
1 Types of multi-level governance

Liesbet Hooghe and Gary Marks¹

Centralized authority has given way to new forms of governing.² Formal authority has been dispersed from central states both up to supranational institutions and down to regional and local governments. A survey finds that 63 of 75 developing countries have been undergoing some decentralization of authority (Garman et al. 2001, p. 205). An index of regional authority in 42 democracies and semi-democracies reveals that 29 countries have regionalized and only two have become more centralized since 1950 (Hooghe et al. 2010). The last two decades have also seen the creation of a large number of transnational regimes, some of which exercise real supranational authority. At the same time, public/private networks of diverse kinds have multiplied from the local to the international level.

The diffusion of authority in new political forms has led to a profusion of new terms: multi-level governance, multi-tiered governance, polycentric governance, multi-perspectival governance, FOCJ (functional, overlapping and competing jurisdictions), framegration (or spheres of authority), denationalization or the post-national state, and consortio and condominio, to name but a few. The evolution of similar ideas in different fields can be explained partly as diffusion from two literatures – federalism and public policy. But we suspect that this conceptual invention has independent sources. In this chapter, 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.

These literatures agree that the dispersion of governance across multiple jurisdictions is both more efficient than, and normatively superior to, central state monopoly. They 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. Multi-level governance is necessary to internalize spillovers across jurisdictions while tailoring policy to local circumstances.

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

The first conceives of dispersion of authority to jurisdictions at a limited number of levels. These jurisdictions – international, national, regional, meso, local – are general-purpose. That is to say, they bundle together multiple functions, including a range of policy responsibilities, and in many instances, a court system and representative institutions. The membership boundaries of such jurisdictions do not intersect. This is the case for jurisdictions at any one level, and it is the case for jurisdictions across levels. In this form of governance, every citizen is located in a Russian Doll set of nested jurisdictions,

Table 1.1 *Types of multi-level governance*

Type I	Type II
<i>general-purpose</i> jurisdictions	<i>task-specific</i> jurisdictions
<i>non-intersecting</i> memberships	<i>intersecting</i> memberships
jurisdictions organized on a <i>limited number of levels</i>	<i>no limit</i> to the number of jurisdictional levels
<i>system-wide architecture</i>	<i>flexible design</i>

where there is one and only one relevant jurisdiction at any particular territorial scale. Territorial jurisdictions are intended to be, and usually are, stable for several decades or more, though the allocation of policy competencies across levels is flexible.

A second vision of governance is distinctly different. It conceives of specialized jurisdictions that, for example, provide a particular local service, solve a common pool resource problem, select a product standard, monitor water quality in a particular river or adjudicate international trade disputes. The number of such jurisdictions is potentially huge, and the scales at which they operate vary finely. And there is no great fixity in their existence. They tend to be lean and flexible – they come and go as demands for governance change.

Table 1.1 summarizes these visions of governance as logically consistent ideal-types. The first two attributes in Table 1.1 describe variation among individual jurisdictions, while the final three describe systemic properties. We call these types simply Type I and Type II to avoid burdening readers with yet more jargon in an already jargon-laden field.

1.1 TYPE I GOVERNANCE

The intellectual foundation for Type I governance is federalism, which is concerned with power sharing among governments operating at just a few levels. Federalism is chiefly concerned with the relationship between central government and a tier of non-intersecting subnational 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, p. 1121). The framework is system-wide; the functions are bundled; and the levels of government are multiple but limited in number. Type I governance shares these basic characteristics, but is not confined to national states. We discuss these characteristics in turn.

- **General-purpose jurisdictions.** Decision-making powers are dispersed across jurisdictions, but bundled in a small number of packages. Federalists and students of intergovernmental relations tend to emphasize the costs of decomposing authority. This concern 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, p. 22).

- Non-intersecting memberships. Type I jurisdictions are characterized by non-intersecting memberships.³ Membership is usually territorial, as in national states, regional and local governments, but it can also be communal, as in consociational polities.⁴ Such jurisdictions are defined by durable memberships that do not intersect at any particular level. Moreover, the memberships of jurisdictions at lower tiers are fully encompassed in those of higher tiers. This extends the Westphalian principle of exclusivity into the domestic arena (Caporaso 2000, p. 10). The same principle is present in the international arena, where the United Nations, the World Trade Organization (WTO) and the European Union (EU) encompass national states.⁵

The key systemic characteristics of Type I governance are as follows:

