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European Public Policy

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Lesson 3

Governance of public policies in the European Union

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HUNGARIAN
GOVERNMENT

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INVESTING IN YOUR FUTURE

GOVERNANCE OF PUBLIC POLICIES IN DECENTRALISED CONTEXT

THE MULTI-LEVEL APPROACH

PUBLIC POLICY is a complex phenomenon consisting of numerous decisions made by the numerous individuals and organizations in government. These decisions are often shaped by earlier policies and frequently are linked closely with other seemingly unrelated decisions.

Public policy is a set of interrelated decisions taken by a political actor or group of actors, who make decisions concerning the situation and specific time for achieving goal or peace in the society

There are many complex definitions of public policy but these all agree to one point of definition; that is public policies are made by the governments. According to Dye, “Anything that a government chooses to do or not to do.”

GOVERNANCE is the government’s ability to make and enforce rules. It is also to deliver services regardless of whether that government is democratic or not. If it is conceptualized simply then it is the process of decision-making and the process by which decisions are implemented or not. It also can be in different forms, such as corporate governance, international governance, national governance, local governance, new public management governance (NPM), and others. However, there is a difference between governance and good governance. Not every government is counted as a good government because of the actions they make.

Governance is the exercise of political power to manage a nation’s affairs, where good governance also involves an efficient public service and legal framework to enforce contracts.

Conceptualization of **PUBLIC POLICY AND GOVERNANCE** has made it easier to define the relationship between them.

The study of government traditionally had strong political science and public administration perspective and includes the study of the machinery of government, local and regional government, public service as well as an element of the differing theories of the state.

EUROPEAN GOOD GOVERNANCE

'The basic principles guiding European Governance, legally anchored in **the Treaties**, are democracy, social equity, human rights and the rule of law. These need to be reflected in institutions, rules and political systems and to be respected by all sectors of society at various levels of governance.'

/Committee of the Regions, White Paper, 2009/

In the past decades, both **LEGAL AND POLITICAL SCIENCES** have increasingly been focusing on the issue of statehood, the changing role of nation-states in the process of European integration and globalisation. There has been a concerted emphasis in the EU over the past two decades in particular on the need to reform governance in ways which depart from traditional hierarchical forms of law-making and policy-making. Governance is generally seen as an alternative to the monolithic and hierarchic concept of government

With no conventional EU-level 'government' making policy, 'governance' has emerged as a widely embraced concept for capturing the policy-making processes taking place which has led to the extension of this concept into 'multilevel governance'. The polycentric governance model is the recognition of the fact that governance extends not only across levels (local, regional, national, supranational), but there is also functional specialisation over levels that varies with the particular policy sector.



The EU is not a state in the traditional European sense in which policy-making elites are held accountable by citizens for their public policies and actions. It represents a new form of supranational authority. In principle, it is still based on **STRONG NATIONAL SYSTEMS** that are

surrendering varying degrees and types of national sovereignty across a wide spectrum of public policy areas.

'GOVERNANCE' means the inclusion of formal and informal actors involved in decision-making and implementing the decisions made, and formal and informal structures that have been set in place to arrive at and implement the decision. This implies the **INVOLVEMENT OF CIVIL SOCIETY AND ECONOMIC AND SOCIAL INTERESTS INTO THE NETWORKS** of government policy formulation and service delivery. The **process of governing through governance**, therefore, is complex. The government and governance are multi-leveled and differentiated, with the location of sovereignty, power and legitimacy being a shifting negotiated, multi-centred set of entities.

The European Commission launched a significant reform of governance in the **WHITE PAPER ON EUROPEAN GOVERNANCE (2001)** in order to drive forward changes that propose opening up the policy-making process to get more people and organizations involved in shaping and delivering EU public policy. European governance and administration are characterized as a system of rules that affect the way in which powers are exercised and institutions established by the European Community. The White Paper makes reference to principles that underpin democratic governance and rule of law in the Member States. These principles are the openness, participation, accountability, effectiveness and coherence which applies to all levels of government – European, national, regional and local.

- **OPENNESS** The institutions should work in a more open manner. Together with the Member States, they should actively communicate about what the EU does and the decisions it takes.
- **PARTICIPATION** Improved participation is likely to create more confidence in the end result and in the institutions which deliver policies.
- **ACCOUNTABILITY** Roles in the legislative and executive processes need to be clearer. Each of the EU institutions must explain and take responsibility for what it does in Europe. But there is also a need for greater clarity and responsibility from the Member States and all those involved in developing and implementing EU policy at whatever level.
- **EFFECTIVENESS** Effectiveness depends on implementing EU policies in a proportionate manner and on making decisions at the most appropriate level.
- **COHERENCE** Policies and actions must be coherent and easily understood. Coherence requires political leadership and a strong responsibility on the part of the institutions to ensure a consistent approach within a complex system.

