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Institute for Advanced Studies, Vienna. Authors: Holger Bähr, Oliver Treib

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Summary

“Governance” has become one of the fashionable catchwords among both scholars and political practitioners. But what does the concept really mean? Does governance refer to specific institutional forms of decision-making, to particular types of state-society relations, or to certain techniques of achieving policy goals? We argue that governance covers all of these phenomena at the same time. Given the multi-faceted character of the concept, however, it is of utmost importance to clearly distinguish the different dimensions of governance, and the individual modes of governance belonging to any of these dimensions, in order to avoid conceptual and theoretical confusion. In this paper, therefore, we provide an overarching scheme to classify different concepts and modes of governance and discuss how this scheme may help improve our understanding of policy-making at both EU and national levels.

Our classification scheme builds on concepts drawn from the study of domestic politics. In the existing literature, governing modes are conceived as coordination and steering both at a general societal level and in specific dimensions of polity, politics, and policy. As far as general governing modes are concerned, the literature frequently refers to the triad of hierarchy, network, and market. Specific governing modes describe certain aspects of the process of policy-making. They are conceived as modes of interaction (polity), interest intermediation (politics), and policy instruments (policy). General governing modes cannot be observed directly but we argue that observable specific governing modes reflect general modes of coordination and steering. In order to illustrate the individual modes of governance and their relevance for EU policy-making, we map the governing modes in two policy areas of the European Union (EU), social policy and environmental policy.

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I. Introduction

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Our classification scheme builds on concepts drawn from the study of domestic politics. In the existing literature, governing modes are conceived as coordination and steering both at a general societal level and in specific dimensions of polity, politics, and policy. As far as general governing modes are concerned, the literature frequently refers to the triad of hierarchy, network, and market. Specific governing modes describe certain aspects of the process of policy-making. They are conceived as modes of interaction (polity), interest intermediation (politics), and policy instruments (policy). General governing modes cannot be observed directly but we argue that observable specific governing modes reflect general modes of coordination and steering. In order to illustrate the individual modes of governance and their relevance for EU policy-making, we map the governing modes in two policy areas of the European Union (EU), social policy and environmental policy.

II. Governance as Institutional Modes of Interaction

Governing modes can be conceived as modes of interaction. Modes of interaction are institutional arrangements which shape the constellation of actors and specify the decision rules under which policy-outputs are adopted. They determine the degree of autonomy of individual actors on the one hand and the capability of collective action on the other. Following Scharpf (2001; 2006a: 847-854; 2006b: 7-14), we distinguish four modes of interaction that focus on the institutional rules governing the relation between the EU and the member states in European-level decision-making. First, in unilateral adjustment, member states react to political decisions, innovations, and actions in other member states while European institutions are not involved. This is, for example, the case when nation states compete for internationally mobile capital. Second, in intergovernmental negotiation, member states coordinate and standardise their actions. Each member state has the capacity to block a decision, as is the case in the Common Foreign and Security Policy. Third, in joint decision-making, both member states and European institutions are involved in the process of policy formation. Characteristics of intergovernmental negotiations are combined with a central role of the European Commission and the European Parliament. Finally, in supranational centralisation, competence is either delegated to supranational organisations, which thereby determine policies in the member states, or policy measures can be directly derived from the Treaty establishing the European Community (EC Treaty) and be enforced by the European Court of Justice. The clearest example is the European Central Bank, which, according to Article 105 of the EC Treaty, has

¹ Following and Scharpf (2006a: 847; 2006b: 7), we use the terms „governing modes“ and „governance modes“ synonymously.

the sole responsibility for monetary policy. The modes of interaction prevalent in a particular policy area mainly depend on the provisions made in the Treaties.

Social policy: Traditionally, most of the decisions in EU social policy had to be taken on the basis of unanimity in the Council. Due to successive Treaty amendments, the areas characterised by the interaction mode of “intergovernmental negotiation” nowadays is restricted to anti-discrimination, collective interest representation and codetermination, social security and protection of workers, as well as funding for employment policy (Falkner 2006: 80-82). In contrast, many social policy measures may now be adopted on the basis of the co-decision procedure, with qualified majority voting in the Council and the European Parliament acting as co-legislator. The field covered by the joint-decision mode in EU social policy includes health and safety at the workplace and working conditions in general, information and consultation of workers, integration of persons excluded from the labour market, and equal treatment of women and men with regard to labour market opportunities and treatment at work. The joint-decision mode also applies to those social policy measures which also contribute to the completion of the common market and are passed on the basis of Article 94 of the EC Treaty. Further areas where the joint-decision mode is applied but only soft law is adopted include employment policy, social exclusion, the modernisation of social protection systems and incentive measures to combat discrimination. One of the few examples of supranational centralisation at the European level is to be found in the field of social policy. Article 141 of the EC Treaty stipulates equal wages and salaries for women and men, thus enabling the European Court of Justice to act against pay discrimination in the member states (for an overview, see also Shaw 2001; Scharpf 2006b: 9).

