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The evolution of multi-level governance: The perspective on EU anti-crisis policy in Southern-European Eurozone states

This article constitutes a presentation of the origin, rise and current state of multi-level governance (MLG) in the European Union. It presents theoretical considerations on the nature of MLG, its original, functional, normative and comparative uses, and the way in which these should be understood. While the path of evolution of MLG was linear prior to the financial crisis, it has been distorted subsequently by short- and long-term policies aimed at eliminating or alleviating the consequences of that crisis. While short-term interventions combine features typical for the original and functional uses of MLG, the long-term measures are typical for comparative and normative uses of the notion. This article therefore draws on the example of Southern-European Eurozone States in showing how the implementation of long-term preventative instruments operating in an anti-crisis role has hit obstacles in the form of institutional circumstances that are hard to overcome. Neglect of such domestic institutional contexts only increases the risk that the EU's long-term anti-crisis policy will fail.

Keywords: Multi-level governance, European Union, EU anti-crisis policy, Southern European Eurozone States.

Introduction

The period since the mid-1980s has seen the system of governance in the European Communities undergo significant evolution – from rather diffuse and soft rules arising out of the different treaties, via economic and social management instruments, up to a stage at which each Member State is subject to politically-binding legal regulations encompassed in the provisions of the Treaty of Maastricht establishing the European Union. The period since the beginning of the 1990s can thus be said to demonstrate evolution in the European Union in regard to methods and scale, as well as the ideology underpinning policy action.

It is clear that the system emerging – often termed multi-level governance (MLG) – has not yet assumed its final shape. In the first place, a number of key modifications were passed through following signature of the Treaty of Maastricht, and these were not merely a reflection of policies imposed. The transformation of MLG has often been incremental by its very nature, in this way posing a continuous challenge to politicians, economists and academics who attempt to make, implement and analyse Euro-integration policies.

The Eurozone crisis of the years 2008 and onwards obviously had a profound impact on the economy of the EU as a whole. The implications have not been merely economic in nature, given their large-scale disclosure of many flaws and weaknesses in the present system of governance. They have had the effect of further impairing EU citizens' trust in the Union's policies and have ultimately come to constitute a threat to the stability of the organisation as a whole, exposing

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many major divisions cutting across individual countries, groups of countries, corporate interests and European values.

One essentially critical result of the Eurozone crisis has been its harsh consequences for certain Member States. These have only led to a strengthening of division lines and polarisation between the Southern-European and Northern-European Eurozone states. The Southern-European countries have opposed the stabilisation plans of the economic technocrats fiercely, while the peoples of those countries have tended to radicalise their protests against the parallel structural reforms and effects of financial support that merely seem to widen the gap between the two counterpart regions within the Eurozone.

This article thus seeks to present the genesis, rise and problems with implementation of MLG in the European Union in relation to the Eurozone crisis. In particular, it attempts:
1) to indicate and interpret the uses of MLG, with a view to illustrating the path the evolution of European governance has followed;
2) to identify the relationships among EU anti-crisis measures and uses of MLG;
3) to define and describe the institutional barriers to the implementation of EU anti-crisis measures that are found to be present in the Eurozone States located in Southern Europe.

1. The concept and uses of European Union multi-level governance

The growing interest in MLG within the European Union has arisen out of premises both theoretical and empirical. A fundamental factor has been observation and appreciation of a steadily decreasing role for the nation-state perceived as the sole source of sovereignty, legitimacy and decision-making. Globally, this process has arisen came in the wake of twin processes of globalisation and domestic administrative reform, while in Europe, it has also resulted from accelerated processes of integration. A further important issue in the EU context has been that the way the prerogatives of the European Union as a political actor both circumscribe the prerogatives of national governments and encourage government at subnational levels to build direct relations with European-level institutions. It was this kind of comprehensive and insightful understanding of the way in which EU governance had become transformed that gave rise to the MLG concept, treated as an evolutionary method by which mechanisms of governance and management undergo improvement so that a cohesive and efficient structure acceptable to each EU Member State can ultimately be arrived at.

The term multi-level governance in fact derives from a study by British academic Gary Marks concerning practical aspects of EU decision-making processes and policy development (Marks 1993). Marks initially limited his concept to a defining of factors that determine the nature of EU regional and structural policy. In line with the relevant definition, that model of MLG is 'a comprehensive, multi-layered decision-making process.' The original activity described by the concept thus represented an attempt to re-organise fragmented and polycentric modes of European governance with a view to a more homogeneous structure being built. Fuller analysis of this led Marks to himself propose new management methods that were not meant to replace public institutions (be these at European, national, regional or local levels) with their respective powers and budgets, but rather to offer the latter an opportunity to shape their own policies in a manner consistent with the actions of all (public and private) actors involved in EU Member States' transnational or domestic issues.

On the research side, Marks advocated analysis of institutions entering areas that had hitherto fallen within the remit of individual Member States, including financial decisions, a large part of the legislative prerogatives and the signing of transnational treaties. Also recognising the consequences of this manifested in the increased importance of subnational levels of decision-making, and myriad connections with other levels, Marks discovered the immanent feature of the new order that is MLG: 'a system of continuous negotiations among the territorial authorities at different levels' (Marks 1993). The process is determined by institutional development and reallocation decisions, with functions of the state that were hitherto centralised being shifted both up and down.

