

## SYMPOSIUM ARTICLE

# Multilevel governance and problem-solving: Towards a dynamic theory of multilevel policy-making?

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**Funding information**

Schweizerischer Nationalfonds zur Förderung  
der Wissenschaftlichen Forschung, Grant/  
Award Number: 162832

The copyright line for this article was changed  
on April 15, 2019 after original online  
publication.

In this article, we suggest that the governance of problems shapes the institutional dynamics of multilevel governance (MLG) polities. MLG arrangements—processes and institutions that enable policy-making across different jurisdictional levels wherein both public authorities and non-state actors are involved—can or cannot succeed in solving policy problems and at the same time they could create new problems. We argue that the problem-solving capacity and problem-generating potential of multilevel arrangements can result in further, downwards, upwards or sideways delegation of political authority, which in turn reconfigure the multilevel architecture of the political system following either centripetal or centrifugal tendencies. We illustrate our point with a stylized account of the dynamics of MLG in the European Union (EU) since the early 1990s. We conclude with some remarks about developing a more general theory of multilevel policy-making.

## 1 | INTRODUCTION

In this article, we tackle the question of how the governance of problems in multilevel polities, such as the European Union (EU), federal states, or international organizations, affects the institutional evolution of these settings. To answer this question, we propose a discussion of wide-ranging mechanisms of multilevel system reconfiguration, which follow sequences of problem-solving and problem-generating processes, and that can be applied to different multilevel governance settings. Conceptually, we understand these mechanisms as pathways by which an effect is produced (Gerring 2008) that can be examined indirectly (Hedstrom and Swedberg 1998, pp. 13–15; George and Bennett 2005, p. 143) through showing the extent to which evidence is congruent with mechanism-based expectations (Blatter and Blume 2008). In doing so, we engage in theory-building with respect to the broader discussion on the challenges of problem-solving in multilevel governance settings (Trein et al. 2019).

The concept of multilevel governance (MLG) emerged in the context of the study of regional integration in the European Union (EU) (Marks 1993) to make sense of processes and institutions by which policies are made through the interaction of public authorities located at different jurisdictional levels; thereby the original understanding of

'levels' is mostly referring to the 'downwards' vertical dimension of interaction. Over time, however, the reach of this concept expanded to incorporate 'upwards' vertical dynamics, that is, the relocation of authority to supranational and international organizations, and, eventually, 'sideways' processes, that is, the empowerment of independent and non-state actors such as regulatory agencies, business representatives, non-governmental organizations and social movements (Hooghe and Marks 2003).

It is worth noting that the argument about the upwards dimension resonates with claims made by a number of international relations scholars about the disaggregation of authority into a complex, polycentric networked order (Slaughter 2004), while sideways processes have been mostly studied by comparative public policy and regulatory governance scholars with reference to phenomena of delegation to independent and non-state actors (Majone 1996; Levi-Faur 2005). A third strand of literature that dealt with these challenges is the work on federalism and decentralization (e.g., Benz 2000). Implicitly or explicitly, the MLG literature incorporates the argument that decision-makers shifted competencies away from the nation state to deal with pressing policy challenges that exceed the reach of central government. In other words, they create problem-solving capacity beyond the national government without dismantling it entirely. This reference to problem-solving has been put forward especially in the early literature on multilevel governance (Scharpf 1997; Benz 2000), whereas attention to this aspect seems to have waned over time; even though in wake of the 2007–08 financial and economic crisis, the notion of problem-solving has returned prominently onto the agenda of political science and public policy research (Lodge and Wegrich 2014; Jachtenfuchs and Kasack 2017).

Against this backdrop, we suggest that the governance of policy problems is crucial in understanding the macro-dynamics of MLG, not only from the perspective of its problem-solving capacity, but also as regards its—entrenched—problem-generating potential. Hence, in the following, we will show how the distinction between Type I and Type II and the direction of denationalization processes allow for constructing a typology of problem-solving capacity and problem-generating potential. Afterwards, we suggest that the different MLG arrangements might actually go through self-reinforcing institutional dynamics (assuming that institutions are in themselves dynamic constructs that facilitate coordination between political actors) determined by sequences of problem-solving and problem-generating processes. We will also discuss how these dynamics relate to the governance of problems with a number of propositions. Finally, we will elaborate on the implications of these conceptual developments. Throughout the article, we will illustrate our arguments with a stylized account of the dynamics of MLG in the EU since the early 1990s.

