

# The EU's competences: The 'vertical' perspective on the multilevel system

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Accepted on 3 March 2008

Published on 30 June 2008

*Living Reviews in European Governance*

Published by  
Connecting Excellence on European Governance (CONNEX)  
and  
New Modes of Governance (NEWGOV)  
ISSN 1813-856X

## Abstract

This Living Review deals with the division of competences between the EU and its member states in a multilevel political system. The article summarises research on the relations between the EU and the national and sub-national levels of the member states. It provides an overview on normative and theoretical concepts and empirical research. From the outset, European integration was about the transfer of powers from the national to the European level, which evolved as explicit bargaining among governments or as an incremental drift. This process was reframed with the competence issue entering the agenda of constitutional policy. It now concerns the shape of the European multilevel polity as a whole, in particular the way in which powers are allocated, delimited and linked between the different levels.

The article is structured as follows: First of all, normative theories of a European federation are discussed. Section 2 deals with different concepts of federalism and presents approaches of the economic theory of federalism in the context of the European polity. The normative considerations conclude with a discussion of the subsidiarity principle and the constitutional allocation of competences in the European Treaties. Section 3 covers the empirical issue of how to explain the actual allocation of competences (scope and type) between levels. Integration theories are presented here only in so far as they explain the transfer of competence from the national to the European level or the limits of this centralistic dynamics.

Normative and empirical theories indeed provide some general guidelines and conclusions on the allocation of competences in the EU, but they both contradict the assumption of a separation of competences. The article therefore concludes that politics and policy-making



in the EU have to be regarded as multilevel governance (Section 4). The main theoretical approaches and results from empirical research on European multilevel governance are presented before the article concludes with recommendations for further discussion and research in the field (Section 5). Following Fritz Scharpf, it is recommended that research on the vertical allocation of competences and the application of shared competences in the European multilevel governance should stop searching for holistic approaches (*grand theory*) explaining unique features of the European political system; instead, research will best succeed when relying on a variety of simpler theories and models to describe European governance modes.

## How to cite this article

Owing to the fact that a *Living Reviews* article can evolve over time, we recommend to cite the article as follows:

Arthur Benz and Christina Zimmer,  
“The EU’s competences: The ‘vertical’ perspective on the multilevel system”,  
*Living Rev. Euro. Gov.*, Vol. **3**, (2008), No. 3. [Online Article]: cited [<date>],  
<http://www.livingreviews.org/lreg-2008-3>

The date given as <date> then uniquely identifies the version of the article you are referring to.

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## 1 Introduction: On the contents and limits of this Living Review article

The division of competences between the EU and its member states has been one of the most important issues in the discussion on the institutional reform and in the Convention process. From the outset, European integration was about the transfer of powers from the national to the European level, which evolved as explicit bargaining among governments or as an incremental drift. With the competence issue entering the agenda of constitutional policy, this process was reframed. While power refers to the capability of a government, an institution or an actor to make policies or to pursue interests, the notion of competence refers to the reasons and the limits to apply powers. Thus the discussion is shifted to the normative, if not constitutional aspect. It concerns the shape of the European multilevel polity, in particular the way in which powers are allocated, delimited and linked between the different levels.

The normative discussion on competences cannot and should not be isolated from the empirical questions of why and which competences are allocated in reality. First of all, the actual structure of the EU did not result from a deliberate constitutional design but from an ongoing integration process. Second, the competence issue arose in the wake of increasing tensions caused by the dynamics of European integration (Majone 2004). In order to avoid an abstract normative analysis, we have to understand the driving forces of this process. Third, in processes of institutional reform or constitutional policy, normative arguing is enmeshed with bargaining over power (Elster 1998), and the outcome of these processes is influenced by reasons and interests. Therefore, research on the "vertical" dimension of the multilevel system should cover both aspects.