According to Marks (1993), the notion of MLG relates to a multiplicity of interconnections characterising coordination systems. While these are independent of one another in the formal sense, they achieve interconnection and experience continuous redefinition in the functional context. The concept is termed multi-level because it applies to vertical and horizontal actions combining various areas that may come under study. Similarly, Ph. Schmitter (2004) treats MLG as a set of binding decision-making processes, which involve institutionally different private and public actors enjoying political autonomy and operating at different levels of territorial aggregation in continuous negotiation, debate and implementation processes. It does not grant exclusive political competencies to any individual actor; and nor does it equip any with sufficient powers to allow for predominance.

Where the theoretical perspective is concerned, the basic distinction between centralised governance and MLG is readily observable, as Table 1 makes clear.

The empirical aspects of the concept of MLG are related to a deeper integration of the actors involved when it comes to the formulation of public policies. It exerts a critical impact on the territorial, economic and social dimensions of the present-day European Union and can be seen to have arisen with the need to remove divisions between political and administrative structures at various levels, given successive enlargements of the European Community.

Drawing on the analysis by Stephenson (2013), it is possible to discern four most important and specific stages to the development – and in fact the uses – of MLG, i.e.:

- original use;
- functional use;
- normative use;
- comparative use.

The **original use of MLG** was much influenced by three events, thus echoing development of the European Communities in the ultimate direction

Table 1. Attributes of centralised and multi-level government

Centralised government	Multi-level government
General principles	
Hierarchy	Heterarchy
Management and control	
Distinctive responsibility	Dispersed responsibility
External dimension	
Full sovereignty	Relative sovereignty
National foreign policy	Multiplicity of national policies
Internal dimension	
Unitary state	Quasi-federal state
National sovereignty	Short-term institutional arrangements
Strong executive	Segmented executive
Direct governance	Delegated governance
Unified civil service	Fragmented civil service
Political constitution	Quasi-juridical constitution

Source: based on Bache I., Flinders M. (2004). Multi-Level Governance and the Study of British Politics and Government. *Public Policy and Administration*, 19(1).

of the founded European Union. In the first place, the 1988 reform of the Structural Funds, with its greater emphasis on partnership and co-ordination, imposed a pressure for administrations to reform in the direction of shared management of structural funding. In the second place, establishment of the Single Market rather soon after (in 1992) result in a mobilisation and proliferation of interest groups. Finally, in the third place, the Treaty on European Union gave rise to the subsidiarity concept of policy action needing to be taken at the lowest possible level (Stephenson 2013).

MLG thus came into being as a phenomenon and area for study in line with functional pressures for a regionalisation of policymaking. This is to say that mechanisms needed putting in place to first grant regional interests access to the policy process, and subsequently allow them to participation actively therein. The three obtained solutions to 'the dilemma of exclusion and inclusion' facing multi-level actors were hierarchical sequencing, flexible association/disassociation and loose coupling. MLG emphasised power-sharing and the dispersion rather than accumulation of authority, while Europeanisation brought new patterns of inter-organisational linkage and saw a dynamics towards mutual adjustments (patterns of adaptation) made by institutions as a result of (and with a view to further facilitating) multilevel interactions (Jordan 2001). The challenges facing domestic structures seeking to secure political representation and ensure co-ordination included the overcoming of both horizontal divisions and actual conflicts between and within regional politico-administrative bodies, as well as the repair of distant and/or distrustful vertical relations between the national and supranational levels.

The **functional use of MLG** was in turn related intimately to successive rounds of EU enlargement, commencing shortly after the Treaty of Maastricht. The processes of regionalisation that had gathered pace in the preceding stage would now lead to differentiation, with the result that administrative governmental capacities across individual areas came to be very varied. A number of studies on EU policy analysis and implementation under the new circumstances were spawned, and all the more so in the face of further enlargement to include states with a fundamentally different political culture, various levels of economic development and a diversity of behaviours in their societies. In such circumstances, MLG is taken to denote coordinated action by supranational institutions with national, regional and local authorities, on the basis of partnership and with a view to successive EU policies being drawn up and implemented (Warleigh 1999). The focus on coordination and partnership at various stages of the policy-making process, including (re-)formulation and implementation, implies pluralistic interactions, and different institutional levels coming together to 'govern', be this in a functional or an administrative capacity. This kind of MLG was about opportunities for some and loss (of power and influence) for others, leading to potential conflict, and the actual emergence of both blocking strategies and subsequent counter-strategies seeking to achieve a circumvention of the national level, whereby lower levels sought increased institutional and negotiating capacity. MLG encouraged experimentation with a view to political and financial 'stalemates' being overcome via exposure to ideas from outside that might transform the understanding of self-interest (Zito and Schout 2009). With MLG, policymaking was considered a process involving self-organisation and multilevel actors, and one which thus signalled a move away from 'hierarchical steering' towards communication-based instruments.