## 2 | SETTING THE STAGE: PROBLEM-SOLVING AND PROBLEM-GENERATION IN MULTILEVEL GOVERNANCE

The concept of problem-solving is key to our argument. To begin with, problem-solving can be seen as a decision-making mode. The seminal contribution by Scharpf (1997, p. 527) discusses the consequences of economic integration for the problem-solving capacity of political systems. A later paper by Benz (2000) points out that problem-solving corresponds to policy-making by experts, which is opposed to 'distributive bargaining' by governments (Benz 2000, p. 40). A more recent contribution by Jachtenfuchs and Kasack refers to 'collective problem-solving' to point to policy-making at the supranational level (Jachtenfuchs and Kasack 2017). Other authors take an output-oriented perspective. For instance, Lodge and Wegrich (2014) examine the problem-solving capacity of the modern state with reference to innovations in policy-making, which are necessary to deal with new policy challenges, such as those emerging from crisis events. Problem-solving has also been regarded as the result of a process of policy learning (Egan 2009), as well as a focus on policy outcomes (Thomann and Sager 2017). It thus appears that the concept of problem-solving has been used to make sense of quite different phenomena, ranging from a narrow definition in purely processual terms, to applications where it practically equates to policy-making, producing a state of affairs which bears the danger of concept stretching and potential misunderstandings. For the purpose of this contribution,

we adopt a definition of problem-solving that incorporates both the processual and the substantial dimension, and which distinguishes this concept from policy-making in general. When we refer to (policy-oriented) problem-solving, we mean a process through which the policy-makers in charge:

- (a) Make policies in the sense of 'puzzling' (on society's behalf) as opposed to 'powering' (Hecló 1974); so as to
- (b) deal with problems that are perceived important for society by organized groups and/or by policy-makers themselves (Cohen et al. 1972); through
- (c) the cooperative production of a policy output that is expected to be collectively beneficial in making a contribution to solve the policy problem at stake (Elgström and Jönsson 2000).

Multilevel governance (MLG) implicitly or explicitly relates to problem-solving. In a nutshell, MLG is a concept applied to make sense of the interaction between a multiplicity of actors across different levels of government, which can occur either within a general purpose, territorially bounded polity (Type I) or according to a task-specific logic where jurisdictions are overlapping and potentially unlimited in number and scope (Type II) (Hooghe and Marks 2003, p. 236). This concept originated from the study of the European Union and in particular from the observation that policy-making in the EU entails not only the continuous negotiation between various levels of government (national, regional, local) (Marks 1993), but also the fragmentation of political authority and the corresponding empowerment of more informal entities or arm's-length bodies such as policy networks, comitology committees and independent agencies, as well as of non-state actors (Scharpf 1997; Scott 2002). This concept was then generalized following parallel developments in other areas, such as the growing importance of transnational networks, global regulators, and civil society initiatives beyond the nation state (Rosenau and Czempiel 1992; Slaughter 1997).

Type I governance is rooted in the conceptual framework of federalism, wherein power is shared between the central government and a limited number of subnational governments within a rigid system-wide structure. However, as Hooghe and Marks (2003, p. 236) made clear, Type I governance does not necessarily exist only within nation states but can be extended to larger political systems that share the same basic characteristics. Instead, Type II governance arrangements have a flexible architecture and are explicitly oriented towards specific policy problems. Intuitively, this implies that the two types of MLG should differ in the way they process policy problems in view of providing policy outputs to deal with them and possibly contribute to their solution. Type I governance functions as an all-purpose political system that processes policy inputs from different groups in society in order to produce policy outputs in the form of actions and decisions (Easton 1965) that apply *erga omnes*. This system is designed to treat policy problems that become salient and are considered relevant for the larger public (Jones and Baumgartner 2005).

Conversely, policy-makers in Type II governance arrangements typically work as epistemic communities (for example, experts) that are relatively isolated from the wider public and claim legitimate expertise and competency on a specific policy issue (Haas 1992). Accordingly, they tackle problems identified by themselves in their area of expertise by framing them as technical issues that can be solved with a knowledge-based, technocratic approach oriented to the long term.

In our contribution, we put forward two main arguments with respect to the articulation of MLG and problem-solving. First, we are aware of the power struggles rooted in different actors' interests and ideas that foreshadow the design and establishment of MLG arrangements, since the delegation of policy competencies always comes along with a relocation of political authority (Skelcher 2005; Kübler 2015). However, in line with a neo-institutionalist standpoint, we claim that, no matter why these arrangements have been created, they produce (more or less intended) consequences (March 1981) that have critical implications for the problem-solving capacity of the multilevel polity. We do not assume that function explains existence; rather, we expect that institutions once created can be 'converted' to other uses (see Streeck and Thelen 2005). In other words, we consider that MLG arrangements, when in place, 'take on a life of their own' (Pollack 1996), and acquire a particular relevance from the perspective of problem-solving. Other trajectories of institutional evolution are possible—such as those determined by 'powering'—but they fall beyond the scope of our argument.