- Limited number of jurisdictional levels. Type I governance organizes jurisdictions at just a few levels. Among students of intergovernmental relations, it is common to distinguish a local, an intermediate and a central level although, in practice, the number of levels varies. In Europe, they vary between two general-purpose governmental tiers in the case of Malta, Iceland or Luxembourg to five for France and six for Germany.
- System-wide, durable architecture. One does not arrive at general-purpose, non-intersecting and nested jurisdictions by accident. Systemic institutional choice is written all over Type I governance. In modern democracies, Type I jurisdictions usually adopt the *trias politicas* structure of an elected legislature, an executive (with a professional civil service) and a court system. As one moves from smaller to larger jurisdictions, the institutions become more elaborate but the basic structure is similar. Though the institutions of the German federal government are far more complex than those of a French town, they resemble each other more than they do the Type II arrangements described below.

Type I jurisdictions are durable. Jurisdictional reform – that is, creating, abolishing or radically adjusting new jurisdictions – is costly and unusual. Change normally consists of reallocating policy functions across existing levels of governance. The institutions responsible for governance are sticky, and they tend to outlive the conditions that brought them into being.

Type I governance is not limited to federalism and intergovernmental relations. It captures a notion of governance common among EU scholars. Elsewhere, we have described the reorganization of authority in the EU 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, p. 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, p. 289). European integration and regionalization are viewed as complementary processes in

which central state authority is dispersed above and below the national state (Marks et al. 1996; Scharpf 1994; Jeffery 1996; Le Galès and Lequesne 1997; Bomberg and Peterson 1998; Börzel 2001; Kohler-Koch 1998; Bache and Flinders 2004; Piattoni 2010). Few observers expect the outcome to be as neat and orderly as a conventional federation. Yet even fewer believe that the final product will resemble an Escher-like polity characterized by 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, pp. 274, 289).

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 2000, p. 12, see also Zürn 1998).

1.2 TYPE II GOVERNANCE

An alternative form of multi-level governance is one in which jurisdictions are aligned not on just a few levels, but operate at numerous territorial scales; in which jurisdictions are task-specific rather than general-purpose; and where jurisdictions are intended to be flexible rather than durable. This conception is predominant among neoclassical political economists and public choice theorists, but it also summarizes the ideas of several scholars of federalism, local government, international relations and European studies.

- Task-specific jurisdictions. In Type II governance, multiple, independent jurisdictions fulfill distinct functions. ‘[E]ach 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’ (Ostrom and Ostrom 1999, pp. 88–9). 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).
- Intersecting memberships. ‘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, p. 13).

Frey and Eichenberger (1999) coin the acronym FOCJ (functional, overlapping and competing jurisdictions) for this form of governance. ‘Polycentricity’ was initially used to describe metropolitan governance in the USA, which has historically been more fragmented than in Europe. It is applied by Elinor and Vincent Ostrom as a generic term for the co-existence of ‘many centers of decision-making that are formally independent of each other’ (Ostrom et al. 1961, p. 831). Philippe Schmitter uses the term ‘condominio’ to describe ‘dispersed overlapping domains’ having ‘incongruent memberships’ that ‘act autonomously to solve common problems and produce different public goods’ (Schmitter 1996, p. 136).

Type II governance has the following key systemic characteristics:

- 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. The result is jurisdictions at diverse scales – something akin to a marble cake. Students of Type II governance generally speak of multi- or poly-centered governance, which, they feel, have less a ring of hierarchy to them than the terms multi-level or multi-tiered governance.

Several scholars highlight the proliferation of Type II governance in the international arena, task-specific regimes or institutions that address transnational problems. A critic of the traditional statist view of governance describes this process as ‘fragnegration’ – 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’ (Rosenau 1997, p. 38). In this conception, there is no up or down, no lower or higher, no dominant class of actor; rather, a wide range of public and private actors who collaborate and compete in shifting coalitions. The outcome is akin to Escher’s famous lithograph of incongruously descending and ascending steps.

- Flexible design. Type II jurisdictions are intended to respond flexibly 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 acquire 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 (Tiebout 1956; Ostrom et al. 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 1999, p. 6). In their advocacy of FOCJ, Frey and Eichenberger

emphasize 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, p. 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’ (ibid., p. 41).

Under Type II governance, the capacity to take collective decisions, and make them stick, is diffused 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, p. 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.

Several writers point out that Type II governance resembles pre-modern governance. John Ruggie identifies commonalities between contemporary and medieval ‘multiperspectival’ governance (Ruggie 1993). Students of polycentric governance trace the prevalence of special districts and other forms of polycentric governance in the USA back to the conception of federalism anchored in the US constitution. 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.