The **normative use of MLG** is usually associated with the White Paper on European Governance (European Commission 2001), which contained recommendations to enhance democracy and increase the legitimacy of the EU institutions. It also placed greater emphasis on issues of accountability, recognising the importance of public governance as an expected method of the EU reforms implementation. Olsson (2003) examined 'paradoxes' of MLG in the system of EU Structural Fund implementation, from a democracy perspective, to see how the burgeoning literature on democracy renewal could be reconciled with MLG. The issue was 'often unproblematized' – if democracy was discussed, it was in regard to the basic character of the EU (or perhaps applied to the European Parliament), rather than power and policy-making processes

(Olsson 2003). The author saw MLG as essentially top–down and technocratic, but with democratic institutions marginalised. Hence 'democratizing' MLG would mean regulating partnerships or challenging the partnership principle introduced in 1998 with the parliamentary principle, to give policy implementation more democratic legitimacy.

It was on the basis of the perception present in the White Paper on Multi-level Governance (2009) that the Committee of the Regions opts to describe MLG in a more instrumental and empirical way. Accordingly, MLG relies on coordinated action taken jointly by the EU, its Member States, regional and local governments, on the basis of partnership and with a view to European policies being designed and implemented. It deals with dynamic horizontal and vertical processes that do not weaken political responsibility, and are subordinated to the basic principles of public governance: openness, participation, accountability, effectiveness and cohesion (Kozak 2013).

The recent use of MLG, as dubbed the **comparative**, attempts to deal with processes arising out of globalisation, and seeks to focus on actions aiming to reform EU governance in the direction of effective mechanisms to preserve and strengthen the EU's position as a crucial regional entity able to affect and tackle global problems and challenges. The Lisbon Strategy approved by each Member State in 2000 offered powerful advocacy for competition, economic growth, employment and research and development. An element essential to that approach is economic policymaking, now 'almost by definition' an area of the comparative use of MLG. It consists of fiscal federalism and Economic and Monetary Union at subnational and national level; international monetary cooperation and global economic governance at the supranational level. The European financial crisis, in its multi-level dimension, deals with international financial institutions at a similar level of intensity to domestic financial sectors, alongside Euroscepticism and civil society at the subnational level. It addresses the tension between greater centralisation of authority at higher levels of governance and regulatory autonomy at lower levels. (Spendzharova 2011). There are also concepts presaging the treatment of MLG

Table 2. Key elements to the EU's uses of MLG

Chronological perspective of the theoretical development of MLG			
Original uses (since 1993)	**Functional uses** (since 1997)	**Normative uses** (since 2003)	**Comparative uses** (since 2007)
Europeanisation	Varied governmental capacity	Democracy instead of technocracy	Europe as a competitive global actor
Dispersal of legal authority	Different political culture	Legitimacy	Global economic governance
Subsidiarity of policy actions	Diversity of social behaviour	Accountability	Fiscal federalism
Regionalisation to accommodate policy	Various levels of economic development	Openness and transparency	Monetary Union
Hierarchical sequencing and steering	Focus on individual problems	Cohesion	International monetary cooperation
Flexible association or dissociation	Pluralistic policy analysis and implementation based on functional and administrative capacity	Democratisation through partnership and the parliamentary principle	Centralisation of authority at a higher level
Loose coupling among policy actors	Partnership coordination policies		Weakened regulatory autonomy at lower levels
Emergence of interest groups	Communication-based instruments instead of hierarchical ones		

*S*ource: authors' own elaboration based on Commission 2001, Jordan 2001, Kozak 2013, Stephenson 2013, Warleigh 1999, Zito and Schout 2009; Olsson 2003; Spendzharova 2011; Zürn 2012.

as a current manifestation of global governance, or another politico-administrative or technocratic level, but these look premature. Zürn (2012) argues that two conditions must be met: first, the global level must possess authority of its own with a delegation of powers, beyond mere intergovernmental co-ordination; and second there should be interplay within the system that demonstrates a division of labour across the levels. However, global governance may be labelled a specific form of MLG where global institutions possess and exert political authority.

Key elements underpinning the four uses of MLG are as presented in Table 2.

The four fundamental (i.e. original, functional, normative and comparative) uses of MLG have taken shape since 1993, 1997, 2003 and 2007 respectively. The crisis in the Eurozone starting in 2008 combined with reforms designed to limit its negative consequences to offer a path that tests the usefulness of the MLG concept. In further parts of this paper, we focus our attention on:

1) the relationships present among EU anti-crisis measures and MLG uses;
2) the definition and description of the institutional barriers to the implementation of EU anti-crisis measures that exist in different Southern-European Eurozone States.

2. The EU's short- and long-term anti-crisis measures

The global financial crisis began with turmoil on the subprime mortgage market in the USA, and developed into a full-blown international banking crisis. Global financial institutions and other palliative monetary and fiscal policies were involved in preventing a possible collapse of the world's financial system. Despite this, the crisis was followed by a global economic downturn, a crisis in the banking system of European countries using the euro and a Eurozone crisis. The EU responded with short-term interventions, as well as more long-term crisis-prevention measures.

The short-term measures aimed to alleviate the burden of existing regulations, and took in unprecedented relief initiatives. The EU co-operated closely with the IMF to extend prime-rate loans to Greece, Ireland, Portugal and other heavily-indebted countries, as well as the Spanish banking system.