The application of these five principles reinforces those of proportionality and subsidiarity. From the conception of policy to its implementation, the choice of the level at which action is taken (from EU to local) must be in proportion to the objectives

pursued. This means that before launching a policy initiative, it is essential to check systematically (a) if public action is really necessary, (b) if the European level is the most appropriate one, and (c) if the measures chosen are proportionate to those objectives.¹

The European Commission was convinced of the importance of improving European governance at the beginning of the 21st century and took the view that the basic objectives and approaches of the White Paper are promoting new forms of governance.

DECENTRALISED GOVERNANCE

Two new phenomena pose the challenge for the old shaped nation-state idea on the international scene in the 21st century: supranational integration and regionalism. The former governance system, based on the nation-state sovereignty, goes through significant change. The paradigm shift in the relation between state and regions is the consequence of the reinforced political and public law status of the regions. Instead of centralisation and hierarchy, the relation between state and region assumes decentralisation and pluralism.

In the 1990s there was the growing engagement of subnational governmental actors within the institutions and processes of EU policy-making. This was an era of the **EUROPE OF THE REGIONS'** where a third, regional level was emerging to claim input into European policy- making.

The expansion of the Union's activities over the last decades has brought it closer to regions and municipalities. After the Eastern enlargement, within the European Union, nearly 90,000 local and regional authorities currently have significant powers they implement nearly 70% of Community legislation.

But the multilevel governance is not simply a question of **TRANSLATING EUROPEAN OR NATIONAL OBJECTIVES INTO LOCAL OR REGIONAL ACTION**, but must also be understood as a „bottom-up” process for **INTEGRATING THE OBJECTIVES OF**

¹ European Commission: European Governance - A White Paper COM (2001) 428 final , OJ C 287 12 October 2001. pp.7-8.

LOCAL AND REGIONAL AUTHORITIES IN THE STRATEGIES OF THE EUROPEAN UNION.

Moreover, multilevel governance should reinforce and shape the responsibilities of local and regional authorities at national level and encourage their participation in the coordination of European policy, in this way helping to design and implement Community policies.

Decentralised governance operates on coordinated action by the EU, the member states and regional and local authorities in accordance with the principles of subsidiarity and proportionality. However, the development of decentralisation in the EU member states is slow yet because decentralisation of the national competences (legislative, administrative, financial) and the contribution of regional and local levels of multilevel governance is determined by the extent how the central government broadens their competence in public law, thus decentralisation depends on the political attitude of the central governments in individual member states.

Although there is a clear trend in Europe towards a process of decentralisation, which is not uniform, the conditions for such shared governance have not yet been met in full, and the competences devolved to regions and municipalities vary between the member states. The following typology of state structures, defined by the EU working group on multilevel governance (2012), distinguishes four types of state systems:

- ❖ **FEDERAL:** Austria, Belgium, Germany
- ❖ **REGIONALISED:** Italy, Portugal, Spain
- ❖ **DECENTRALISED:** Denmark, Finland, France, Malta, Poland, Sweden
- ❖ **UNITARY:** Croatia, Czech Republic, Estonia, Hungary, Latvia, Luxembourg, Slovakia

'We call for a new compact between the European institutions and economic and social actors; and between different levels of power – national, regional and local. Above all, we call for strong leadership, a form of leadership marked by the capacity to sustain an honest and fruitful dialogue with citizens and to govern in partnership.'

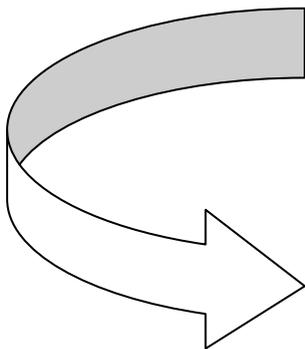
*Report to the European Council by the Reflection Group on the Future of the EU 2030,
Project Europe 2030: Challenges and Opportunities, 9 May 2010*

MULTI-LEVEL GOVERNANCE – MANAGING PUBLIC POLICIES IN A DECENTRALISED CONTEXT

Multilevel governance (MLG) refers to the sharing of policy-making authority, responsibility, development and implementation at different administrative and territorial levels, across different ministries and/or public agencies at central government level (upper horizontally), between different layers of government at local, regional, provincial/state, national and supranational levels (vertically), and across different actors at subnational level (lower horizontally). **Multilevel governance is a way of involving all local and regional authorities more explicitly in the policy-making process.**

The novel concept of multilevel governance breaks the grey zone between *intergovernmentalism and supranationalism*. Furthermore, multilevel governance does not address the sovereignty of states directly, but simply states that a multilevel structure is created also by subnational and supranational actors.²

Changes in governance have several aspects, such as the level of **HORIZONTAL INTEGRATION** (*between different sectors*) and the degree of **VERTICAL INTEGRATION** (*between different administrative tiers*). Furthermore, governance also has a procedural aspect, concerning the manner (bottom-up or top-down) in which power is exercised.