1.3 LOCATING TYPE I GOVERNANCE

Type I governance predominates in conventional territorial government up to the national level. While measures of decentralization vary, cross-national analyses reveal a robust trend towards greater decentralization since the end of World War II. Decentralization has been particularly impressive in Europe, but it has permeated the developing world as well. Data on taxation and spending confirm this. *Government Finance Statistics* of the International Monetary Fund (IMF) show that the share of subnational expenditure in total government expenditure has risen from 20 percent in 1978 to over 32 percent by 1995. Fiscal decentralization has been most pronounced in Spain and Latin America (Rodden 2004). The same trend appears when one examines policy making. Vernon Henderson has traced the extent to which central government can override decisions of subnational governments. The proportion of countries in which central governments have this formal power has decreased from 79 percent in 1975 to 40 percent in 1995 (Henderson 2000). There has been a steep rise in political decentralization. Thirty percent of local governments were directly elected in 1970; 86 percent were directly elected in 1999. The proportion of regional governments that are

elected has increased from 25 percent to 55 percent in the same period (Henderson 2000; Rodden 2004).

Subnational dispersion of authority follows the logic of Type I – not Type II. The overall structure in the EU is relatively simple, even elegant. There are few rather than many tiers. The territorial scales of government across the EU range between two and six. This is a far cry from the near infinite jurisdictional dispersion conceived in Type II governance.

In Europe, Type I multi-level governance has been pressed forward by the simultaneous empowerment of supranational and subnational institutions. An index summarizing the formal authority of regions, special territorial autonomy for minorities, the role of regions in central government and whether the regional government is elected reveals a deep and broad reallocation of authority from central states to regions in the EU (Hooghe et al. 2010). This index does not capture decentralization to local government. Local empowerment has been particularly pronounced in northern Europe, although recent local government reforms in several southern European countries have begun to narrow the gap (Page and Goldsmith 1987; John 2001).

Once one reaches beyond the national state into the international arena, one finds very little Type I governance – with one major exception: the EU. The EU bundles together policy competencies that in other parts of the world are handled by numerous, overlapping and functionally specific jurisdictions. Most EU policies, with the major exceptions of monetary policy and border controls, have a single unified jurisdiction.

However, some salient features of EU architecture are 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; and the flexibility clause of the Amsterdam and Nice Treaties specifying the conditions under which a subset of member states can engage in greater integration. As Richard Balme and Didier Chabanet point out, ‘the competencies of the European Union in different sectors (environment, agriculture, competition . . .) are very different. . . . Even in the same policy area the decision rules are variable and ad hoc’ (Balme and Chabanet 2002, p. 44). Philippe Schmitter regards these characteristics as defining features of the European polity: ‘The core of the emerging Euro-polity’s novelty lies in the growing dissociation between territorial constituencies and functional competencies’ (Schmitter 2000, p. 15).

1.4 LOCATING TYPE II GOVERNANCE

Type II governance tends to be embedded in legal frameworks determined by Type I jurisdictions. The result is a large number of relatively self-contained, functionally differentiated Type II jurisdictions alongside a smaller number of general-purpose, nested Type I jurisdictions.

1.4.1 The National/International Frontier

Type II governance is ubiquitous in efforts to internalize transnational spillovers in the absence of authoritative coordination. Most target specific policy problems ranging

from ozone layer protection, to shipment of hazardous waste, to migratory species. Task specificity is a common feature of international regimes.

International governance is a layered network of Type II arrangements of varying institutional durability, fixity and geographical scope, which are broadly coordinated by (a) relatively durable institutional arrangements among sets of national governments and (b) a small number of Type I international organizations. The bulk of international governance consists of bilateral or multilateral agreements without agency. Of 35 269 post-World War II international agreements filed with the United Nations up to 1999, 2330 are multilateral and the remainder bilateral (Koremenos 2005). In addition, there are, according to the Correlates of War dataset, 332 self-standing international organizations having at least three member states, a permanent secretariat and headquarters, and a plenary session at least once every ten years (Pevehouse et al. 2004). Some 50 of these can be described as authoritative, having a formal constitution, a supreme legislative body, a standing executive, a permanent professional administration, and some formal mechanisms for enforcing decisions and settling disputes. Of these, eight might be described as general-purpose in that they have authority over a diverse range of policies from security or political cooperation to trade, culture, health, human rights or police and judicial cooperation: the United Nations, the EU, the African Union, Caricom, the Nordic Council, the Arab League, the Association of Southeast Asian Nations (ASEAN) and Ecowas (Hooghe and Marks 2009).