The EU applied the following short-term rescue mechanisms:

- establishment of a firewall against debt disaster by first establishing the European Financial Stability Facility (EFSF);
- expansion of the European Stability Mechanism (ESM);
- a breakthrough on the part of the European Central Bank entailing the purchase of bonds from heavily-indebted countries and consequent injection of capital into banks lacking sufficient liquidity; as well as a pledge to buy the bonds of Eurozone States with no upper limit to that process as and when necessary.

The European Financial Stability Facility (EFSF) intends to serve as a special-purpose vehicle financed by Eurozone States with a view to the European sovereign-debt crisis being addressed. The Council of the European Union agreed upon it in 2010, with the objective of preserving financial stability in Europe by providing financial assistance to Eurozone States in economic difficulty.

The European Financial Stabilisation Mechanism (EFSM) is a separate entity. It consists of a programme reliant upon funds raised on the financial markets and guaranteed by the European Commission using the budget of the European Union as collateral. The European Stability Mechanism (ESM) is an intergovernmental organisation operating under public international law in the name of all Eurozone States that have ratified a special ESM intergovernmental treaty. It was established in 2012 as a permanent firewall for the Eurozone, to safeguard and provide instant access to financial assistance programmes for Eurozone States in financial difficulty. It is often recognised that the ESM confines the economic sovereignty of members severely, and a criticism is that this confers extensive powers and immunity upon the Board of ESM Governors, although this body is not subject to parliamentary influence or control. The European Stability Mechanism thus appears to be the product of a short-term political consensus, a circumstance that cannot be conducive to a durable, cohesive institutional solution. Some argue that stringent orthodoxy across the budgetary, fiscal and regulatory fronts will necessarily have to go beyond the EFSM in its current form, thus further reducing the individual prerogatives of national governments.

The EU Council has also established such mechanisms of rapid reaction as the **European System of Financial Supervision** and **European Systemic Risk Board** covering the fields of banking, insurance and stock markets.

Besides engaging in short-term interventions, the EU also attempted to improve longer-term measures to prevent crisis. It for example adopted relief measures to stop economic recession and maintain financial stability. Relevant activity encompassed:

- a new framework document called the 'EU Semester', authorising the EU to engage in *ex-ante* evaluation, and intervene with Member States as they draw up their annual budgets;
- signature of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (the European Fiscal Compact); this establishing rules as regards levels of government deficit and debt, economic coordination in the EU and principles of Eurozone governance;
- signature of the Euro Plus Pact, as the successor to the Stability and Growth Pact, with proposed plans to revitalise the industrial sector while improving financial discipline;
- additional establishment of a bank alliance with a single banking regulatory mechanism as the start, with a view to European financial markets being stabilised.

The European Semester is a multi-annual exchange between the European Commission and Member States seeking achievement of EU targets, under both the *Europe 2020* Strategy and of the Stability and Growth Pact. Each year, the European Commission (EC) analyses in detail EU Member States' economic and structural reforms programmes and provides them with a set of recommendations for the upcoming 12–18 months. During this time, EU Member States have to align their budgetary and economic policies with the objectives and rules agreed at EU level. The European Semester process is based on three key documents, published each year, i.e.:

- the Annual Growth Survey – which launches the European Semester and establishes the basis for a common understanding on the priorities for action at national and EU levels to be built;
- the National Reform Programmes – submitted by the EU Member States each year in April and detailing how targets in the EU 2020 Strategy are being reached, which national policies are to be implemented and how EU guidance has been taken into account; as well as previous Country-Specific Recommendations and Annual Growth Surveys;
- the Country-Specific Recommendations for a set of actions for each Member State, as shaped by that state's economic and social performance during the previous year and with a view to priorities set out in the AGS being delivered (the CSRs are based on Country reports, published each year, which assess each government's implementation of the previous years' CSRs and strategic priorities).

The Treaty on Stability, Coordination and Governance in the Economic and Monetary Union; also referred to as the TSCG, is an intergovernmental treaty introduced as a stricter version of the Stability and Growth Pact. It was signed in 2012 by all EU Member States except the Czech Republic, the United Kingdom and Croatia. The Fiscal Compact is the fiscal chapter of the Treaty. It is accompanied by a set of common principles. Member States bound by the Fiscal Compact have to transpose its provisions into their domestic legal order.

In particular, a country's central budget has to be in balance or surplus in line with the treaty definition. An automatic correction mechanism has to be established to correct major potential deviations, while an independent national monitoring institution provides fiscal surveillance. The treaty also contains a direct copy of the"debt brake" criteria outlined in the Stability and Growth Pact.

Europe's Fiscal Compact is widely sold as the essence of prudent fiscal management, yet some claim that its rules restrict severely a country's ability to use fiscal policy in stabilising its economy, and will often require debt levels far below those considered sensible.

In 2011, following the European sovereign debt crisis of the previous year, EU Member States adopted a new reform, the **Euro Plus Pact**, implemented under the Open Method of Coordination. This aims to strengthen the rules of the **Stability and Growth Pact** through the adoption of an automatic procedure by which sanctions can be imposed in the event of breaches of either the deficit or the debt rules. The new **Euro Plus Pact** is designed as a more stringent successor to the **Stability and Growth Pact**, which has not been implemented consistently. The measures are controversial, not only because of the undemocratic manner in which they were developed, but also thanks to the goals postulated.