The **vertical” dimension** refers to the linkages between higher and lower levels of government, including their institutional, financial, and informational aspects. Here, local capacity building and incentives for the effectiveness of subnational levels of government are crucial issues for improving the quality and coherence of public policy.

² Bric, Mircea and Gal, Diana. CoR’s White Paper on Multilevel Governance – Advantages and Disadvantages. p. 285.

The **horizontal dimension** refers to cooperation arrangements between regions or between municipalities. These agreements are increasingly common as a means by which to improve the effectiveness of local public service delivery and implementation of development strategies.



The Single European Act (in force 1987) and the Treaty on European Union (in force 1993) are part of a process of institutional reforms that have led to a single policy – a multilevel governance system that encompasses a variety of authoritative institutions at supranational, national and subnational levels of decision-making. The Treaty of Lisbon (2009) represents an important step towards institutional recognition of multilevel governance in the way the European Union operates.

Charter for Multilevel Governance (MLG) in Europe

PREAMBLE

Given that many competences and responsibilities are shared between the various levels of governance in the European Union, we recognise the need **TO WORK TOGETHER IN PARTNERSHIP** to achieve greater economic, social and territorial cohesion in Europe. No single level can deal with the challenges we face alone. We can solve citizens' problems on the ground by **COOPERATING** better and running **JOINT PROJECTS** to tackle the common challenges ahead of us.

Aware of our **INTERDEPENDENCE** and ever seeking greater **EFFICIENCY**, we believe that great opportunities exist to further strengthen innovative and efficient political and administrative cooperation between our authorities based on the competences and responsibilities. This Charter is aimed at connecting regions and cities across and with Europe, whilst promoting **MULTI-ACTORSHIP** with societal actors such as the social partners, universities, NGOs and representative civil society groupings.

In line with the **SUBSIDIARITY** principle, which places decisions at the most effective level and as close as possible to the citizens, we...

As a part of this process, the Committee of the Regions adopted the new document, the **Charter for Multilevel Governance in Europe (2009)**, which promotes greater participation by local and regional authorities in the exercise of European democracy. The Charter is based on the belief that cooperation between the European, national, regional and local levels is essential if we are to build an ever closer and more mutually supportive union among the peoples of Europe and respond to the challenges of globalisation.

In the interests of 'good governance' system, it is important to create a multilevel government in which local and regional (self-) governance plays a significant part in the arrangement of public affairs. National governance regimes are in themselves multilevel systems, since they are based on the interplay of national, regional and local policy-making structures.

Moreover, multilevel governance should reinforce and shape the responsibilities of local and regional authorities at national level and encourage their participation in the coordination of European policy, in this way helping to design and implement Community policies.

DECLARATION

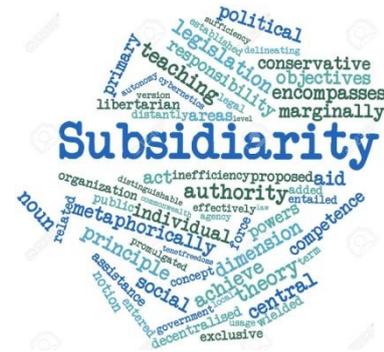
on the occasion of the 50th anniversary of the signature of the Treaty of Rome

'We preserve in the European Union the identities and diverse traditions of its Member States. We are enriched by open borders and a lively variety of languages, cultures and regions.

We are many goals which we cannot achieve on our own, but only in concert. **Tasks are shared between the European Union, the Member States and their regions and local authorities.'**

Presidents of the European Parliament, the Council and the Commission

SUBSIDIARITY AND MULTILEVEL GOVERNANCE



The implementation of multilevel governance depends on respect for the **PRINCIPLE OF SUBSIDIARITY**, which prevents decisions from being restricted to a single tier of government and which guarantees that policies are conceived and applied at the most appropriate level. Respect for the principle of subsidiarity and multilevel governance are indissociable: one indicates the responsibilities of the different tiers of government, whilst the other emphasises their interaction.

'Under the principle of subsidiarity, in areas which do not fall within its exclusive competence, the Union shall act only if and insofar as the objectives of the proposed action cannot be sufficiently achieved by the Member States, *either at central level or at regional and local levels*, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level.'

Treaty of Lisbon, Art. 5.3

The trend is towards 'dynamic subsidiarity', understood as a collaboration between different levels of governance in which each participant unit contributes its distinctive expertise and resources to resolve the common problems.

'Instead of Europe that overregulates on small details we need a Europe that answers the big questions and increasingly leaves the small questions to the member states.'

Federal Chancellor of Austria Sebastian Kurz

FURTHER READINGS

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QUESTIONS

1. Why did the European Commission launch a significant reform of governance in 2001?
2. Give a definition of the term 'multilevel governance'!
3. What is the role of subsidiarity in MLG?
4. What is the difference between vertical integration and horizontal integration?
5. Why the 'Declaration on the occasion of the 50th anniversary of the signature of the Treaty of Rome' is considered an important document?