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Policy coordination between different levels of government: What have we learned from Canada-Europe comparative research?

Arthur Benz²

Technische Universität Darmstadt, Germany

In European studies, Multilevel Governance (MLG) has been introduced as an analytical framework to explain the European integration process and the rising power of regions in the EU in response to claims by governments and the mobilization of actors. Moreover, scholars have applied the concept to study coordination between levels of government (Piattoni 2010). Without undervaluing the first strand of research explaining the change of institutions and politics, this policy brief will focus on multilevel coordination, which is a particularly demanding task for policy-makers. Meanwhile, knowledge in this field has advanced in comparative research, not the least by studies comparing Canadian federalism and the EU.

This research has identified a number of methods of coordination, those based on negotiations, competition, or communication. The different types operate under various enabling or constraining conditions. In order to avoid problematic consequences, these conditions have to be considered carefully.

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² Arthur Benz (abenz@pg.tu-darmstadt.de) is a Professor of political science at the Technische Universität Darmstadt and CETD research collaborator.

1. *Multilevel coordination by negotiating agreements*

In the EU, an important method of MLG has been identified as *joint decision-making*. It applies if governments share powers and therefore have to negotiate agreements in multilateral processes (Scharpf 2011). As a rule, bargaining behavior of representatives defending interests of their government dominate negotiations. Since sharing of power prevents all governments from making policy on their own, there is a significant risk that disagreement leads to deadlock in policy-making. Usually, this outcome is avoided by compromises at the lowest common denominator, which are often ineffective, or by expensive package deals.

This mode rarely applies to Canada, where powers are divided between the federal and provincial governments, and where parliaments are sovereign. Therefore, *voluntary negotiations* allowing individual provinces to opt out prevail in intergovernmental policy-making. The EU has introduced this mode as "enforced cooperation," and opting out has become a way of advancing European governance in a number of policy fields. Both joint decision-making and voluntary negotiations operate under particular conditions that have positive or negative effects on policy outcomes (see Falkner 2011). The impact of party politics determining the preferences of governments is highly important, and it can lead to a confrontation among negotiating representatives. Moreover, if distributive conflicts have to be solved, which often arise in fiscal, energy, or environmental policies, coordination by negotiating agreements often reaches its limits.

However, negotiations rarely include only heads of governments. As a rule, they proceed in different arenas, some of them assembling experts from administration or private organizations, while others include ministers or heads of governments having the power to settle final agreements. Experts search for solutions in integrative negotiations ("arguing"), whereas political actors try to defend their positions and exert bargaining power. The combination of these arenas allows for "venue shopping." Shifting negotiations between political and administrative settings increases the probability of an agreement that effectively addresses the problems at stake. It allows, for instance, for the isolation of unsolvable conflicts in one arena. During a sequence of negotiations among different actors using different negotiation modes, participants may change their positions. Moreover, redistributive conflicts can be solved if norms of distributive justice are defined in a forum legitimized to make binding decisions on this issue before political bargaining starts in another arena.

Finally, multilevel negotiations can be practiced *in the shadow of hierarchy or majority decisions*. In Canada, the sovereignty of parliaments creates this shadow; in the EU, the potential intervention of the European Court of Justice (ECJ) can have the same effect. Under these conditions, governments are motivated to come to agreements since they lose control of decision-making in case of failure. Anticipation of parliamentary vetoes or court decisions can reduce the zone of agreement, but it makes decisions more likely.

2. *Competitive modes of coordination*

In multilevel systems, governments of the constituent units not only cooperate, but also compete for power and resources. In order to coordinate decentralized policies without limiting autonomy, governments can organize "*yardstick competition*" for best practices in a particular policy field (Salmon 2003). The EU has introduced this mode as Open Method of Coordination (OMC) in social and health policy, education, and environmental policy, and in Canada, the Social Union Framework Agreement (SUFA) referred to a similar approach, though it was not applied. In theory, yardstick competition can motivate governments to improve the performance of the respective policy and to invent best practices. Moreover, parliaments can profit from comparative evidence when holding the executive accountable. However, in parliamentary systems with strong party competition, neither executives nor majority parties in parliament are willing to be subject to "naming and shaming." For this reason, yardstick competition has been turned into a process of information exchange among experts in the EU and has not been effectively implemented in Canada. While some scholars have expected the OMC to become a kind of deliberative policy, research on the European experience gives reason to be more skeptical regarding the dominance of experts who claim to accurately determine the public interest. Hence, processes of yardstick competition have to be carefully prepared and designed (Benz 2007).

3. *Communicative modes*

Beyond processes of multilevel coordination aiming at agreements or naming and shaming, governments interact in diverse arenas where they exchange information, knowledge, and opinions without directly aiming at decisions and action. These *consultations* often end with declarations. Expressed in public, they commit participating representatives of governments to make appropriate policies in their jurisdiction. These declarations provide reasons for policy-makers in intragovernmental negotiations. They are often referred to in public debates or in parliaments, when policies are justified or disapproved.

These effects of communicative modes of multilevel governance can be exploited by a government in order to defend its policy against opposition or to push for change. This strategy has been recently described as "*up-loading*" of policies from lower to higher levels or "*down-loading*" them the other way around (Benz and Mayntz 2015, 170). Up-loading means that governments introduce their policy in consultation at higher levels and use the support gained in this venue in politics inside its domain. Down-loading occurs if policy-makers refer to declarations or policy proposals developed at higher levels when they aim at corresponding goals.

In the horizontal dimension of multilevel governance, *policies are often transferred* from one government to others (Dolowitz and March 2000). More often than not, networks of administrations support this process, which leads to a certain harmonization of

policies. These networks sometimes constitute a basis for organizing yardstick competition, but more often than not, they emerge from attempts to apply this coordination mode without the support of political leaders and parties.

4. *Democratic legitimacy of multilevel governance*

Research on MLG has caused concerns about an increasing democratic deficit, both in Europe and in Canada. All modes of coordination mainly involve executives, if not civil servants of special departments. The rise of "executive federalism" has been debated in many federations. However, empirical research has revealed that different modes of MLG have different effects on democracy. Moreover, in the relations between executives and parliaments, there is never a one-way shift of power. In fact, parliaments have reacted to MLG. Due to the different patterns of democratic government, parliaments in Canada and the EU responded in different ways (Benz 2011).

In Canada, parliaments profit from their sovereignty. Therefore, they can tie the hands of the executive or veto an intergovernmental agreement, with the consequence that its government is compelled to opt out. They also rely on the responsibility of the prime minister to its party in parliament. This way they are involved in negotiations on important accords, but lack access to regular intergovernmental communication and negotiations.

Parliaments of member states of the EU enjoy similar powers in principle, but they are confronted with a creeping centralization of policies by multilevel governance in the EU. Therefore, they established their own *channels of inter-parliamentary communication*. The European Parliaments joined them in order to keep up with the Commission and the Council. Although in principle promising as a way to strengthen parliaments and accountability of the executive, inter-parliamentary relations lack appropriate institutionalization and therefore are unstable, as has been revealed during the ongoing crisis of the EU. Nonetheless, the European experience of adjusting parliamentary democracy to the challenges of multilevel governance is worth taking into consideration in other federations.

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