The four broad strategic goals are:

- fostering competitiveness,
- fostering employment,
- contributing to the sustainability of public finances,
- reinforcing financial stability.

The additional fifth objective is:

- tax policy coordination.

The Pact has been criticised for being, and is widely recognised as, insufficiently flexible and in need of application through the whole economic cycle, rather than in any one year. It is feared that, by limiting governments' abilities to spend during economic slumps, this may hamper growth. In contrast, other critics think that the Pact is too flexible.

The implementation of both short- and long-term economic measures reflects an ambitious attitude to the coherent use of the MLG mode in the Eurozone. On the one hand, the Eurozone had attempted to take advantage of economic policies seeking to achieve the long-term strategic goal of the Lisbon and Revised Lisbon Strategies (as later replaced by the *Europe 2020* agreement). Such an approach assumes the broad implementation of comparative MLG use, with this emphasising the global ambition of the EU, and federal tendencies within its core countries (at least). It also features the normative mode of Eurozone governance with strong pressure for transparency and reliability in using and calculating economic and statistical data; which in turn ought to lead to credible and sustainable economic policy of the Eurozone.

On the other hand, the short-term consequences of the crisis forced the EU's authorities to adhere to principles that are characteristic for the original and above all the functional use of MLG. Such policies take account of the governmental capacity of individual Member States, differing political cultures and a variety of social responses to proposed actions. The short-term measures emphasise different economic problems among the countries in crisis, and various forms of political culture. There is a strong focus on individual problems, often negotiated and agreed on the basis of bilateral agreements. The immediate measures – short-term interventions developing under the circumstances of a necessity to act quickly, have rescued the Eurozone from breaking up.

However, the original and functional modes of MLG, widely used in taming the crisis, have not been perceived as the most adequate manner in which to deal with the problems of the Eurozone. Therefore, the long-term measures developed by the EU's authorities and addressed to the issues of anti-crisis intervention were comparative and appropriate, and based around the belief that another hypothetical Eurozone crisis can only be avoided if unified and stringent economic and monetary reforms are in place. There are open calls for more efforts to be made to pursue strict fiscal policies and enhanced monetary union. For the advocates of such an approach the centralization of power at the higher level has become a necessity for "making Europe stronger". The comparative use of MLG, at least in plans and strategies, remains alive and well. It appears that the long-term interventions "in the comparative spirit" described above will remain in place – perhaps with some minor modifications – and are going to lead the principles of the EU institutions, unless the political climate changes to such an extent that the EU institutions are forced to abandon the mode of comparative MLG in general. However, the question will persist if there is enough socio-political and economic will to make a U-turn and approve even slightly modified rules of functional use as the binding force of economic MLG in the EU, and in the Eurozone in particular. While the foreseeable future can witness a mix of the two uses – comparative and functional – the equilibrium between these is quite sensitive to many external and internal factors of a varied nature.

3. Prerequisites for the differentiation of instruments in anti-crisis intervention against the background of institutional circumstances in Southern-European Eurozone States

As we argued in the previous section, short- and long-term measures implemented to limit the effects of the crisis of 2008, and to prevent similar crises in the future, are in line with several uses of MLG. Unless short-term interventions are typical for original and functional uses of MLG, the long-term crisis-prevention measures are characteristic for the comparative use of MLG, and slightly echoes the normative use of the notion.

Within the framework of this section, we would like to present arguments on how implementation of long-term crisis-prevention measures, to an extent adequate in comparative use of MLG has approached barriers that are hard to overcome and result from the institutional circumstances of individual states. The analysis here is focused on South-European Eurozone States, and the resulting conclusions may constitute an incentive for similar discussions in regard to other Eurozone States.

The implementation of long-term measures of each kind in general stands for the necessity for institutional change. In the case of the southern Eurozone states, the implementation of long-term measures set up at EU level thus equates to a necessity for institutions in those countries to be adjusted to create optimal conditions for implementation. The principal feature of institutional change is that it does not occur immediately, but rather requires a certain amount of time.

The essential issue is thus the distinguishing of those institutions having a decisive influence on a state's capacity to implement long-term crisis-prevention measures effectively. In our opinion the most important institutions with such characteristics are the governance system, the model of capitalism and the welfare system and economic institutions.

Governance system

The European governance system constitutes a conglomerate of methods and instruments linking the traditions of Weberian bureaucracy, New Public Management (NPM) and different emerging modes of governance, including multi-level, participatory and good governance (Zawicki 2010). The legal and organisational order of the EU, Community methods and fiscal discipline are predominantly rooted in the tradition of Weberian bureaucracy. The underlying features of NPM include the principles of strategic management, implementation of the system of Cohesion Policy (and some other policies), crisis–management mechanisms, a results orientation, performance management doctrine and closely-scrutinised reliability of statistical data. MLG, network governance and the open method of coordination constitute the new modes of governance present in the EU organisational system.

