

A postfunctionalist theory of multilevel governance

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Liesbet Hooghe^{1,2} and Gary Marks^{1,2} 

Abstract

Multilevel governance describes the diffusion of authority away from the central state. In this contribution, we recount how an archaic term, governance, became part of the vocabulary of political science. We then outline three building blocks of a postfunctionalist theory of multilevel governance. The first is that multilevel governance is cooperation to provide collective goods at diverse scales. The second is that the form governance takes depends on the sociality of the participants. The third is that conflict over community enables or impedes multilevel governance.

Keywords

authority, community, governance, multilevel governance, postfunctionalism

The commentaries in this special issue engage the concept of multilevel governance and the development of a theory, postfunctionalism, that seeks to explain it.¹ Each of the authors represented here has made valuable contributions to the literature on multilevel governance, and each raises questions about the concept and its explanatory power. We organise our reply around four themes in the commentaries: the concept of governance, multilevel governance as a coordination problem, the role of sociality in sustaining cooperation, and how conflict over community affects multilevel governance within and among states.

Governance beyond government

Why use the term governance in the first place? Why not stick with government? Our answer is that governance is more encompassing than government in ways that are useful for generalising about political rule. The reason for this lies in their etymology.

The term *government* in contemporary usage refers to the state.² When one speaks of this or that government, it is understood that one is referring to the institutions or

¹Department of Political Science, The University of North Carolina at Chapel Hill, Chapel Hill, NC, USA

²Robert Schuman Fellow, European University Institute, Florence, Italy

Corresponding author:

Gary Marks, University of North Carolina at Chapel Hill, Chapel Hill, NC 27514, USA.

Email: marks@unc.edu

people who exercise state authority. However, this was not always so. When the word *government* entered English in the late-14th century, it was not limited to what we would recognise as states; it denoted the act of governing or ruling in general. *Government* came from the French, *gouvernement* – which referred broadly to control, direction, or administration. The latin root is *gubernare*, to pilot a ship, which comes from the Greek, *kyberneisis*, to steer or be a helmsman.³ So in Chaucer's era, the Holy Roman Empire was considered a *government*, as were kingdoms, principalities, bishoprics, duchies, city states, leagues, and the hodgepodge of units that were interlaced in pre-modern rule.

In modern times, the ship of government became the ship of state. States asserted a monopoly of authority within their territories and they came to monopolise the word *government*. This had the enormously consequential effect of dividing politics into what goes on *within* states and what goes on *among* them.⁴

But what word could encompass the variety of forms of rule that were emerging alongside national states? *Governance* rode to the rescue. This word had dropped out of normal usage. Writing in 1926, England's greatest lexicographer noted that '*governance* has now the dignity of incipient archaism, its work being done, except in rhetorical or solemn contexts' (Fowler, 2009 [1926]: 220). Archaism is double-edged: words that are no longer in use stay close to their etymological roots. And so *governance* escaped capture by the national state. Its work was not done because the 'act of governing or ruling' was slipping beyond central states. *Governance* became a general term for the act of governing in states, among states, above states, and by non-state actors. The authority-monopolising state, which was in any case idealised, is no longer a plausible description of the contemporary world.

Governance was a breath of fresh air for those who were struggling to understand the European Union (EU). The EU was no state, yet it exercised authority. We resisted describing the EU as a *government* because we realised that the EU was not a substitute for its constituent states. Yet, it shared authority with states in ways that we found imperative to explore.⁵ A word that survived state hegemony made its reappearance to encompass the exercise of public authority within as well as among states, and in public-private partnerships alongside public arrangements.

EU scholars recognised that the EU was 'mutating into a new, decidedly modern form of governance'. As Charlie Jeffery and John Peterson (this issue) observe, 'the EU was a prime case in a more general governance turn'. Governance became broadly defined as 'the various institutionalized modes of social coordination to produce and implement collectively binding rules or to provide collective goods' (Börzel and Risse, 2010: 114).⁶ We describe this as *multilevel* governance because a decisive feature of modern governance is that coordination takes place at discrete levels across vast reaches of scale (Hooghe and Marks, 2003).