From these two perspectives, the following review article summarises research on the relations between the EU and the national and sub-national level. Section 2 covers contributions to normative theories of a European federation. The focus is on relevant works by political scientists, but we also refer to publications by lawyers and economists, which are relevant in this context. Section 3 deals with the empirical issue of how to explain the actual allocation of competences between levels. Here, our intention is not to give a comprehensive survey of integration theory (Pollack 2005; Rosamond 2000; Wiener and Diez 2003). We will present publications in this field in a selective way, i.e. only in so far as they explain the transfer of competence from the national to the European level or the limits of this centralistic dynamic.

The final part discusses the consequences of the vertical allocation of powers for European governance (Section 4). As both normative and empirical theories contradict the assumption of a separation of competences, politics and policy-making in the EU have to be regarded as multilevel governance. We will summarise the main approaches and results from empirical research before we end with conclusions and recommendations for further research (Section 5).

## 2 Normative theories: Criteria for competence allocation between member states and the EU

The allocation of competences between the member states and the EU is a decisive aspect determining the character of the emerging European polity. For this reason, the debate on the competence issue is narrowly linked with the controversies on the *finalité* of European integration. Right from the beginning, this process and the debates on its aims have been influenced by the idea of an “ever closer Union”, i.e. a European federation (Burgess 2000). Although it soon turned out to be unrealistic to create a supranational federal state given the interests of member state governments to maintain their powers, federalism remained an important normative concept in political discussions and research (Bogdandy 1999; Nicolaidis and Howse 2002). Recently, scholars have proposed using it as a descriptive concept as well, in order to carve out the features of the EU polity in comparison with existing federations, in particular with the U.S. and Switzerland (Börzel and Hosli 2003; Cappelletti, Seccombe, and Weiler 1986; Fabbrini 2005; McKay 2001; Menon and Schain 2006; Sbragia 1992; Trechsel 2005), but sometimes also – and not always convincingly – with other federal states (e.g. Heinemann-Grüder 2002).

### 2.1 Concepts of federalism

The concept of a federation has implications for the allocation of powers between the European and the national level, depending on whether it points to a federal or confederal polity. Scholars supporting the idea of a federal Europe or regarding it as a legal reality conclude that the EU needs a constitution defining the distribution of powers (Auer 2005). How powers should be actually allocated to the different levels is left open, but the notion of a federal Europe implies a limitation of the EU’s competences as well as representative institutions empowered to make decision-making by qualified majority rule, i.e. a structure that allows for further integration (Trechsel 2005). From a normative point of view, federalists usually tend to plea for a European government with all powers to fulfil regulative, distributive and redistributive functions.

In fact, this idea – which was supported by leading European politicians during the 1950s and 1960s – has shifted to the background. Although it gained new momentum during the discussion on the Constitutional Treaty, scholars widely acknowledged that the EU combines federal and confederal elements (Burgess 2000: 260–265; Elazar 2001: 36–37) and they only disagree on the relative weight of these elements. Giandomenico Majone (2004) explained this mixed structure – which, in his view, leads the EU into serious dilemmas – as the result of an integration dynamic fostered mainly by executives. Following Fritz W. Scharpf (1999), he strongly makes the case for a confederal Europe with powers limited to regulatory policies of “negative integration”, while under the condition of social heterogeneity, redistributive policies should be left to the member states. Hence, competences of the EU should be restricted to those required for a market-preserving federalism (Weingast 1995): “Aside from foreign and security policy, the public agenda would mostly include efficiency-enhancing, market-preserving policies – a combination of liberalization and negative integration measures to remove obstacles to the free movement of people, services, goods, and capital within the territory of the federation. (...) In contrast, redistributive policies can only be legitimated by majority decisions and hence place too heavy a burden on the fragile normative foundations of a transnational policy” (Majone 2004: 191). Reflecting on the plurality of the European “demoi” and the social inequalities between member states, others plea for a polycentric polity resulting from flexible integration (Wind 2003). With this concept the allocation of competence would not only depend on constitutional rules but also on member states’ decisions on “enhanced cooperation” or “opting-out”.

