



## Policy Making in Multilevel Systems: Federalism, Decentralisation, and Performance in the OECD Countries

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## Book Reviews

### **Policy Making in Multilevel Systems: Federalism, Decentralisation, and Performance in the OECD Countries**

Jan Biela, Annika Hennl and André Kaiser

Colchester: ECPR Press, 2013, ISBN: 978-1907301339

The vertical structure of the state has attracted the interest of a number of scholars because it is thought to affect a wide range of outcomes such as government accountability, corruption, democratic stability and policy innovation. One of the most frequently occurring questions is whether federalism matters. This book is a welcome addition to this literature because it provides very useful insights into the relationship between the territorial organization of the state and policy outcomes.

The empirical evidence with regard to the effects of federalism is very mixed, some find evidence for enhanced performance of federal countries, others find evidence for decreased performance and yet others find no effect. The authors put forward a very interesting hypothesis, which may account for these ambiguous findings. In Chapter 2 they discern between federalism (i.e. the ‘right to decide’ or decision-making), on the one hand, and decentralization (i.e. the ‘right to act’ or implementing powers), on the other. These are two different dimensions of the territorial organization of state activity because the former refers to the question of who may decide on what will be done, whereas the latter refers to the question of who may decide on how it will be done. This conceptual distinction leads the authors to develop specific hypotheses for federalism and decentralization and their impact on policy performance, which are subsequently tested in a quantitative and a qualitative analysis.

The quantitative analysis is a challenging task because good measurements on both the independent (federalism and decentralization) and dependent (policy performance) variable side are lacking. The pursued strategy is to collect a number of differently operationalized indicators for the variables of interest and to run many regressions (up to more than 500 models(!) for a specific policy performance indicator). When a majority of the models show a significant effect for a particular variable, the authors assume that the relationship holds. This kind of ‘data crunching’ comes with obvious flaws, but it shows that there is a dire need for good measurements for federalism and decentralization, which go beyond a simple federal–unitary dummy and which do not solely rely on fiscal data. Nevertheless, the quantitative analysis serves its purpose well because it leads to the case selection of the qualitative analysis.

The qualitative analysis comprises the bulk of the book and it provides the most valuable insights. A very well structured case study design enables the authors to zoom in on the causal mechanisms underlying federalism and decentralization and policy performance. On the basis of the quantitative analysis, a typical case (regional

development policy) is selected for theory testing and a ‘no-effect and non-significant’ case (transport policy) is selected with the aim to modify theory. On the independent variable side, the authors pick four cases—Switzerland (federal-decentralized), Austria (federal-centralized), Denmark (unitary-decentralized) and Ireland (unitary-centralized)—which allows for a systematic exploration of the impact of the two dimensions of the territorial organization of the state on policy performance.

The detailed descriptions of the policy-making processes show the huge variety in the ways in which subnational and central governments can exert influence. It is therefore not surprising that the authors conclude that “there is nothing deterministic in the impact of federalism or decentralization on policy performance. What can be expected from the patterns we have found can be offset under specific circumstances” (p.169). Another reason for this ambiguous conclusion may lie in the conceptualization and measurement of policy performance. The authors adopt a ‘public good’ conception of policy performance, which deems policy provision efficient when it reaps benefits of scale and internalizes externalities while at the same it also meets locally based preferences. Policy performance is assessed by country experts who are confronted with the same set of interview questions. What is less clear is whether the experts interpreted the concept of efficiency in similar ways, whether their assessment was based on over time change in performance or based on a between country comparison, or whether the experts made an assessment of overall performance or just mentioned particular inefficiencies which could be improved. In addition, efficiency gains arising out of adapting policies to particular local preferences is discussed very sparsely.

The most important contribution of *Policy Making in Multilevel Systems* is that we lack theory on the causal mechanisms between the territorial organization of the state and policy performance. This book is an important first step because it shows the analytical leverage that can be gained by making a conceptual distinction between whether a tier of government has the right to decide (policy formulation) or has the right to act (policy implementation). Furthermore, the authors provide a very rich account of subnational government involvement in decision-making and implementation of policies, which may serve as a valuable information source for future research.

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### **Multi-Level Party Politics in Western Europe**

Klaus Detterbeck

*Basingstoke: Palgrave Macmillan, 2012, ISBN 978-0230337091*

This study by Klaus Detterbeck examines the effect of multi-level governance on political parties. For the most part, until now, internal party organization and party competition has been located on the level of nation-states, neglecting the role of regions and other territorial entities. Despite a large volume of literature about the ‘new