Words do more than designate objects or ideas; they are constitutive of what we make of the world (Taylor, 2016). The concept of government underpins the idea that domestic politics and international relations are causally *discrete* domains. Governance, by contrast, encompasses the public provision of collective goods in diverse arenas, both within and among national governments. The world we have in mind is one of multiple levels of governance among overlapping societies at diverse scales. Can one put the state in its place as just one institutional solution of a more fundamental puzzle? This is the challenge of the concept of *governance* and a central theme of our work.

The coordination problem

Exclusive competence for any level of governance is rare. Decisions made by one subnational government have effects for higher- or lower-level governments in the same territory and for neighbouring governments in the same tier. Hence, much attention has been given to designing jurisdictions on Herbert Simon's (1996) principle of 'near decomposability' so that the short-run effects of each component subsystem are mostly self-contained. However, this is a partial remedy. No jurisdiction is an island unto itself, and even the best jurisdictional designs are leaky. Arjan Schakel (this issue) explains how multi-level governance in the EU incentivises subnational actors to seek involvement in EU affairs over and beyond their formal authority. 'Assuring effective cross-jurisdictional problem solving, while avoiding the centralisation of competences, is thus a pressing challenge for lower-level governments in any multilevel system' (Bolleyer and Börzel, 2010: 182).

This is the point of departure for Claire Charbit and Dorothée Allain-Dupré, who diagnose seven governance 'gaps' that may arise when jurisdictional competences overlap. They identify strategies for improving inter-jurisdictional coordination and also recognise that cooperation rests on more than just functional benefits. 'It is not enough to tell people (and institutions) that they should cooperate because it is in their interest' (Allain-Dupré, this issue). The willingness to share information, including revelation of one's own preferences, depends on the assurance that honesty will not be exploited. This, as both authors stress, requires trust, which may be enhanced by voluntary contracts that clarify participants' commitments (Charbit, this issue; Charbit and Romano, 2017).

In her presidential address to the American Political Science Association, Elinor Ostrom (1998) noted that cooperation in social dilemma situations is *the* central subject of political science because it provides the core justification for the state. Ostrom (1998: 17) went on to observe that 'national governments are too small to govern the global commons and too big to handle smaller scale problems' and she stressed how important it is 'to achieve a complex, multitiered governance system'.

What, then, sustains cooperation? The hard core of postfunctionalist theory is that cooperation depends on how the participants view each other as well as on its functional benefits. Postfunctionalism has three foundations. The first – the *functionalist* premise – is that multilevel governance is a functional adaptation to the benefits of scale diversity in the provision of collective goods. The second – the *community* premise – is that the form governance takes at any level depends on the sociality of the participants. The third – the premise of *politicisation* – is that both functionality and sociality are constructed in political conflict.⁷ We focus on the second and third premises in the remainder of this commentary.

The community premise

Perhaps the chief contribution of Western philosophy to the study of politics is to conceive governance as resting on a voluntary contract among individuals. What sustains governance when there is no external actor that can enforce obedience to the social contract? The discussion revolves around norms of 'agreed mutual constraint' because, in the words of David Gauthier (1986: 11), 'Affording mutual advantage is a necessary condition for the acceptability of a set of social arrangements as a co-operative venture, *not* a sufficient condition' (our italics).

The challenge is to understand the immaterial forces that induce humans to voluntarily cooperate in the provision of public goods. This is a particular test for a theory of multi-level governance because what needs to be explained is not just cooperation in states, but cooperation in the diverse forms that governance takes. These include international organisations, empires, subnational governments, and non-state actors, alongside states. It can be liberating to reject the assumption that the state is *sui generis* in an effort to develop a more general theory.

Two literatures – contract theory and game theory – engage cooperation head-on, and they converge in the finding that cooperation in governance settings depends on the sociality of the participants.