Environmental policy: In EU environmental policy the European Single Act had introduced qualified majority voting for those areas of environmental policy that also affect the completion of the common market, and the Maastricht Treaty extended qualified majority voting to almost all measures in environmental policy. Hence, joint decision-making is the predominant governing mode in EU environmental policy. There are only a few exceptions that are still subject to unanimous decision making. Policies are formulated in the mode of intergovernmental negotiation, if measures concern fiscal provisions or affect town and country planning, the quantitative management of water resources, or land use not related to waste management. Finally, those measures remain subject to unanimous decisions which affect the mix of energy supply from different sources in the member states. Supranational centralisation is of minor relevance in EU environmental policies.

III. Governance as Forms of Interest Intermediation

The literature usually distinguishes two main types of interest intermediation: pluralism and corporatism. In pluralism societal groups interact in a non-hierarchical competition in order to get their interests reflected in public policies. These groups are founded on a voluntary basis. State authorities do not intervene into the organisation of societal groups and they also do not guarantee privileges for certain groups (Truman 1951; Dahl 1961). In corporatism there are a limited number of associations which are internally organised in a hierarchical manner and externally bounded by functional aspects. They are equipped with a monopoly of interest representation which is guaranteed by state authorities. As a reciprocal gesture, associations support agreements with the government and other associations vis-à-vis their members (Schmitter 1974). Our classificatory scheme builds on Kohler-Koch (1999), who identifies four modes of governance to describe the forms of interest intermediation at the EU level: statism, corporatism, pluralism, and network governance. In the statist governance mode, the majority within political institutions determines which interests are transformed into public

policies and which interests remain unconsidered. As in national political systems, corporatism and pluralism are opposing modes of interest intermediation as described above. Finally, network governance describes a system of interwoven negotiations.

Social policy: Interest intermediation in EU social policy evolved from a type of network governance into a mixture of network governance and a quasi-corporatist governing mode (Falkner 1999). While the ultimate power to adopt social policy proposals traditionally lay firmly in the hands of member state governments, since the early 1970s elements of corporatism have emerged. However, it was only the Social Protocol of the Maastricht Treaty that finally gave way to the creation of a corporatist mode of interest intermediation in EU social policy. Since the Amsterdam Treaty revisions, this corporatist ‘bargained legislation’ procedure forms part of the EC Treaty (Falkner 1998, 1999; Treib/Falkner 2007). Although the new bargaining track has been used successfully several times, traditional policy formation through the Council, the Commission and the European Parliament was not replaced by this new social partner procedure. Instead, network governance in the legislative arena and corporatism in the social partner arena co-exist and even influence each other (for an overview, see Falkner 2000; Treib/Falkner 2007). Since the Maastricht Treaty, there have been only three social partner agreements that were actually transformed into legally binding directives and recently, the social partners reached two further agreements. Most of the social policy initiatives were thus adopted on the basis of the traditional law-making procedure. In quantitative terms, therefore, network governance is much more important than the corporatist mode of interest intermediation in EU social policy.

Environmental policy: When environmental policy emerged as a separate policy area at the EU level in the 1970s, a distinct type of interest intermediation was absent. However, since the mid-1980s governing modes have changed and evolved towards network governance. The emergence of network governance was spurred by the principle of horizontal environmental policy integration laid down in the Environmental Action Programmes and in the EC Treaty. The principle states that measures in other policy areas must take environmental concerns into account. Several public and private actors of environmental policy but also of other policy areas have been integrated into the process of policy-making by creating various fora for consultation and cooperation and a facilitated exchange of information (Lenschow 1999: 44-48). Despite the salience of network governance, pluralism and corporatism also play a certain role in EU environmental policy. On the one hand, interactions of environmental interest groups display properties of pluralism. There are a large number of environmental groups engaged in policy formation at the European level. They are rooted in different cultural and political traditions and often compete with one another. On the other hand, there are also traces of corporatism. When the directive on the conservation of natural habitats and of wild fauna and flora was formulated, for example, the Commission gave privileged access to two environmental organisations, the Royal Society for the Protection of Birds and the WWF. The two organisations coordinated and bundled up the interests of environmental groups throughout Europe (Eichener 2000: 285-286).

IV. Governance as Different Types of Policy Instruments

Besides modes of interaction and interest intermediation, governing modes also cover the policy dimension and may thus take the form of different policy instruments. Policy instruments are means and techniques applied by political actors in order to attain policy goals (Howlett 1991: 2). In order to identify policy instruments at the European level, we use a modified version of the typology suggested by Knill and Lenschow (2003). We thus distinguish four European governing modes in the policy dimension: coercion, framework regulation, target-

ing, and voluntarism. Coercion corresponds to rigid command and control measures. Legal acts prescribe standards that the addressees of political steering have to obey. If they do not comply, they face sanctions. Framework regulation also consists of legally binding provisions. However, these provisions give more leeway to the actors involved in implementation. The opposite of framework regulation is targeting. Targeting entails precise and detailed but non-binding recommendations. Finally, voluntarism only defines broad and non-compulsory goals. Measures of coercion and framework regulation take the form of hard law, i.e. regulations and directives. Both targeting and voluntarism are based on soft law and regulatory instruments of the OMC, like monitoring, benchmarking, peer review and peer pressure, codes of conduct, and best practice. The specific design of the respective OMC defines whether it belongs to targeting (precise goals) or voluntarism (broad and flexible goals) (Borrás/Greve 2004: 330).