There is no need to explain that the effectiveness of the EU governance system is the sum of the efficiency of both the EU administration and those of its Member States. For individual European countries, including those in Southern Europe, this means a necessity that a high level of institutional capacity be achieved, in regard to the pursuit of mandates arising out of each public management tradition – from Weberian bureaucracy and NPM through to the contemporary modes of governance. Is it, however, possible to meet the expectations of an EU stressing that each Member State should be capable of implementing a unified and high-level anti-crisis policy? Moreover, the principles and standards upon which the state is managed also require that a Member State have perfect combined traditions of Weberian bureaucracy, NPM and different modes of governance.

In search of answers to those questions, we are justified in drawing on theories of public management and governance. The literature shows that even the most developed countries are not identical, with each having its own specific public management profile. The type of politico-administrative regime, trajectories of modernisation and administrative reforms and results of administrative reforms are particularly decisive when we consider whether a given public management mode is closer to the Neo-Weberian State, New Public Management or New Public Governance (Pollitt and Bouckert 2011).

The Southern European model of the state is characterised by political control of top state positions, a lack of administrative elites, clientelistic patterns of staff recruitment, formalism and legalism rooted in the Napoleonic tradition, informal shadow governance structures, an unequal distribution of resources, institutional fragmentation and insufficient policy coordination mechanisms (Sotiropoulos 2004). State structures in Southern Europe are also weaker than those of the North-West. Southern-European bureaucracies did not introduce consolidated Weberian administrations before their transition to democracy. The resulting weak state structures lack the professional autonomy and legitimacy to resist encroachment by political elites attempting to control the state to entrench their position as dominant actors in democratic processes after authoritarianism (Morlino 1998).

The implementation of NPM administrative reforms in Greece, Italy, Spain and Portugal has been shaped by a specific institutional and cultural context that yielded different results. Each of these countries adopted a different mix of initiatives (Ongaro 2009). Portuguese administrative reforms were focused on the introduction of some basic NPM instruments advocated by the EU and OECD (Magone 2011), while the potential as regards managerial ideas was constrained by the institutional framework and contradictory therapies adopted from time to time, without delivering any real transformation (Corte-Real 2008). Portugal and Greece share a high level of institutional centralisation coupled with limited control over decentralised expenditure, as well as long-term, protracted exposure to fiscal pressures from the EU, due to their persistent weaknesses in austerity management (Di Mascio and Natalini 2013). In Greece, the discrepancy between formal adaptation to EU modernisation pressures on the one hand and entrenched informal arrangements on the other has been retained (Spanou and Sotiropoulos 2011). There has been no effective implementation of new managerial techniques introduced by law, such as the performance management system (2004). While the crisis in Italy reinforced the existing institutional patterns to austerity management, the other Southern-European countries experienced deviations from their conventional patterns of governance (Di Mascio and Natalini 2013). Countries including Italy have experienced strong pressure for cutbacks in public spending, with Greece and Portugal also involved after they joined the Economic and Monetary Union. It forced their governments to implement a set of interventions aimed at reducing the public-sector wage bill and streamlining organisational fragmentation (ibid: 2013).

The reforms of Spanish public administration have been marked by substantial continuity of its structural components, despite the discontinuous democratisation process. From the 1970s through to the 1980s and the 2000s, Spain focused its modernisation efforts on the budget system, introducing the planning, programming, and budgeting system, PPBS, procurement and organisation, decentralisation, agencification, and civil service modernisation. Fundamentally, managerial changes due to Europeanisation and external pressures have been limited as successful modernisation initiatives occurred only at the micro-level of isolated public agencies, without a comprehensive reform process at the structural level. The absence of an explicit policy of austerity measures was due to the long period of economic growth lasting from the 1990s. (Di Mascio and Natalini 2013).

In general, the results of NPM reforms aimed at modernising government in Southern-European countries cannot be considered satisfactory. They have also failed to exert a significant impact on the bureaucracies in the states in question. Well-established institutional and political factors, such as poor intragovernmental coordination, politicisation of the administration and legalistic norms of operation provide for limited reform capacity (Kickert 2011).

The failures of NPM reforms in Southern-European countries leave the impression that there is a contradiction between NPM doctrines and the historical roots of the Southern-European bureaucracies (Di Mascio, and Natalini 2013). Such factors also account for the lack of budget discipline and low reliability of statistical data among these countries. Responses to the crisis in the area in question show the relationship between the crisis and historical trends. It is the distinctiveness of historical trajectories that permits a variation in sequencing between the crisis and austerity management across cases, to generate differences in reactions to the current fiscal austerity (Di Mascio and Natalini: 2013).