Social contract theorists emphasise the importance of shared norms in explaining the degree of contractual incompleteness, an idea that is picked up in economic contract theory. This literature is relevant for our purpose because governance arrangements can be conceptualised in terms of their contractual incompleteness. Whereas task-specific arrangements contract governance narrowly around a clearly defined purpose, general purpose arrangements contract governance as an open-ended venture to deal with the problems that arise for a community (Hooghe and Marks, 2004; Zürn, this issue, for a thoughtful discussion).

Norms come into play because the more incomplete the contract, the greater the importance of performance in the ‘*spirit of the contract*’ (Hart and Moore, 2008: 3; Williamson, 1975: 69). The participants must expect not merely to be able to enforce the letter of the contract, but to share priors about its interpretation. And they must be willing to make a commitment not only to the current contract but also to their ability to adapt it to changing conditions. The greater the scope for different perceptions of the same behaviour, the greater the causal importance of shared mental models for identifying mutual gains and negotiating institutions for reaping them. Diffuse reciprocity, built on trust and reputation, extends the time horizons of the participants, relieves fear of opportunism, and thereby helps to sustain general purpose governance.

Game-theoretic analysis of cooperation under incomplete information arrives at a similar conclusion. Game scenarios such as iterated prisoners’ dilemma begin by assuming that the participants know exactly who the players are, what they can do, and what will result. The behaviour of all participants is transparent, now and in the past. As one relaxes these assumptions to approximate the real world of governance, the social requisites of cooperation come into play. What if the participants do not know exactly what they will receive, or even how to measure it? What if they do not know precisely when they will receive the benefits of their cooperative behaviour, and cannot be sure if others are really cooperating or just pretending to? Cooperation that is weakly informed, as it is under general purpose governance, rests on the belief that one’s cooperation will not be exploited. This depends on the sociality of the participants. Actions do not speak for themselves but must be interpreted. What matters is the perception of what lies behind the behaviour of those one is dealing with, as David Hume recognised in a memorable passage:

’Tis evident, that when we praise any actions, we regard only the motives that produced them, and consider the actions as signs or indications of certain principles in the mind and temper. The external performance has no merit. We must look within to find the moral quality. (Hume, 1896 [1739], Book 3: Part 2, Section 1)

Human beings have an inbuilt, almost magical, capacity to judge the motives underlying the behaviour of others. For good reason, according to Hume, because action does not

interpret itself, and cooperation and defection do not come with labels. In the field of governance, the more incomplete the contract, the greater the scope for interpretation of an action in relation to what has been agreed.

This provides the foundation for Fritz Scharpf's (1994: 35) analysis of the 'negotiator's dilemma'. When cooperation is weakly informed, actors cannot tune their behaviour to the incentives given by a particular strategic scenario because, in Scharpf's (1994: 44–45) words, they 'would not be able to distinguish one game constellation from another'. In such situations, participants base their behaviour on '*generalised expectations*' about what lies behind the behaviour of the other actors. Scharpf cautions that:

While generalised distrust is self-confirming, this is not true of generalised trust . . . Generalised trust presumes a willingness of partners to invest in the maintenance of a long-term cooperative relationship even at a cost to themselves in the individual case. (Scharpf, 1994: 46)

Perhaps the best evidence that governance is rooted in sociality comes from Elinor Ostrom's (1990) decades-long research programme which finds that effective governance of common pool resources is best achieved in a community consisting of:

a set of people (i) with some shared beliefs, and preferences, beyond those constituting their collective action problem, (ii) with a more-or-less stable set of members, (iii) who expect to continue interacting with one another for some time to come, and (iv) whose relations are direct (unmediated by third parties) and multiplex. (Singleton and Taylor, 1992: 315)

The politicisation premise

There are grounds for believing that the effect of community is double-edged. The norms that facilitate general purpose governance within communities can constrain governance among them. Communities are parochial to the extent that they divide the social world into insiders and outsiders, into 'us' and 'them'. A key question here is whether individuals conceive their communal identity as exclusive and consequently reject overarching governance as rule by foreigners.⁸

This tension motivates a postfunctionalist theory of governance by putting the spotlight on how identities are politicised. In the international domain, the politicisation of national identity helps to explain why general purpose governance is most likely among normatively related peoples. It explains both the character and limitations of governance by globe-spanning international organizations such as the United Nations.⁹ What appears decisive is whether citizens perceive themselves as having multiple or exclusive identities.¹⁰ Exclusive conceptions of national community undercut international governance, and are weaponised by those who regard the nation as the only legitimate setting for governance (Hooghe et al., 2019).