Social policy: Some of the earliest Community legislation referred to social policy, although these early measures were closely related to the creation of the common market. 1958 saw the adoption of a regulation that aimed at facilitating the migration of workers. Further regulations and directives as well as several legislative amendments were passed in this issue area during the subsequent decades (Hantrais 2000: 194-196). Moreover, provisions for the funding from the European Social Funds and provisions in the more technical areas of occupational health and safety are established by regulations and directives, which leave member states little flexibility in implementation. In the category of framework regulation, there are directives which give more leeway to member states, like the directives on working time (1993), young workers (1994), parental leave (1996), part-time work (1997), and some other directives on general working conditions (Falkner/Treib/Hartlapp/Leiber 2005). Targeting may be found mainly in employment policy, which operates on the basis of legally non-binding policy goals that are, however, clearly defined and include tightly-specified targets. This contrasts sharply with some other OMCs, especially the ones on pensions and social inclusion. They do not define any goals nor do they make any recommendations but seek to initiate a debate among political and administrative experts (Wincott 2003: 540-541). These two OMCs thus belong to voluntarism. However, non-binding policy measures are not only found in areas in which the EC Treaty does not provide a basis for the adoption of legislation. They also add to binding legal acts in issue areas in which the governing modes coercion and framework regulation are widespread.

Environmental policy: In EU environmental policy, binding legal acts are the predominant form of policy instruments. The governing mode of coercion is represented by directives and regulations which lay down clearly-specified environmental standards. Standards may refer to different aspects of environmental protection. First, there are sectoral standards that seek to protect a single environmental medium, air, water or soil. Second, there are integrated measures that examine negative effects on the natural environment as a whole. Third, standards may address a specific environmental problem, like packaging waste or chemical substances. Measures of framework regulation lay down broad goals, limit values, and alert thresholds by framework directives which are subsequently specified by daughter directives. There are framework directives in the issue areas air and water. Legal provisions which allow for flexibility in implementation are also represented by economic instruments. Economic instruments use market mechanisms in order to make actors behave in an environmentally friendly way. The most prominent example of an economic instrument in European environmental policy relates to tradable permits for climate protection, which were introduced in the EU by a directive on emission trading. Examples of targeting in environmental policy are eco-labels, a blacklist for banning ships from EU harbours if they do not meet safety criteria, indicators to limit noise, an emission register which specifies emission limits under the IPPC directive, and

monitoring levels which assess the exposure of the population to radioactivity (Héritier 2002: 191). Finally, voluntarism in EU environmental policy is represented by voluntary agreements by private actors, e.g. the automobile industry.

V. Conclusion

In this paper we have argued that governing modes can be conceived in a general and in a specific sense (Figure 1). General governing modes are very broad styles of societal steering and coordination. They refer to fundamental properties of political systems such as the way political problems are generally solved and how societal values are distributed and redistributed. In the literature, the most prominent governing modes in this general sense are market, network, and hierarchy. Governing modes in a specific sense are restricted to one of the individual dimensions of polity, politics, and policy. The polity dimension consists of institutions that affect the mode of interaction among political actors in the process of policy formation. In the politics dimension, modes of interest intermediation describe the way societal interests are incorporated into the shaping of public policy. The policy dimension comprises different policy instruments, i.e. means and techniques to achieve policy goals. General governing modes describe the mechanism of coordination and steering entailed in specific governing modes. Specific governing modes mirror the respective general governing mode of market, network, or hierarchy as shown in Figure 1.

Figure 1: Governing Modes

Specific Governing Modes General Governing Modes	Modes of Interaction (Polity)	Interest Intermediation (Politics)	Policy Instruments (Policy)
Market	Unilateral Adjustment	Pluralism	Voluntarism
Network	Intergovernmental Negotiation	Corporatism	Targeting
	Joint Decision-Making	Network Governance	Framework Regulation
Hierarchy	Supranational Centralisation	Statism	Coercion

This classification scheme serves two purposes. First, by using this classification governing modes can be described precisely and phenomena like the Community Method or the OMC may be better understood. Thus, the Community Method may be understood as a type of policy-making that is based on joint decision-making in the polity dimension, network governance in the politics dimension, and coercion in the policy dimension. The OMC combines network governance or intergovernmental negotiation at the policy formation stage, mostly pluralist forms of interest intermediation, and non-binding policy instruments of voluntarism or targeting. Second, using specific governing modes as analytical term prevents intermingling cause and effect within a single expression. If governance is used as an analytical term in order to answer questions about the emergence, evolution, and effectiveness of governing

modes, specific governing modes as described above have to be kept separate, because it is likely that, in addition to further factors, one specific governing mode is relevant to the explanation of another governing mode. The emergence of policy instruments described by voluntarism may thus be explained by vital national interests of the member states in conjunction with intergovernmental negotiation as mode of interaction.

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