Second, we contend that it is crucial to recognize that MLG arrangements not only provide solutions; they also potentially generate new problems (Papadopoulos 2003, 2007; Peters and Pierre 2004). These problems emerge as second-order effects from the establishment of MLG arrangements, and can be characterized either as policy failures (Bovens and 't Hart 2016), or, alternatively, as unintended policy consequences (Braun 2008; Hooghe and Marks 2009). For example, the EU and EMU managed to deal with the euro crisis in macro-economic terms at the European level but with harsh social consequences in some EU countries and creating a serious political crisis in the EU as a result of austerity policies (Blyth 2013), which is made worse by the weak input-legitimacy of policy decisions in multilevel governance arrangements (Scharpf 2003; see also Heidbreder et al. 2019 on the case of the Brexit referendum).

More generally, the main problems generated by MLG correspond to the increased complexity, opacity, informality, selectivity and unresponsiveness of MLG settings. This implies, on the one hand, that creating and activating MLG settings to deal with policy problems may at the same time open up new problems that ultimately undermine the problem-solving capacity of the MLG architecture. On the other hand, since Type I and Type II arrangements process problems differently, they should also generate different problems as by-products. Examples for Type I problems correspond to conflicts about policy competencies, funds and implementation practices among the national, subnational, and municipal entities, which are ongoing in federal states and make multilevel systems very dynamic 'animals' (Benz and Broschek 2013). In federal states, these problems are well known and decision-makers try to alleviate them by establishing mechanisms of shared rule that grant to member states a voice in contributing to decisions at the higher level. Instead, Type II entails new problems, which are mostly linked to the legitimacy of the governance framework, such as weak democratic accountability and lack of decision-making transparency. They typically concern, for example, European regulatory networks, or international organizations with competencies in one policy field, such as the World Health Organization (WHO) (Gostin 2015). Potential solutions to these problems could involve the formalization and institutionalization of supranational governance structures but at the expense of lower levels of governance.

Therefore, we argue that the problem-solving capacity and the problem-generating potential of MLG should not be considered in isolation. These two features interact and can even be self-reinforcing (Weingast 1997; Greif and Laitin 2004). This occurs when MLG institutions make use of their problem-solving capacity in a way that opens up new problems that require solutions that, in turn, would reconfigure its multilevel character. We will deal with this point in detail in the following sections.

### 3 | DIMENSIONS OF MLG AND PROBLEM-SOLVING

Along with the distinction between Type I and Type II architecture, MLG arrangements can be classified according to whether they stem from processes of 'denationalization' (Zürn 2000) upwards, downwards or sideways (Hooghe and Marks 2003; Enderlein et al. 2010; Schakel et al. 2015). In our view, each dimension entails specific problem-solving processes and has specific problem-generating potential.

With respect to Type I, upwards dynamics include delegation of political authority from national governments to international or supranational organizations with an encompassing scope, such as, first and foremost, the EU, but also from the subnational to the federal level in coming-together federations, for example from states in the US or cantons in Switzerland to the national level (Stepan 1999). At the EU level, the corresponding MLG arrangements are related to European Union institutions that make decisions according to the 'community method' (as defined in Article 294 of the Treaty on the Functioning of the European Union), which is characterized by a supranational orientation, and whereby the Commission has the sole right to initiate legislation; the Council and the European Parliament hold co-decision power, and qualified majority voting is in use in the Council. The problem-solving capacity of these governance arrangements consists of the creation of higher-level rules to stimulate harmonization, convergence and integration, such as in the case of the establishment of the common market (see cell 1.a of Figure 1). The

		Polity architecture			
		<i>Type I</i>		<i>Type II</i>	
<b>Direction of denationalization</b>	<i>Upwards</i>	To (encompassing) international organizations →	(1.a) (1.b)	To (focused) transnational bodies →	(4.a) (4.b)
		To subnational governments and municipalities →	(2.a) (2.b)	To functional regions →	(5.a) (5.b)
	<i>Downwards</i>	To corporatist arenas and organized interest arrangements →	(3.a) (3.b)	To sector-specific regulators and private actors →	(6.a) (6.b)
		<i>Sideways</i>			

**FIGURE 1** Problem-solving capacity and problem-generating potential of MLG dimensions

Note: Light grey cells represent problem-solving capacity; dark grey cells represent problem-generating potential.

problem-generating potential is about, on the one hand, institutional rigidities and corresponding implementation failures, and, on the other hand, a potential democratic deficit (cell 1.b of Figure 1).

Downwards denationalization in Type I MLG concerns the empowerment of subnational governments in federal (e.g., Germany) and decentralized states (e.g., Spain) and of local authorities (municipalities). The corresponding MLG arrangements are constitutional provisions conferring more power and autonomy to (some of) these regional authorities. An example is the decentralization process that took place in France from the 1980s and involved among others the reassignment of the competence of collecting a number of taxes and duties to the level of territorial communities (Thoenig 2005). Their problem-solving capacity mainly consists of more fine-grained implementation processes, and possibly of increased legitimacy, due to the proximity between target groups and regional authorities (cell 2.a of Figure 1). The problems generated relate to the emergence of opportunist behaviour (in terms of cost-shifting, shirking, over-borrowing, etc.) and race-to-the-bottom processes, for instance regarding fiscal competition among subnational units (Tiebout 1956; Braun and Trein 2014; Bonoli and Trein 2016), and therefore inefficiencies in the provision of public goods (cell 2.b of Figure 1).