Type II jurisdictions at the national/international frontier are more fluid than Type I jurisdictions. This is even so for the more durable components of international governance. A count of international governmental organizations shows steep growth over the past half century, but also sizeable fluctuation. For example, of 1063 organizations existing in 1981, only 723 survived a decade later, while an additional 400 or so came into being. The mortality rate for international governmental organizations is estimated to be five times higher than for domestic Type I organizations such as American federal bureaucracies (Shanks et al. 1996, p. 143).

While public-private partnerships are found in Type I jurisdictions, they are more common in Type II⁶ and particularly in the international arena. Tanja Börzel and Thomas Risse distinguish five types of public-private partnerships. In the first type, private groups are merely consulted or co-opted by public actors. This is the case for the WTO, the IMF and the World Bank, all of which have recently reached out to civil society representatives. A second form includes private actors as negotiating partners next to public actors, as in the Transatlantic Business Dialogue, which brings together business and government representatives from both sides of the Atlantic. Public actors may also delegate functions to private actors, as is the case for many standardization bodies, for example, the European Committee for Standardization (CEN). A fourth form authorizes self-regulation among firms in the shadow of hierarchy (for example, the World Business Council for Sustainable Development). The final type of public-private partnership is one in which private actors predominate and in which the role of government is restricted to adopting, post hoc, privately negotiated regimes, as, for example, the regulation of domain names in the Internet (Börzel and Risse 2005).⁷ A sixth type consists of transnational private partnerships without government participation – ‘governance without government.’ The Forest Stewardship Council (FSC) accredits timber companies that follow the association’s standards of

environmental sustainability. The FSC, an organization set up by 150 environmental, business and human rights groups, runs a global forest certification program which promotes sustainable forestry through the market mechanism (Arts 2006). However, as Zürn and Archibugi note in their survey of global governance arrangements across issue areas, 'pure forms of transnational governance seem relatively rare; in many cases, an element of public involvement, support or oversight can be identified' (Zürn and Koenig-Archibugi 2006, p. 242). Such public involvement is nearly always in the form of a Type I government – be it national or international such as the EU.

Hence at the national/international frontier, Type II governance tends to predominate. The EU is an exception that proves the rule. It is extremely difficult to tie national states into authoritative transnational jurisdictions that are general-purpose, rather than designed around particular policy problems. Type II jurisdictions are instrumental arrangements which do not directly challenge state authority, nor do they demand a strong sense of identity on the part of their members. Most successful international regimes focus on pareto optimality and avoid explicit redistribution. As we discuss below, this is both a virtue and a limitation of Type II governance.

1.4.2 Cross-Border Regions

Type II jurisdictions are common in cross-border regions, especially in North America and Western Europe. Ad hoc, problem-driven jurisdictions in the form of inter-regional commissions, task forces and inter-city agencies have mushroomed over the past three decades. In the Upper Rhine Valley, for example, the Swiss cantons of Basel-Land and Basel-Stadt, the French department Haut Rhin and the German region Baden have created a web of transnational jurisdictions, involving 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. Dense cross-border cooperation has also emerged along the Californian/Mexican border and the US/Canadian border (Blatter 2001).

Governance arrangements that straddle national borders are usually functionally specific, and overlap with existing jurisdictions in order to solve particular collective action problems. Such jurisdictions operate within Type I architecture. Cooperation is difficult when regions and local authorities in different countries have dissimilar competencies or resources. This has constrained one of the European Commission's best-known programs, Interreg, which aims to facilitate inter-regional networks along the EU's internal and external borders. Contrasting Type I architectures in Europe and the USA help explain why cross-border cooperation has evolved differently. Joachim Blatter notes that in Europe, cross-border arrangements show a tendency to evolve in a Type I direction – under the influence of relatively resource-rich, general-purpose local and regional governments. In contrast, cross-border cooperation in North America has remained task-specific, territorially overlapping and dominated by non-governmental actors, and thus complements uncoordinated, relatively resource-poor, Type I governments (ibid.).