Model of capitalism and welfare system

The reforms in the Eurozone neglected the fact that its states have different varieties of capitalism and welfare states. Solutions for the North do not necessarily work in the South or the East of Europe, especially in restarting growth or generating competitiveness. The EU also needs to accept that one-size-fits-all austerity solutions do not work. Differentiation and growing disparities between the North and South of Europe increase the EU's variable geometry; and it should be obvious that unified multi-level governance of the EU political economy is no simple matter. This also attests to the fact that different political economies require different remedies (Rodrigues and Xiarchogannopoulou: 2014):

- Solutions for the North do not necessarily work in the South because even macroeconomic policy does not have the same effects; given the different ways in which business and labour are organised and interact.
- Northern 'coordinated market economies' with corporatism can flourish under 'ordo-liberal' conservative macroeconomic policies because their corporatist labour-management relationship can coordinate wages accordingly – on the basis of relationships of trust and cooperation, as well as hard bargaining.
- The above does not apply to Southern 'state-influenced' market economies, because these often lack the deep corporatist coordination and trust that makes it possible for the wage market to respond appropriately. But even if it could, imposed or 'voluntary' fiscal contraction policies in these countries plus Ireland are contractionary
- For the Central and Eastern European 'dependent market economies,' such problems are compounded by the fact that they are largely dependent on foreign direct investment for any kind of growth.
- For Continental countries in North and South alike, moreover, dualised labour markets mean that across-the-board austerity only increases the risks of unemployment and poverty for the already marginalized poor and jobless.

As a result, the European countries ought to be considered in terms of asymmetrically integrated variety models of capitalism and welfare states. The institutional configuration chosen by Europe to aggregate the many varieties of capitalism not only reduced the political autonomy of individual states, but also effectively hindered the specific coordination mechanism of Southern European capitalism that was based on state intervention and inflationary policies (Gambarotto and Solari 2014).

The 'Mediterranean' model of capitalism (Amable 2003) and the concept of 'semi-peripheral' countries (Arrighi 1990) permit an understanding of the relationship between specific processes of institutional change and economic difficulties faced by Southern European countries. When the latter acceeded to the EU, a number of their regions suffered from increased competition, resulting from greater market openness and flexibility and causing an outflow of strategic resources. For example, more flexible labour-market incentives resulted in an outflow of the best-qualified people to regions where wages were higher. In turn, poorer regions were attractive for speculative investments which produced further instability (the real-estate bubble in Spain financed by Northern capital being the main example) (Gambarotto and Solari 2014). On the other hand, investors, especially from the North, prefer better-developed regions, where returns are higher and less risky, and where innovations are supported by a more favourable environment (Krugman 1998). Moreover, Northern business focuses on the best-developed entrepreneurial sectors of the South like fashion or mechanics.

Characterisation of the 'Mediterranean' model of capitalism and peripheral regions provides for significant remarks and conclusions. The basic idea of the European Monetary Union, which was to become more competitive in the global economy through the design of a cohesive, even homogeneous, capitalist system, cannot be implemented merely by adopting a single currency. Rather, the idea must recognise the co-existence of different institutional patterns and dynamics to regional development, along with the increasing complexity of the overall political and economic context (Gambarotto and Solari 2014). Ultimately, the conclusion has to be that there is no 'single Europe', but rather one consisting of 'a number of houses.'

Economic institutions

The specific economic features of Southern-European countries are their inadequate fiscal discipline, levelling-off of trade integration and trade imbalances between countries, and reliability of statistical data as regards the economy.

The neglect of fiscal discipline is a characteristic feature of the states in Southern Europe, and has various causes. Mostly these reflect certain public-policy choices, institutional solutions and local culture. The lack of financial discipline in Greece, which seems to have been struggling perpetually with a difficult economic situation, forced it, under EU pressure, to introduce unpopular reforms in the labour market, pension system and privatisation. The fears of Greece leaving the Eurozone led to the outflow of 62 billion euro in 2008–2010. Spain also experienced a serious deterioration in the balance of public-sector funds during the crisis. The reason for the economic upheavals in Spain were the rapid increase overall credits granted. To sell their bonds, Spain and Portugal were forced to offer investors unprecedented interest rates.

Common problems affecting Southern European countries concern the varied levels of trade integration within the EU, and trade imbalances among individual countries. Nevertheless, trade imbalances can be neither combatted nor reduced once they have already emerged (Pera 2012). The responsibility for trade among the EU Member States is that of both the EU as a whole (trade policy rules) and the individual governments of the Member States (when it comes to trade policy implementation). Thus the outcomes of trade within Europe do not constitute the exclusive responsibility of either the EU or the individual Member States. It appears that the best response to the problem is thus to reduce disparities among EU Member States, and to ensure the establishment of conditions for trade representing a level playing field for each country.

Southern European countries are often blamed for providing the European Commission with unreliable statistical data concerning their economies, which this ensuring ineffective economic policy on the part of the EU as a whole. Excessively optimistic estimates aimed at concealing negative economic outcomes were published by Greece, Portugal, Spain and Italy. In disregard of the actual circumstances, the statistical data helped with the temporary marking up of problems, but following verification financial markets collapsed all the more easily. Such a practice left the credibility of the countries in question impaired.

Differences in instruments of anti-crisis intervention as set against the background of institutional circumstances in the Southern-European Eurozone States have made possible the formulation of several conclusions as regards the European model of MLG. Comparative use of MLG that leads to centralisation of authority at higher level and weakens regulatory autonomy at lower levels is in sharp contrast with the needs and specificity of the Southern-European Eurozone States. Prevailing in the period of the Eurozone crisis, the comparative use of MLG favours Europe as a whole and solid entity, setting aside the differences between individual countries, in which the sources of economic problems lie in administrative potential and the economic model pursued.