Sideways denationalization in Type I MLG occurs when political authority is delegated to non-state actors that make use of wide-ranging policy-making capacity in institutionalized settings. Examples of these MLG arrangements are social partnerships and collective bargaining processes wherein peak associations and trade unions co-produce macro-economic and social policies. As the literature on neo-corporatism has shown (Culpepper 2010; Schmitter 2010), the problem-solving capacity of these arrangements derives from the inclusion and integration of the relevant interest groups through negotiation so as to avoid conflicts and find an agreement on policies that incorporate the opinions and needs of target groups (cell 3.a of Figure 1). The related problems correspond to the risk that the resulting policies might be selectively shaped by powerful special interests and the opacity of these decision-making processes (cell 3.b of Figure 1).

With respect to Type II, upwards denationalization is epitomized by delegation to issue-specific transnational bodies. These MLG arrangements mostly correspond to various types of transnational networks and informal governance organizations. For instance, European regulatory networks were mainly created by the regulatory agencies of member states to create an informal platform that structures their interactions policy sector by policy sector, eventually constituting a relatively autonomous layer of governance in competition with EU institutions (Maggetti 2013).

Their problem-solving capacity is related to the flexibility and adaptability of these platforms, which allows for the development of innovative, differential and context-sensitive policy solutions (cell 4.a of Figure 1). The potential for problem generation derives from the lightness and softness of the policy outputs (guidelines, principles, recommendations, pieces of advice, etc.) that may imply a lack of commitment and effectiveness, or, alternatively, the unsought hardening of rules that have been conceived in an informal setting (cell 4.b of Figure 1).

Downwards denationalization in Type II MLG is epitomized by phenomena of delegation to functional entities that are located at the regional level. The corresponding MLG arrangements are, for instance, metropolitan areas in charge of integrated public transportation systems or cross-border partnerships between municipalities to deal with common problems such as traffic or pollution. Their problem-solving capacity concerns the possibility of providing tailor-made solutions and enact policies in a way that is not restricted by the boundaries of jurisdictions as they have been historically determined (cell 5.a of Figure 1). The potential problems derive, on the one hand, from conflicts of competences and overlaps with the authority of formal regions and the central state, and, on the other, from the growing complexity of the political system and from possible coordination problems (cell 5.b of Figure 1) (Heinelt and Kübler 2004).

Sideways processes of denationalization in Type II MLG occur when political authority is delegated to actors that are separated from central state institutions. These MLG arrangements include both phenomena of agencification that led to the emergence of independent regulators and the attribution of public authority to private actors such as rating agencies and multi-national corporations in charge of enacting Corporate Social Responsibility (CSR) schemes. The problem-solving capacity of these arrangements derives from the expected higher time consistency and credibility of the policies developed in these settings before investors and other market actors, and from the sector-specific knowledge and expertise these actors should possess (cell 6.a of Figure 1). Potential problems concern technocracy and the lack of democratic accountability but also issues associated with narrow-mindedness and scarce pluralism that may plague these actors (cell 6.b of Figure 1) (Papadopoulos 2008).

This succinct summary of the problem-solving capacity and problem-generating potential of the different dimensions of multilevel governance provides the foundations for the next step of our argument. In the following, we will explain how these processes may spark sequences of delegation and turn into self-reinforcing dynamics of institutional reconfiguration in multilevel systems.

## 4 | SELF-REINFORCING DYNAMICS OF DELEGATION IN MULTILEVEL POLICY-MAKING

Piattoni (2010) suggests that the three dimensions of MLG—downwards, sideways, and upwards delegation—are not simply emerging as parallel developments but they are causally connected to each other. As noted by Kübler (2015), this is a crucial insight with important analytical implications. However, besides ad hoc explanations, the overarching mechanism through which these dimensions are connected is still underspecified. We hereby propose a postfunctional account of the evolution of MLG dynamics. Although our argument differs from the original postfunctionalist conceptualization of Hooghe and Marks (2009), it is compatible with their approach as it is located on another analytical level. Similar to Hooghe and Marks (2009), we consider that MLG dynamics are triggered by a mismatch between existing structures and the need for more effective governance (i.e., solving a policy problem); we also share the view that we cannot assume that the outcomes reflect functional pressures nor that they are pareto-optimal as political actors ultimately determine these dynamics through conflict and cooperation (and thereby new problems may emerge unexpectedly).

