

Scale Meets Community: Hooghe and Marks' Theory of Multilevel Governance

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Hooghe, Liesbet and Gary Marks. 2016. *Community, Scale, and Regional Governance: A Post-Functionalist Theory of Governance (Volume 2)*. Oxford: Oxford University Press.

Volume 2 of Liesbet Hooghe and Gary Marks' ambitious series is a slim and elegant book. This is especially so in comparison to Volume 1, a book chunkily rich in methodology and data, and well worth its non-trivial weight. Volume 2, by contrast, is a mere 162 pages of text. But the insights it contains are remarkable. It is an analytical *tour de force* that will change how we think about governance across space for decades to come.

Let me discuss first what I most like about this book. There is a great deal to like, so let me focus on those things I found most striking on my initial reading. First, this is an immensely – and yet effortlessly – learned piece of scholarship. It is the product of years of work and study, not just by its principal authors, but by a larger team of colleagues and graduate students who toiled with them to corral a vast trove of information, and then fashioned it into the novel and immensely useful Regional Authority Index dataset. That done, they spent years analyzing the data in ways that eventually led to this book.

Community, Scale, and Regional Governance is a rich contribution to theory. But it is one based on a deep and detailed knowledge of the political economy of subnational and supranational governance across all of the world's regions. This expertise is remarkable not just for the breadth of countries covered – the scope is global – but also for the depth of knowledge within each country. Many of the world's 190+ countries are geographically, socially, and politically highly diverse. Much of political science skates over this diversity, focusing on national systems and national political characteristics. But as an increasing number of scholars have argued in recent years (Boone 2014, Diaz-Cayeros

2006, Eaton 2006, Faguet 2012, and Faguet and Pöschl 2015), this is a mistake insofar as it obscures the subnational tensions that often determined important national outcomes, beneath a façade of national homogeneity and the presumption of equilibrium in institutional design. Here, Hooghe and Marks take the opposite tack, plumbing the levels and dimensions of countries' subnational diversity in an explicit attempt to understand where this diversity comes from, and how it affects subnational and national governance.

The book displays this broad and deep knowledge in ways that are illuminating, lend weight to its arguments, and are interesting in and of themselves. And through all this learnedness it avoids becoming pedantic, even as the authors move seamlessly – often in the same sentence – from the political and administrative details of regional governments in the Andes, to municipalities in Europe, and then island administrations in Southeast Asia. The effect on the reader is informative, and even inspirational, as we watch the authors polish each piece of analysis carefully before adding it to their edifice.

Secondly, the book deploys an interdisciplinary political economy approach. This is not only close to my own heart – though it is – but also strictly advantageous for the analysis of governance institutions in a social context. Over recent decades, our awareness of the power of institutions to affect a broad array of outcomes across the economy, social relations, and political systems has grown. As a result, the analysis of institutions and institutional change sits less and less comfortably within the confines of any single discipline. If the sources of institutional change are multidisciplinary, and their effects are multidisciplinary, then their analysis – if it is to be coherent and complete – should be interdisciplinary.

Hooghe and Marks' work fits the bill. Their take on “political economy” here is a blend of public economics and political sociology. This combination is particularly well-suited to an analysis of public goods, scale economies, externalities, and informational asymmetries that is embedded in a broader social context of community and identity. The

authors are clearly well-versed in both fields, and their approach is gratifyingly unified, blending what are, in the end, two very different subfields into a supple, coherent analytical tool.

Thirdly, the book is well and clearly written, even as the ideas expressed are both deep and powerful. It is a pleasure to read. This is not something that can be said of many academic books, and even fewer books of theory. It reads as finest liquor – centuries of thinking and a wealth of data distilled into a compact purity of form. I could go on, but Hooghe and Marks' words are preferable. So let me instead quote two examples:

What principles underpin governance? One must begin by asking which group of persons should form a jurisdiction. This is the *Who Question*: who should have the right to make collectively binding decisions? Only after persons are conceived as members of a group does it make sense to ask how that group should make decisions. Democracy does not provide an answer. The principles that underpin democracy say nothing about who the people are. Majority rule, yes, but a majority of *which* people? Minority rights, but in relation to *which* majority? Principles of democracy, justice, or individual rights do not tell one which groups of persons should exercise governance to achieve these goods. The fundamental question of governance – the *Who Question* – is logically and ontologically prior to questions relating to how a group makes decisions or what those decisions are. A theory of governance should, at a minimum, seek to explain the territorial structure of authority: which groups at which scales have authority to make what kinds decisions? (p.5)

And also,

Providing individuals with the policies they want is not the same as giving them the authority to collectively determine those policies. Self-rule is the independent exercise of authority. So, individuals may demand self-rule even if the central government tailors public goods to their preferences. The reason for this takes one to the core of governance, the exercise of legitimate power.