In Western societies, the politicisation of national identity takes the form of a social cleavage that pits cultural and economic losers of transnationalism against the winners. Many feel left behind by global forces that have diminished the protective capacity of the nation state. At the nationalist pole are those who want to defend their way of life against external actors who penetrate the state by migrating, exchanging goods, or exerting rule. At the cosmopolitan pole are those who conceive their national identity as consistent with international governance and who welcome, rather than oppose, the dense interpenetration of societies (Hooghe and Marks, 2018).¹¹

The politicisation of community shapes territorial architecture within, as among, countries. Regional populations with a distinctive language, prior experience of statehood, or geographical isolation are the chief source of demands for regional self-rule (Shair-Rosenfield et al., Forthcoming). This may lead central governments to tailor governance to the demands of individual regions. Åland controls domicile by Finns not fluent in Swedish; Aceh enforces Sharia criminal law; the Basque country collects own taxes; indigenous Bolivians elect local governments according to their own conventions.

Distinctive communities often have systemic effects for political conflict in the countries in which they are located. Multilevel governance can be highly contentious because it institutionalises coordination among, as well as within, communities for the provision of collective goods. Shared rule, for all its functional benefits, limits the self-rule of participating groups. The question of which group should have a capacity for self-rule is prior to the question of how a group should make decisions. Hence, multilevel governance involves conflict that cannot be settled by majority rule. Who should have the right to make collectively binding decisions? Who is included and who excluded from membership of the community? Which group of persons should have the most precious good of all, the power that controls all other powers, the capacity for rule?


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ORCID iD

Gary Marks  <https://orcid.org/0000-0003-1331-0975>

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2. This is consistent with contemporary dictionary definitions. The Oxford English Dictionary defines government as 'The group of people with the authority to govern a country or state; a particular ministry in office'.
3. This point is made memorably by Leibfried et al. (2009).
4. Hence, the conventional distinction between the subfields of comparative politics and international relations.
5. The focus of our research has been on public authority, but the concept of multilevel governance can be usefully extended to public–private governance (see Börzel and Risse, 2010). This is particularly relevant in areas of limited statehood, as Tanja Börzel notes (this issue), where non-governmental actors may substitute for governments in facilitating trade or environmental sustainability.
6. Michael Zürn (2018: 3–4) characterises global governance as 'the exercise of authority across national borders as well as consented norms and rules beyond the nation state, both of them justified with reference to common goods or transnational problems'.
7. As noted by Charlie Jeffery and John Peterson (this issue) and Hanna Kleider (this issue), postfunctionalist theory sharpens its lens on the interplay between functionalist pressures and communal identities (Hooghe et al., 2020).
8. As Hannah Kleider (this issue) points out, 'We still know relatively little about how identities are formed in the first place'.

9. The United Nations may be regarded as a general purpose IO with a singular position in a system of global governance (Zürn, this issue). It also provides one of the most instructive examples in how IOs manage the tension between scale and community. The United Nations does this by decentralising competences to regional groupings of member states, and by acting as the non-binding coordinator of a 'family' of large-scale task-specific IOs (Hooghe et al., 2019).
10. Michael Zürn puts it elegantly in his commentary: 'each individual is a member of different communities with varying "thickness"'.
11. As Tanja Börzel (this issue) observes, this line of argument 'puts Haas' neo-functionalism on its head. While Haas defined regional integration as the transfer of loyalties to the supranational level, he saw this as the endpoint rather than the start of integration processes'.

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