However, we do not delve into the micro-level foundation of these processes, but put forward an endogenous interpretation of MLG dynamics on the macro level. We argue that—irrespective of the reasons for their emergence—the three dimensions may become sequentially connected, not (only) because they provide opportunities to some actors, such as regions, to push their strategic interests forward but (also) following institutional self-

reinforcing processes (Weingast 1997; Greif and Laitin 2004) related to the governance of problems. In other words, we suggest that the delegation of competencies to another general purpose or task-specific jurisdiction is followed by further acts of delegation shaped by interrelated problem-solving and problem-generating processes. These acts of delegation do not take place in a stable institutional equilibrium: they can either rebalance the functioning of the multilevel political system (according to a centripetal institutional dynamic) or push it further from the centre (according to a centrifugal institutional dynamic).

In the following, we provide an illustration of the mechanisms at work by using a stylized example, starting with an instance of delegation of competencies to the supranational level (Figure 2). The reference to the EU as a prototypical case is unavoidable as the MLG debate took place in the context of delegating policy competencies to the European level from the onset (Smith 1997). These mechanisms are conceived as pathways by which an effect is produced (Gerring 2008), which are not observable per se but can be examined indirectly (Hedstrom and Swedberg 1998, pp. 13–15; George and Bennett 2005, p. 143) by demonstrating the extent to which evidence is congruent with the phenomenon under investigation (Blatter and Blume 2008). We then explore the possible drivers of different dynamics with an explanatory typology (Elman 2005).

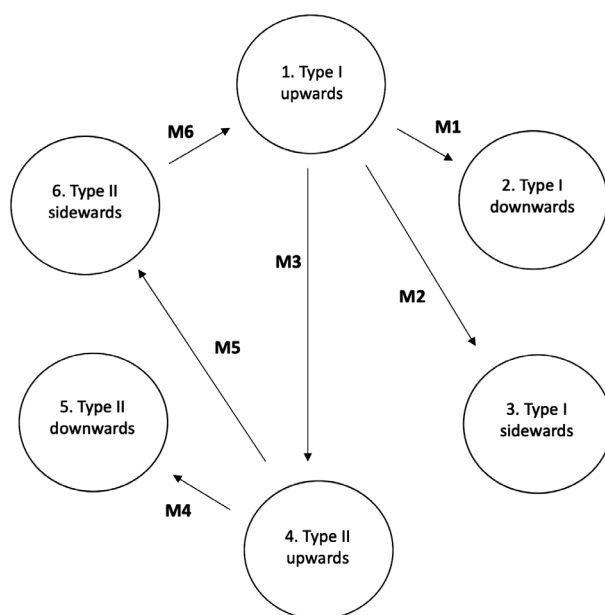
#### 4.1 | Mechanisms of self-reinforcing dynamics in multilevel policy-making

Twelve shifts are logically possible following the three processes of denationalization (upwards, downwards and sideways) across Type I and Type II settings. These shifts could be sequentially connected in many ways as interrelated occurrences of problem-solving and problem-generating processes. Nevertheless, not all sequences are theoretically meaningful and empirically accurate; some of them could be implausible or impractical, that is, involving contradictory assumptions or referring to processes that never occurred. In what follows, we illustrate our argument with a stylized historical account of MLG macro dynamics starting with the trajectories delineated in the seminal contribution by Marks (1993) on structural policy in Europe, whose main point is about the empowerment of subnational governments as a byproduct of EU integration. In addition, to show the generalizability of the argument, we complement this sequence by referring to analogous examples from the well-established literature on federal states, notably on examples from so-called 'coming-together federations', in which previously independent states or members of a confederation create a federal union (Stepan 1999). We then present the establishment of international organizations as a further type of example. To gauge the mechanisms underlying self-reinforcing dynamics, our model illustrates how further delegation follows on the initial delegation of authority, as decision-makers need to cope with the problems generated by previous acts of delegation in multilevel settings.<sup>1</sup> These illustrations are open-ended, inasmuch as they do not cover all possible mechanisms exhaustively—self-reinforcing dynamics being themselves open-ended.

The first mechanism (M1) found in the MLG literature (Marks 1993) is a downward reconfiguration of general competencies. It corresponds to a centrifugal process of delegation to subnational entities after national competencies have been moved upwards to a general purpose supranational organization. Policy-makers shift competencies to the supranational level to tackle policy challenges that nation states cannot deal with by themselves. However, relocating policy competencies to a higher general jurisdiction might also generate new problems. For example, as Marks (1993) has shown in the case of structural policy, once EU decision-makers received competencies from the national level, they began to use this leeway to make policies that affected subnational entities, such as the German *Länder*. Therefore, delegation to the European level was followed by partnership with and empowerment of the subnational level in member states. The literature has pointed to these processes as 'download Europeanization' whereby subnational policy-makers receive competencies to implement EU policies (Marshall 2005). This approach by the EU Commission to regional policy was changed, however, after 2002 once the Commission realized that subnational partners

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<sup>1</sup>When going through the following examples, it is important to bear in mind that the 'residual constituency' from which competences are delegated away is the national level of government for examples that concern the EU and IOs, and, respectively, constituent units in federal states.