Power is a capacity unlike any other because it is the present means to obtain some future good (Hobbes 1651/2001). It is the potential to realize one's will in the face of

resistance. Unlike money, it is not depleted when it is spent. With what might a people exchange the power to make its laws? This is precisely why conflict over the allocation of authority can be so difficult to resolve. Power, and its legitimate expression, authority, are master goods that relieve the bearer from trusting in the promises of others.

A theory of governance should explain the institutional frame – the structure of authority – in which policies for this community, rather than that community, are decided. Knowledge about policy preferences, no matter how precise, cannot explain preferences over which groups should have the right to exercise collective authority. Preferences over governance are shaped by group attachments as well as by policy preferences. (pp.16-17)

This is clear, deep, beautiful prose.

What does this book achieve? First, it provides a coherent theory of government at the intersection of public economics (public goods) and the sociality of jurisdictional design (how people feel and act with respect to their communities). This is a blend not just across disciplines, but also hierarchical styles, combining the top-down analysis of public goods provision with the bottom up analysis of social groups as a function of identity.

Second, it restates the famous Oates decentralization theorem, which holds that governments should centralize where necessary, based on scale economies and externalities, and decentralize where possible. But it does so in a more robust way, adding to Oates' public goods criteria a crucial second dimension: sociality.

Third, it synthesizes quantitative, large-N methods with qualitative, small-N analysis successfully. This gives the book both breadth and depth. Hooghe and Marks are able to plumb the nuanced causes of governance arrangements in particular municipalities and regions that are highly illustrative, and at the same time generalize about the causes and consequences of different governance arrangements across most of the countries of the world. This is no mean feat.

Fourth, the deployment of these “Q²” tools allows the authors to probe the deep drivers of decentralization/multilevel governance, rather than treating these phenomena as

black holes – institutional givens in particular places at particular times, whose effects may be analyzed, but whose provenance is unknown. Placing decentralization and multilevel governance at the center of the frame is an intellectual exercise at least as important as studying their effects, and often a more fertile one.

Fifth, their concept of the Ladder of Governance sheds light on a striking regularity across countries, cultures, and regions of the world with a simple tool that is as elegant as it is far-reaching. Jurisdictional tiers, according to Hooghe and Marks, will be “arrayed at roughly equal intervals on an exponential population scale. The design will take the form of a Russian doll arrangement. The result is an elegant functional design which limits the number of jurisdictional levels, adjusts policy provision to scale diversity, and simplifies coordination by nesting each lower-level jurisdiction within a single jurisdiction at a higher level (Hooghe and Marks 2009).” (p.12) This gives shape to a rough intuition we all have, but which few of us previously understood.

At the end of a tour de force that marries the hierarchical analysis of public goods provision with the political sociology of identity and community formation, where can we go next? Which questions do Hooghe and Marks leave unanswered? For any productive piece of research, the answer is many, of course. One that strikes me is that adding issues of political party structure, and in particular parties’ internal structures, to key characteristics of multilevel governance is likely to result in a fertile line of inquiry.

The importance of the internal structures of political parties has been largely overlooked, but is hard to overstate. Consider a few of the exceptions. Ardanaz et al. (2014) show how internal pressures within Argentina’s political parties shaped both congressional dynamics and fiscal policy, leading to Argentina’s macroeconomic disaster at the turn of the millennium. Myerson (2014) and Myerson et al. (2015) tie internal political party structure to the stability of institutional reform, including decentralization itself, and to political stability more generally. Faguet (2017a and 2017b) show how the move to

multilevel governance in Bolivia fatally undermined a highly centralized political party system, populated by internally centralized parties. Decentralization facilitated the creation of new, regionally and locally-specific parties and movements, undermining the national political party system, which disintegrated from the bottom up.

These examples underline the larger point that politics affects governance, and governance affects politics. Each system operates simultaneously and continuously, at different levels of hierarchy and spatial aggregation. The study of how these parallel systems interact with one another, and their mutual effects on outcomes of interest that are further afield, such as corruption or economic growth, are areas where the application of Hooghe and Marks' analytical framework are likely to reap rich rewards in future. Scholars who choose to go down this path will do well to mimic Hooghe and Marks' methodological rigor, analytical style, and clarity of thought and expression.

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