- 5 = All policy decisions at EC level.

## Footnotes

(1) Source for estimates, 1950-1968: Lindberg and Scheingold (1970: 67-71). Source for estimates, 1992-2000, Schmitter (1996b: 125-126). Estimates for 1992 and 2000 are based on projections from existing treaty obligations and obligations undertaken subsequently. Schmitter's scores were based on judgments provided by Geoffrey Garrett, Peter Lange, Gary Marks, Philippe C. Schmitter and David Soskice in March 1992. Scores in parentheses ( ) for 1968 represent ex post revaluations in March 1992 of the original scores in Lindberg & Scheingold by Garrett et al. Scores in parentheses ( ) for 2000 represent ex post revaluations in March 2000 of the original scores in Schmitter by Hooghe and Marks.

(2) Category not in Lindberg & Scheingold. Schmitter estimates for 1950-1968.

(3) Category not in Lindberg & Scheingold. Schmitter's estimates for 1950-1968.

(4) Category not in Lindberg & Scheingold. Schmitter's estimates for 1950-1968.

(5) Defined as "Exploitation and protection of natural resources" in Lindberg & Scheingold.

(6) Category not in Lindberg & Scheingold. Schmitter's estimates for 1950-1968.

(7) Called "Economic development and planning" in Lindberg & Scheingold.

(8) Called "Counter-cyclical policy" in Lindberg & Scheingold.

(9) Category not in Lindberg & Scheingold. Schmitter's estimates for 1950-1968.

(10) Category not in Lindberg & Scheingold. Schmitter's estimates for 1950-1968.

(11) Called "Public health, safety and maintenance of public order" in Lindberg & Scheingold.

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