**FIGURE 2** Example of articulation and coupling (in the form of propositions) as ways to cope with problems generated<sup>2</sup>

are not so reliable in every country (Bruszt 2008). In a federal system, this mechanism covers the process through which, after the formation of the federation, municipalities and local institutions received new competencies to implement federal policies, which previously belonged to the level of member states.

The second mechanism (M2) is a centripetal sideways reconfiguration of general competencies, which accounts for delegating competencies sideways to general purpose jurisdictions as a consequence of downward delegation. This happens because member states as well as societal actors, such as interest groups, will now seek access to a higher level of government that received new policy competencies following upward delegation. In the case of the EU, the establishment of a European interest group regime as a response to the transfer of political decision-making power from the national to the European level illustrates such a sideways reconfiguration (Bouwen 2002, 2004). Further cases that illustrate this point can be taken from the history of federal countries. For example, in Germany and Switzerland, the centralization of competences to the nation state level came along with sideways delegation of authority to general purpose jurisdictions, such as corporatist arenas, which formally included interest groups in the policy-making process and endowed them with problem-solving capacity. For the sake of the argument put forward in this article, we consider indeed that the various corporatist arrangements (notably collective wage bargaining in different sectors at country-wide or subnational state level) together form one general purpose jurisdiction. Thus, the upwards transfer of authority from the cantons or *Länder* to the federal government resulted in a (centripetal) sideways delegation of competencies at the then new national level (Kriesi and Trechsel 2008; Trein 2018). What is more, subnational units established intergovernmental councils to improve horizontal coordination but also to collectively defend their interests in front of the national level of government (Bolloyer 2009; Schnabel 2017).

The third mechanism is a centrifugal upward delegation of task-specific competencies (M3 in Figure 2). This mechanism indicates that after the delegation of general competencies to higher levels of government, a process of re-delegation to task-specific jurisdictions may occur to enhance the problem-solving capacity of the supranational level. The most obvious example for this form of institutional dynamic is the shift of competencies to Directorates-

<sup>2</sup>Please note: the numbering in Figure 2 is unrelated to the numbering in Figure 1.



General of the European Commission (DGs) but also to European regulatory agencies that are part of the Single European Regulatory Space (SERS) (Egeberg 2006). The DGs and regulatory agencies are put in place to assist the implementation of European policies but enjoy limited, task-specific competencies. Regulatory agencies, in particular, operate in principle according to a problem-solving logic as they are staffed with sectoral experts and enjoy relative independence from political influence (Maggetti 2007; Levi-Faur 2011). In federal states, this mechanism becomes visible through the creation of national agencies, such as the Swiss Federal Office for Public Health (FOPH), which have the task to implement national policies resulting from the newly acquired competences of the federal government (Trein 2018). Another example can be drawn from the literature on international organizations: therein, the establishment of the United Nations (UN) after the Second World War was accompanied and followed by the establishment of several related task-specific international organizations, such as the General Agreement on Tariffs and Trade (GATT), the World Trade Organization (WTO) (Steinberg 2002), the Food and Agriculture Organization (FAO) (Ege 2019), and the World Health Organization (WHO) (Gostin 2015).

The delegation of specific tasks to a higher level of governance to improve problem-solving nonetheless creates new follow-up problems. Notably, the newly established agencies at the supranational level need to liaise with target subnational entities to succeed in implementing policies and disseminating soft rules. Accordingly, we can observe a centrifugal mechanism of downward reconfiguration of task-specific competencies (M4 in Figure 2). Instances of this mechanism are the creation of administrative regions at the European level, such as those encompassed in the Nomenclature of Territorial Units for Statistics (NUTS) (Cörvers et al. 2009; Matei and Matei 2011). These regions are functional constructs that have been established for the purpose of collecting information on regional statistics. NUTS2 regions are particularly relevant as they serve as a reference to calculate the potential eligibility for support in the EU cohesion policy.<sup>3</sup> Since 2003, these regions have enjoyed legal EU status, but member states have the last word with respect to the delimitation of regions in their country.<sup>4</sup> In addition, the EU has defined Local Administrative Units (LAU) that are also used to collect statistical information.<sup>5</sup> Both NUTS and LAU overlap in principle with existing regional administrative units but they serve specific purposes only. Another example of this mechanism concerns countries that seek to establish multi- or bilateral preferential trade agreements in the shadow of the GATT/WTO such as Mercosur (Mansfield and Reinhardt 2003; Maggetti and Choer-Moraes 2018), which also involve reconfiguration to task-specific competencies.

