1. Introduction. Policy formulation processes in IGR settings: analytical models and perspectives

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The next five chapters illustrate the trends towards greater multi-level governance and the consequences of these trends for who leads and drives policy formulation processes. In both the US and Europe intergovernmental relations (IGR) have grown considerably more complex. This increase in complexity reflects vital changes in the wider political system. The role of governments is changing (although being redefined rather than shrinking) and increasingly the problems confronting policymakers pull them towards thinking and acting beyond their jurisdictional boundaries. Consequently, they are drawn to work and to collaborate with others beyond their own jurisdictional and territorial boundaries. This trend to work beyond jurisdictions is placing severe strains on the traditional mechanisms of governmental accountability. The elected politicians face greater difficulties not just in responding to the new problems but in holding their own officials, and those from other jurisdictions, to account. Thus the traditional language of public administration no longer acts as an effective guide to these new problems of accountability. Meanwhile, the grassroots decline of the political parties has further divorced the elected parties from citizens. The question of 'who governs?' has both grown more pressing yet ever more difficult to answer.

Given these new politics of intergovernmental relations, how does policy change happen in a federal system? Conlan and Posner stress that problems have become nationalized in the US as state and local governments have lost influence and leverage over policymaking. The nationalization of the political parties has seriously weakened the ability of state and local interests to work through party political channels to pursue their interests. The role of state and local parties as 'gatekeepers of candidate recruitment and legitimation' has been eclipsed by functionally-based business and other interests reinforced by a mass media focus on Washington politics and policy. Conlan and Posner seek to pin down this change analytically

by showing how the partisan ‘pathway to power’ has been largely lost as a means for local or state interests to resist nationalizing forces intent on centralizing policy. Rather issues are increasingly processed through a ‘pluralistic’ pathway, involving a wide range of functional and territorial interests, electorally responsive legislators and committee-structured legislation. Otherwise, many federal mandates are produced through the compelling politics of ‘symbolic pathways’, reflecting the mobilizing power of simple ideas, or produced by experts and bureaucrats typically operating through their own pathways which involve them exercising influence way beyond their traditional mandates. Even so, as state and local governments retain a strategic role as the implementers of almost every federal domestic programme, they still have a vital role within the federal system as laboratories of innovation or generators of new policy ideas. Ironically, many of these state-led innovations are then picked up by national actors who either take these innovations as cues to call for their uniform implementation across all the states or to seek to block their diffusion perceiving them as antagonistic to their own agendas. This struggle over what policies should be nationalized, and which forced to wither on the vines of state governments, is increasing the tensions between those in the expert pathways and their nominal political superiors.

The next two American chapters provide fascinating illustrations of the governance deficit at the regional level in the US. They address the question of who governs the American metro-regions? Their answer, insofar as anyone is in control, is the experts and officials rather than the elected politicians. Both the Hall, and the Frederickson and Meek, chapters point out that rapid urban growth is limiting the relevance of jurisdictional boundaries as contemporary policy makers have now to formulate policy responses commensurate with regional-level public problems. In Hall’s chapter the Sun Corridor in Arizona provides an ‘urban laboratory’ which illustrates this disconnection between jurisdictional and problem boundaries. The Sun Corridor is the US’s fastest growing megapolitan area with a population projected to grow from 5 million at present to 10 million by 2040. Megapolitans, like the Sun Corridor, do not fit existing models of how urban areas work and are governed as, unlike traditional urban centres, they are multi-centred with no central hub around which they can be coordinated. Instead, as Hall notes, they are ‘governance light’ with little or non-existent public planning and characterized by an extreme dispersal of power of government which frustrates, or at least greatly complicates, efforts to deal with the specific problems of the region. This ‘governance light’ has allowed business interests to play a prominent role, not least in drawing down substantial public subsidies for private development. Otherwise these interests press for a limited role for government

and the maintenance of a low tax and low spend regime. Many local public policy issues – relating to health care, social services, employment and training, housing and community development, and arts and culture – are neglected or simply left to nonprofit and private sector agencies. The dominant assumption is that the regional can be governed through a cooperative approach which maintains local rule and contains costs. Yet is such an approach adequate to the problems? Hall has his doubts. However, he also argues that any imposed regional level of government would only work if new regional-level political coalitions did emerge able to forge links between regional and national policy.

Frederickson and Meek similarly stress the disconnection between jurisdictional boundaries and public problems at the regional level. In their search for a new analytical language to encompass this disconnection, they turn to the literature on global governance organizations which also tackles complex questions of how to balance the need for democratic legitimacy against that for administrative authority. In their case studies of the greater Kansas City and the San Gabriel Valley of Metropolitan Los Angeles, they find bureaucrats working beyond their jurisdictional boundaries – ‘Networks are bureaucrats working beyond their borders’. They see metropolitan (Hall’s ‘regional’) governance as best depicted in terms of ‘mandated and unmandated lateral cooperation between jurisdictions’ rather than in the traditional terms of jurisdictional elections, staff, revenues and so on. They are more optimistic about the capacities and resilience of such cooperation than Hall. Such interagency cooperation or intergovernmental partnership is based on the professional or expert’s claim to authoritative knowledge not on formal authority. Public management officials, acting on this expert authority and working within their policy specializations, play a key role in addressing problems which spill over several jurisdictions. Meanwhile the elected politicians are necessarily locked into their own jurisdictions. Yet they willingly lend their support to such extra-jurisdictional work by typically ratifying cross-jurisdictional policies despite the deeply jurisdictional pressures of political competition.

The final two chapters in this section also challenge prevalent assumptions about how intergovernmental relations should be conceptualized with reference to Western European countries. In particular, both chapters stress that the labels of ‘decentralization’ and ‘centralization’ obscure more complex and ambiguous processes than is usually assumed. Many policies are often tagged as ‘decentralist’ when in practice, and often in intent, their impact has been to limit autonomy and stifle innovation at the local level. Steen and Toonen present a framework for understanding central-local relations with primary reference to the Netherlands and Germany. They argue that in both countries policy making, in the

intergovernmental context, is driven by the need to maintain a system of collaborative decentralization or 'co-governance' rather than being based on 'rational decision making'. The key dilemma is that the need for intergovernmental cooperation leads to central or federal government direction which stifles the 'creative capacity of local government policy-entrepreneurship'. Thus the focus for analysis should be not so much on how the centre 'steers' the localities but rather on what are the obstacles to local governments themselves acting as reformers and optimizing their innovative potential.

Finally, Camões examines fiscal decentralization. His concern is with the vertical fiscal imbalances which have emerged within many countries. He does not identify a common trend towards either greater fiscal centralization or decentralization. Rather he finds an intriguing and wide variation across countries in the direction of change – summed up in four possible directions in countries where: (1) expenditures have been decentralized yet made conditional on central grants (e.g. Spain), (2) decentralization has occurred but been financed through locally-raised revenues (e.g. Portugal), (3) expenditure has been centralized yet the use of central grants to direct the locality has been reduced (e.g. Sweden), and (4) local dependence on central finance has increased (e.g. Norway). Even so, Camões stresses that multi-level systems tend to have an in-built tendency towards increasing public expenditure and a corresponding resistance to spending reductions. Thus as the link between taxpayers and local services declines, sub-national governments lose incentives to control spending.

In times of global economic uncertainty and public distrust of governments, these issues of representation and accountability, devolution and co-governance, become even more important as expertise, innovation, and cooperation offer possible hopeful avenues for evolving policy formulation processes in intergovernmental settings.