The problem with both the federal and the confederal model is that they cannot determine in detail which competences should be allocated to the EU and which should remain at the national

or sub-national level. "Federalists" make the decision a matter of constitutional policy-making, but they cannot provide a convincing normative theory of centralisation and decentralisation, not to speak of proposals for coping with interdependent tasks cutting across levels. In the same manner, "confederalists" ignore that negative and positive integration, efficiency-enhancing regulation and redistributive policies cannot be clearly distinguished. Independent of the issues at stake, most policies have redistributive implications which are obvious if we consider the effects of a free flow of goods, services and capital in the market on the territorial distribution of wealth. Efficiency-enhancement is a positive-sum game, but at the end of the day some may profit more than others, considering the fact that in many cases external effects occur. All this makes it impossible to clearly delimit the EU's competences according to the proposed categories.

Independent of its federal or confederal character, a multilevel polity requires rules for an allocation of powers between levels and political mechanisms designed to enforce these rules. Therefore, the normative debate on the kind of the European constitution necessarily raised the competence issue. Political scientists mainly contributed to discussions on the second question of how to enforce competence rules. The first question has been dealt with by lawyers and economists. While the former have proposed principles and categories of rules (e.g. exclusive, concurrent, shared competence), including rules for coping with rule conflicts, economic theory of federalism provides substantial criteria for determining how specific competences should be allocated between levels.

## 2.2 Economic theory of federalism

Economic theory of federalism (Oates 1999, 2005) states that, in principle, powers of governments should be applied at the lowest possible level. This principle of decentralisation (which conforms to the principle of subsidiarity) is supported by at least three arguments: First, decentralisation increases the chance that policy-making follows the preferences of citizens and that powers can effectively be controlled by citizens. Therefore, the more a society in a federal system reveals territorial cleavages, i.e. the more citizens with similar preferences are concentrated in regions, the more policies are to be decentralised. Second, if citizens are mobile, a decentralised polity gives them the opportunity to choose between different units in which governments offer different sets of public policies. Third, competition between decentralised governments induced by mobile tax-payers increases the efficiency of public policies, as governments have to provide for an optimal ratio of services and tax burden. On the other hand, for many policies, decentralised units are too small for effective governance and intergovernmental coordination causes considerable costs. Hence, centralisation of competences is justified if common goods reach beyond the scope of lower level governments, if they produce external effects, or if they cannot exploit economies of scale. Moreover, negative dynamics of competition require central regulation and so do economic disparities in public revenues which violate social norms of distributive justice (summarised in: Blankart 2007; Oates 2005; Persson, Gérard, and Tabellini 1997).

These arguments played an important role in discussions on the Stability and Growth Pact and the size of the EU's budget. According to traditional reasoning on economic federalism, macroeconomic policy requires a central government to coordinate fiscal policies of lower level governments, because otherwise competing member states tend to exploit the common good of economic stability and growth in the common market. Redistributive policies at the European level determined to support regions in need are defended in order to countervail territorial disparities of economic development. However, both pleas for competence transfers to the EU have been contested. Economists and political scientists have criticised the ineffectiveness or instability of the current allocation of powers between the EU and its member states in these policy fields or they have pointed out the political costs of centralisation (summarised in: Alves 2007; Hallerberg 2006; McKay 2005).