The fifth mechanism of institutional self-reinforcement of multilevel policy-making is a centripetal sideways reconfiguration of task-specific competencies (M5 in Figure 2). This is a response to the upwards delegation of task-specific competencies creating new challenges for problem-solving. On the one hand, these challenges correspond to functional problems of policy implementation and lack of harmonization. To deal with these problems, DGs and European agencies at the European level had to rely on European networks in their specific area, which bring together European and sector-specific domestic agencies (Levi-Faur 2011). However, it is worth noting that this strengthening of coordination at the supranational level and across levels may occur at the expense of the horizontal coordination between agencies located within any given member state (Egeberg and Trondal 2016). Another example of sideways rebalancing of task-specific competencies is the formation of intergovernmental coordination bodies to deal with sectoral policy issues at the regional level in federal states. For example, in Switzerland, in addition to the intergovernmental councils that cover the entire country, the cantons established regional conferences (i.e., in Central, East, Northwest, and Western Switzerland) of the cantonal public health directors to exchange information regarding the implementation of national health policy, to discuss the success of their own health policy initiatives, and to defend their common interests in front of other regions and the national government (Füglister 2012).

The sixth mechanism concerns how delegation to task-specific jurisdictions underpins the need for attributing new general competencies to the supranational level. This mechanism denotes a centrifugal upward rebalancing of

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<sup>3</sup><http://ec.europa.eu/eurostat/web/nuts/overview>

<sup>4</sup><http://ec.europa.eu/eurostat/web/nuts/history>

<sup>5</sup><http://ec.europa.eu/eurostat/web/nuts/local-administrative-units>

general competencies referring to a shift of general competencies to the higher level of government (M6 in Figure 2). As mentioned above, the establishment of independent bodies at the domestic level may result in a new, relatively autonomous layer of governance composed of transnational networks that gather these national bodies (Dehousse 1997; Coen and Thatcher 2008). In turn, transnational networks can be taken over by the supranational centre over time, when they challenge the authority of this centre (e.g., the EU Commission). At the European level, this corresponds to the process through which a number of loose regulatory networks have been institutionalized into and around EU regulatory agencies (Levi-Faur 2011).

In a broader sense, this mechanism refers to the strengthening of the executive in multilevel policy-making. In the case of the EU, it has been argued that the predominant involvement of national governments at the European level strengthens the executive against the parliament at home because MPs are confronted with the dilemma that if they constrain the leverage of their government in the European arena, then the government might not be able to pursue national interests effectively (Benz 2004, 2017). The federalism literature uses the term 'executive federalism' to underline the strengthening of the executive in policy-making that occurs when parliamentary power is divided between the federal and the subnational levels (Watts 1989; Simeon and Cameron 2002). This empowerment of the national executive against parliaments is, of course, not directly caused by the process of delegation to task-specific agencies but the continuing upload of competencies to the supranational level tends to reinforce this effect.

## 4.2 | Towards a dynamic theory of multilevel policy-making?

The goal of this article is to link problem-solving and problem-generating processes through institutional dynamics in multilevel systems and to contribute to developing multilevel governance from a heuristic notion towards a more systematic theory of policy-making. In a recent comparative analysis of consolidation policies in federal states, Braun et al. proposed distinguishing federal systems according to whether they are able to solve specific policy problems or not (Braun et al. 2017). We use their insights to develop our argument about the problem-solving and problem-generating effects of MLG arrangements a bit further. We qualify the mechanisms at work by connecting the problem-solving capacity and problem-generating potential of MLG with the self-reinforcing dynamics shaping the multilevel system. To do so, we employ an explanatory typology (Elman 2005) to derive propositions on the varieties of self-reinforcing dynamics that are expected to be determined by the interplay of problem-solving capacity and problem-generating potential as illustrated in our previous stylized examples. Accordingly, a given MLG arrangement can be effective or ineffective in solving problems, and it can have high or low potential, respectively, for generating new problems. The resulting self-reinforcing dynamics can go through a change in type (i.e., from Type I to Type II or vice versa) and in the direction of delegation (i.e., centrifugal or centripetal) (see Figure 3).

To begin with, when a given MLG arrangement—be it Type I or II—is effective in solving extant problems but generates a great deal of new problems (see cell 1 in Figure 3), it is plausible to expect no change in type, but a substantial change in the direction of delegation. This is a quite common situation in practice, as illustrated above. Such a configuration implies that the chosen MLG architecture is functionally appropriate for governing the problems at hand, but the emergence of new problems calls for reverting the direction of delegation. For instance, reducing the autonomy of a European regulatory network that has spun out of control—such as was the case for the EU-agencification of the Committee of European Security Regulators (CESR), in charge of the financial markets—could help minimize these emerging problems—for example, weaker accountability—from the perspective of decision-makers that originally delegated regulatory competencies to this network, for example, the European Commission and European Parliament (Rittberger and Wonka 2011; Scholten and Van Rijsbergen 2014). Another example is the decentralization of regulatory competencies for contentious policy issues such as Genetically Modified Organisms (GMO) to member states, through which the EU Commission can avoid blame-shifting by member states themselves (Tosun and Hartung 2018; see also Tosun et al. 2019).