1.4.3 Local Level

Type II governance is widespread at the local level. In Switzerland, Frey and Eichenberger identify six types of functional, overlapping, competitive jurisdictions that complement or compete with general-purpose local governments. According to the authors' calculations, in 1994, 178 Type II associations provided specialized services such as local schooling, electricity or street lighting in the canton of Zurich alone (Frey and Eichenberger 1999, pp. 49–53). The closest functional equivalent in the USA consists of 'special districts,' which, as in Switzerland, have intersecting territorial boundaries and perform specific tasks. Special district governance is particularly dense in metropolitan areas: in 1992, the metropolitan area of Houston had 665 special districts, Denver 358 and Chicago 357 (Foster 1997, p. 122). Overall, the number of special districts has risen three-fold from 12 340 in 1952 to 35 356 in 2002. Ninety-one percent of these districts perform a single function concerned with natural resources, fire protection, water supply, housing, sewerage, cemeteries, libraries, parks and recreation, highways, hospitals, airports, electric power or gas supply, or public transit. These figures do not include several interstate special districts, such as the New York and New Jersey Port Authority; nor do they include independent school districts, of which there were over 13 500 in 2002 (Foster 1997, pp. 1–22). Type II governance at the local level is more common in Switzerland and the USA 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, p. 225).

Type II special districts are generally embedded in Type I local government, but the way this works varies. There is no general blueprint. The legal context is decisive for the density of special districts in the USA. A tally of district-enabling laws in California in the early 1980s counted 206 state statutes enabling 55 varieties of special districts for 30 government functions (Foster 1997, p. 11). No less than 200 pages of the most recent US Census of Government were devoted to 'a summary description' of local government variation across US states (US Bureau of the Census 1999, pp. 73–277). Some districts are created by state legislatures, others are set up by one or more counties or municipalities, while others are initiated by a citizen petition. Special districts may be governed by appointed or elected boards; for some elected boards, only property owners rather than residents can vote. Some special districts levy taxes or fees, while others do not. The geographical scope varies from interstate, to regional and submunicipal, but the majority of special districts are (a) smaller than the county and (b) overlap with other local governments (Foster 1997, pp. 9–15). The result is a baroque patchwork of Type II jurisdictions overlaying a nested pattern of Type I jurisdictions.

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 – are subject to depletion because it is difficult to restrict access. As Elinor Ostrom has argued, diversity of ecological systems is an important source of multi-level governance. Around the world, communities have developed task-specific governance structures, often self-generated, to cope with locally specific common pool resource problems (Ostrom 1990).

Table 1.2 Biases of Type I and Type II governance

Type I	Type II
intrinsic community	extrinsic community
voice	exit
conflict articulation	conflict avoidance

1.5 BIASES OF GOVERNANCE

The types of governance that we outline in this chapter frame basic political choices. Type I and Type II governance are not merely different ways of doing the same thing. Their contrasting institutional arrangements give rise to contrasting virtues and vices. We list these in Table 1.2, and describe them below.

1.5.1 Biases of Type I Governance

- **Intrinsic community.** Type I jurisdictions express citizens' identities with a particular community. Intrinsic communities represented in Type I jurisdictions are often based in national, regional and/or local identity, but they may also reflect religion, tribe or ethnicity. Such jurisdictions satisfy a preference for collective self-government, a good that is independent of citizens' preferences for efficiency or for any particular policy output.
- **Voice.** Type I governance is biased towards voice, that is, political deliberation in conventional liberal democratic institutions. Type I jurisdictions are determined in a deliberative multi-issue process in which conflicts are highly structured and articulated. Rules about rules (*Kompetenz-Kompetenz*) are decided consciously, collectively and comprehensively. Conversely, barriers to exit are relatively high. Exit in a Type I world usually means moving from one locality, region or country to another. Where jurisdictions are designed around religion or group membership, exit demands that one change one's identity.
- **Conflict articulation.** Bundling issues in a limited number of jurisdictions facilitates party competition and the articulation of dimensions that structure political contestation, first and foremost a left/right dimension tapping greater versus less government regulation of market outcomes and, in many communities, a new politics dimension tapping communal, environmental and cultural issues. This promotes meaningful choice for citizens. Type I governance is well suited to deal with zero-sum issues, that is, distributional bargaining, because it facilitates logrolling and cross-issue trading. And because barriers to exit are high, it is also well suited to provide non-excludable public goods.

1.5.2 Biases of Type II Governance

- **Extrinsic community.** Type II jurisdictions are instrumental arrangements. They solve ad hoc coordination problems among individuals sharing the same

geographical or functional space. Individuals relate to jurisdictions as members of fluid, intersecting communities – for example, as professionals, women, parents, homeowners, nature lovers, sports fans, shoppers and so forth.