The most adequate use of MLG for the institutional prerequisites of the crisis as it affects Southern-European Eurozone States appears to be its functional form. Such a model accepts or tolerates both the varied governmental capacities of the Southern European states and differences in their political culture, social behaviour and models of capitalism. In contrast with the features of comparative use – hierarchical coordination and communication – functional use is based on the partnership that the Southern-European Eurozone States have been anticipating all along.

4. Conclusions

From the first half of the 1990s up to the time of the crisis in 2008, the evolution of MLG can be analysed in individual stages, in principle in line with the path: original use – functional use – normative use – comparative use. However, this linear path to the evolution of MLG in the EU has been distorted because of the crisis, and consecutive policies aimed at eliminating or alleviating its consequences. Those actions encompassed measures directed at achieving immediate effects. However, other crisis-prevention measures interfered greatly with the governance systems of Eurozone States.

Short-term measures combine features typical for the original and functional uses of MLG. Resulting instruments were neutral for the Eurozone States, and respected their cultural, administrative and political traditions, as well as certain political traditions and differences. The example of the Southern-European Eurozone States has proved that implementation of long-term crisis-prevention instruments, combining elements typical for the normative and comparative uses of MLG, have encountered barriers with institutional circumstances that prove hard to overcome. Neglect of national institutional contexts – the governance system (e.g. culture and administrative traditions and the impact of public-management reforms), and the model of capitalism and level of socio-economic development – increases the risk that the EU's long-term anti-crisis policy will fail. The consequence is an evident slowdown and change of direction of development of MLG. It is reasonable to suggest that, thanks to the Eurozone crisis, the EU's already-highly-complicated MLG system is only likely to become yet-more complicated in form, type, and level of governance. This presents major challenges, not just for the EU's political and economic governance, but also for democracy and legitimacy.

The EU's anti-crisis policy must take into consideration the institutional diversity of Member States. Unification of this policy, and standardisation of its instruments, tend to increase the risk of a failure whose consequences would be evident to Southern-European Eurozone States in particular, but also EU Member States in general. The EU anti-crisis policy has to take account of the individual administrative traditions, as well as the specific public-management profiles, present in Southern-European countries. The consequences of administrative reforms, especially those rooted in NPM recommendations, clearly demonstrate that the implementation of methods and management instruments in a culturally-different or hostile public sphere does not augur well for future success. EU anti-crisis policy likewise has to consider the differences among countries' models of capitalism and the welfare state, as well as the specificity of the problems faced by peripheral regions. Accordingly, the struggle with the crisis and its fundamental causes must not be based exclusively on the instruments of fiscal and monetary policy, but must make active use of Cohesion Policy, Competition Policy and other individual policy instruments, e.g. Industrial Policy.

It is necessary to stress the urgent need for a stronger EU integration policy that includes a comprehensive socio-economic policy, implemented with using the Structural Funds and other instruments of sectoral, branch and territorial development (applicable to states, regions and local communities). Otherwise, the EU is likely to reach the point of a dangerous policy/ideological pitfall. On the one hand, it will promote centralised and unified anti-crisis policy; while on the other hand engaging in the intensive development of decentralised and individualised approaches that support EU development on the basis of such ideas as the territorialisation of policies, instruments and smart specialisation ideas supportive of the economic development of countries and regions.

Moreover, all of the above-mentioned activities should be pursued in accordance with a time-honoured principle underlying all thinking in the area of praxeology and policy implementation: if just one link in a policy implementation process fails to operate correctly, the entire operation is likely to fail (Kotarbiński 1984, Pressman and Wildavsky 1984). Without effective solutions to problems faced by Southern-European countries, the effectiveness of anti-crisis policies at Eurozone and EU levels remains questionable.

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Ewolucja zarządzania wielopoziomowego (*multi-level governance*). Perspektywa polityki antykryzysowej UE w południowoeuropejskich państwach strefy euro

Niniejszy artykuł prezentuje genezę, rozwój i obecny stan zarządzania wielopoziomowego (MLG) w Unii Europejskiej. Przedstawiono w nim teoretyczne rozważania na temat charakteru MLG, jego pierwotnych, funkcjonalnych, normatywnych i porównawczych zastosowań, a także sposobów ich rozumienia. Ewolucja MLG przed kryzysem finansowym przebiegała liniowo, lecz krótko- i długoterminowe polityki mające na celu eliminację lub łagodzenie skutków kryzysu zmieniły trajektorię jej przebiegu. Interwencje krótkoterminowe łączą w sobie cechy typowe dla pierwotnych i funkcjonalnych zastosowań MLG, natomiast działania długoterminowe są typowe dla zastosowań porównawczych i normatywnych tego pojęcia. W niniejszym artykule poddano analizie sytuację panującą w południowoeuropejskich krajach strefy euro, by pokazać, że wdrożenie długofalowych działań prewencyjnych w celu przeciwdziałania kryzysowi natrafiło na przeszkody w postaci trudnych do przezwyciężenia okoliczności instytucjonalnych. Zaniedbanie tego rodzaju krajowych kontekstów instytucjonalnych zwiększa ryzyko niepowodzenia długofalowej polityki antykryzysowej UE.

Słowa kluczowe: zarządzanie wielopoziomowe, Unia Europejska, polityka antykryzysowa UE, południowoeuropejskie państwa strefy euro.