Conversely, an MLG arrangement that is considered effective in solving problems and that does not generate important new problems is a best-case scenario, for which we should observe no or only minor adjustments of its

	<i>High problem-generating potential</i>	<i>Low problem-generating potential</i>
<i>Problem-solving effectiveness</i>	(1) No change or only minor adjustment of Type I and Type II architecture; potential for substantial change of the direction of delegation (e.g. from centrifugal to centripetal).	(2) No change or only minor adjustment of Type I and Type II architecture; no change or only minor modifications of the direction of delegation.
<i>Problem-solving ineffectiveness</i>	(3) Both substantial Type I and Type II adjustments (i.e. Type I instead of Type II arrangements); and substantial changes in the direction of delegation very likely.	(4) Substantial Type I and Type II adjustments; no change or only minor modifications of the direction of delegation.

**FIGURE 3** Varieties of self-reinforcing dynamics in multilevel policy-making

architecture and of the direction of delegation (see cell 2 in Figure 3). Potential examples derive from some international organizations, such as the WTO (so far), which entails a deepening but no directional change in the direction of delegation of competencies compared to GATT (Barton et al. 2008).

Instead, when MLG cannot solve the policy problems for which it has been designed while also generating additional political or policy-related problems, the arrangement lies in a state of tension and instability (see cell 3 in Figure 3). Hence, substantial changes both with respect to the MLG architecture and the direction of delegation are to be expected (cell 3 in Figure 3). A possible case for this is the Economic and Monetary Union (EMU). The European multilevel arrangements related to EMU failed to deal with important consequences of the euro crisis. As a consequence, there were substantial changes to the European multilevel architecture, notably in the realm of fiscal policy; in addition, the direction of delegation changed in some ways (Genschel and Jachtenfuchs 2016). The last configuration is quite peculiar, corresponding to a situation where MLG arrangements do not solve existing problems, but neither do they generate new problems (cell 4). In this case, it is plausible that decision-makers will experiment with other types of governance structures while not necessarily changing the direction of delegation. This setting typically applies in the international realm, such as for the Kyoto Protocol. It failed to reduce emissions significantly but did not create new problems. In fact, it set the stage for some more encompassing MLG initiatives, such as the Paris Climate Change Agreement.<sup>6</sup>

## 5 | CONCLUSION

In this article, we bring together a number of distinct developments that are broadly identified under the conceptual umbrella of multilevel governance (MLG), such as: the empowerment of regions; the delegation of political authority to independent agencies; the emergence of transnational networks; and many others. Specifically, we introduced the governance of problems as the key element to make sense of the assumption that these arrangements may have different origins but, once in place, give rise to self-reinforcing dynamics driven by sequences of problem-solving and problem-generating processes that may constantly reconfigure the multilevel architecture. To do so, first, we derived a typology of problem-solving capacity and problem-generating potential based on the two main dimensions of MLG: the distinction between Type I and Type II and the direction of denationalization processes. Second, we argued that

<sup>6</sup>The *Guardian*, 26 November 2012; <https://www.theguardian.com/environment/blog/2012/nov/26/kyoto-protocol-carbon-emissions>.

the different manifestations of MLG are connected as the sequences of problem-solving and problem-generating configure self-reinforcing institutional dynamics. Third, we suggested that these macro-dynamics are characterized by variations in the type and direction of delegation. Finally, we illustrated the mechanisms at work with a stylized example starting from Marks' (1993) seminal contribution on European structural policy and accounting for the following developments, and we proposed a systematization of the varieties of self-reinforcing dynamics. At present, this provides us with an explorative sketch of how MLG can offer a coherent framework to understand interrelated processes of denationalization, fragmentation and disaggregation, but also of recentring, reintegration and recoordination (Trein and Maggetti 2019). We used the EU as a prototypical case, and also mentioned examples from the comparative federalism literature and well as international organization studies to show that our claims can be applied to multilevel governance settings beyond the EU.

The points discussed in this article are relevant to all those who are interested in the consequences of multilevel policy-making for solving problems but also for the emergence of new problems. In addition, this article provides insights to practitioners who engage in the design and implementation of public policies, which address policy problems in flexible and complex multilevel orders. Further research needs to test and refine our propositions, and examine in more detail the scope conditions for self-reinforcing institutional dynamics in different multilevel political systems, as well as with respect to variations across policy domains (Thomann et al. 2019).

## ACKNOWLEDGEMENTS

We would like to thank the editors and two anonymous reviewers for their very helpful and constructive comments. In addition, we would like to thank Dietmar Braun, Jörn Ege, Yannis Papadopoulos, Simona Piattoni, Fritz Sager, Eva Thomann, and Jale Tosun for very helpful comments and suggestions.

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**How to cite this article:** Maggetti M, Trein P. Multilevel governance and problem-solving: Towards a dynamic theory of multilevel policy-making? *Public Admin*. 2019;97:355–369. <https://doi.org/10.1111/padm.12573>