- **Exit.** Type II governance is biased towards exit. Voluntary membership allows citizens, or the collective units of which they are members, to exit jurisdictions when these no longer serve their needs. To the extent that they facilitate entry and exit, Type II jurisdictions approximate markets. Jurisdictions may be created, deleted or adjusted through interjurisdictional competition for citizens' participation or dues. Voice is secondary. The narrow focus of Type II jurisdictions concentrates the costs of liberal democratic institutions within small constituencies. Deliberation is focused on the production of a particular public good rather than on broader value choices.
- **Conflict avoidance.** By decomposing decision making into jurisdictions with limited externalities, Type II governance insulates decision making from other, potentially contradictory, issues. This jurisdictional fragmentation raises the bar for articulating ideological conflict, but it concentrates the mind on improving efficiency within existing jurisdictional bounds. Type II jurisdictions are well suited for decisions characterized by a search for pareto-optimality.

Type I and Type II governance are not just different means to the same end. They embody contrasting visions of collective decision making. Type I jurisdictions are suited to political deliberation about basic value choices in a society: who gets what, when and how. Because Type I governance bundles decision making in a limited number of jurisdictions at a few levels, it reaps economies of scale in translating citizen preferences into policy. Type I jurisdictions are at the heart of democratic elections, party systems, legislatures and executives. Type I jurisdictions sustain a class of professional politicians who mediate citizen preferences into law.

Type II jurisdictions, in contrast, emphasize problem solving. How can citizens obtain public goods that they are unable to create individually? What are the most efficient means to public ends? How can market efficiency, based on consumer choice and competition among producers, be translated into the provision of public goods? The assumption underlying Type II jurisdictions is that externalities among jurisdictions are sufficiently limited to sustain compartmentalized decision making.

1.6 CONCLUSION

How should multi-level governance be organized? Who should be included in a jurisdiction, and what should that jurisdiction do? What criteria are relevant to these choices, and what are the implications of such choices?

The main benefit of multi-level governance lies in its scale flexibility. Multi-level governance allows jurisdictions to be custom-designed in response to externalities, economies of scale, ecological niches and preferences. Both Type I and Type II governance deliver scale flexibility. But they do so in contrasting ways. Type I governance does so by creating general-purpose jurisdictions with non-intersecting memberships. Jurisdictions at lower tiers are nested neatly into higher ones. Type II governance, in contrast, consists

of special-purpose jurisdictions that tailor membership, rules of operation and functions to particular policy problems.

Each type has distinctive virtues. Type I governance is oriented to intrinsic communities and to their demands for self-rule. It is predisposed to the articulation and resolution of conflict, including conflict on redistributive issues. Type II jurisdictions are well suited to achieve pareto-optimality when redistribution is not salient. Yet, despite these differences – or more accurately, because of them – Type I and Type II governance are complementary.

As the EU expands to the east and becomes yet more diverse, pressures for jurisdictional flexibility will intensify. Will it be possible to stretch a Type I jurisdiction over a EU of 27 or more countries? Will there be more variable geometry – in our terms, Type II governance – in the EU? These questions take us beyond the scope of this chapter, but the conceptual framework presented here appears to be relevant to their resolution.

NOTES

1. This chapter is adapted from Liesbet Hooghe and Gary Marks (2003), 'Unraveling the central state. But how? Types of multi-level governance', *American Political Science Review*, 97 (2), 233–43. We wish to thank Michael Zürn for comments.
2. We define governance as binding decision making in the public sphere.
3. While membership of Type I jurisdictions is non-intersecting, competencies are often shared or overlapping. There has, for example, been a secular trend away from compartmentalization in federal polities.
4. Other examples of non-territorial Type I governance are the clan system in Somalia, communal self-governance in the Ottoman Empire and religious self-governance in India.
5. There are a few exceptions. For example, Greenland and the Faeroe Islands, and self-governing parts of Denmark, are not members of the European Union.
6. Neocorporatism is an example of a Type I public-private partnership.
7. Public-private partnerships also play a growing role in the security realm. Private military companies (PMCs) refer to private firms selling military services including combat, consulting and logistics. Their significance is contested, but some argue that '[PMCs] increasingly shape which issues and problems are "securitized" – turned into existential threats – and which kind of (re-)action is to be considered most appropriate. They are part of a general process in which security is not only *privatised* but also *remilitarised*' (Leander 2005, p. 804, emphasis in original; see also Singer 2003; Chesterman and Lehnhardt 2007).

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