According to this theory of federalism, inter-jurisdictional competition is a decisive reason for

determining the allocation of competences. While until the 1990s the predominating model assumed that jurisdictions compete for mobile tax-payers and regarded this process as driven by the market mechanism (competing decentralised governments provide public goods demanded by private actors with the tax constituting a kind of price that has to be paid for public goods), some literature now has introduced a different model of competition which has different implications for the vertical allocation of competences. According to this concept of a “laboratory federalism” (Oates 1999: 1132–1134), horizontal intergovernmental competition in a decentralised political system should lead to experimentation with new policies and the diffusion of innovation (Salmon 1987; Breton 1996; Kerber 2005; Kerber and Eckardt 2007; Oates 1999). The conclusion again is that decentralisation should be preferred to centralisation because it promises to find best policies. However, this result cannot be expected under all conditions. The main problem which has to be solved concerns adequate incentives for governments to innovate and to mutually learn from each other. If decentralised governments search for mobile resources, they are strongly induced to improve policies in terms of efficiency, but this can lead them to a “race-to-the-bottom” in terms of quality of public goods or to ignoring external effects. Therefore, scholars like Albert Breton and Pierre Salmon argue that incentives should be set by the intrajurisdictional democratic process. However, they depend “on the possibility and willingness of citizens to make assessments of comparative performance”. Only “[i]f these conditions are fulfilled, comparisons will serve as a basis for rewarding politicians in power (re-electing them) or sanctioning them (voting for their competitors)” (Salmon 1987: 32). Leaving aside the question of whether citizens are able or willing to comparatively evaluate the performance of their government, incentive problems can occur if governments make policies without considering the will of their citizens and if accountability mechanisms are deficient (Kerber and Eckardt 2007: 237). These reasons imply that decentralisation may come to its limits with the consequence that interjurisdictional competition fails without central regulation. Therefore, mechanisms like budget constraints, rating or performance standards are recommended.

It is interesting to note that with this focus on the interplay of intergovernmental and intragovernmental politics, the economic theory of federalism approaches political theories of multilevel governance (Blankart 2007; Persson, Gérard, and Tabellini 1997). However, this makes the evaluation of costs and benefits of an allocation of competences to the EU much more difficult than in the basic model. In fact, one can argue that deficits in democratic politics at the EU level speak for decentralisation. However, in the same way the argument can be turned against decentralisation if one puts the emphasis on incentive deficits. On balance, political economy tends to recommend more decentralisation of competences, but also more effective decision-making at the European level by applying majority rule in order to enable the EU to fulfil coordinative and regulative functions (e.g. Blankart 2007; Salmon 2003: 128–129). As a rule, the recommendations for the allocation of competences between nation states and the EU remain rather abstract and rarely refer to particular policies.

In political debates, the economic reasoning on federalism has often been used to support pleas for a separation of powers. In fact, the economic model of a competitive federalism presupposes “fiscal equivalence” (Olson 1969). It requires that a government takes account of all costs and benefits of a public policy. On the other hand, differentiated reasoning based on this theory has to consider costs and benefits of decentralisation and centralisation, and more often than not the balancing leads to a rather complicated allocation of competence varying between regulative, executive and fiscal functions of a policy. Moreover, the degree of centralisation and decentralisation depends on the size of a jurisdiction with the consequence that the smallest unit of a multilevel system decides on the vertical structure. To avoid such a result, the sharing of powers turns out to be inevitable.

In view of this problem, Frey and Eichenberger (1999) proposed a model of functionally overlapping competing jurisdictions (FOCJ). The authors assumed that public services and demand



for services by consumers “extend very differently over space and have different degrees of scale economies (or diseconomies)” (Frey and Eichenberger 1999: 5). Therefore, they argued that the traditional organisation of the public sector, where a government provides all services in a territorial unit, should be substituted by functionally specialised jurisdictions. As a consequence, a multilevel polity would constitute overlapping jurisdictions that should compete for the support of citizens in the same way as assumed by the economic theory of federalism. Frey and Eichenberger suggested that at least regional policy in Europe can be organised according to their model. Moreover, they presented the FOCJ-model as a promising concept for European integration under the condition of high diversity of national economies and cultures and refer to ideas like variable geometry or European integration by different speeds (“Europe à la carte”) (Frey and Eichenberger 1999: 79).

Frey and Eichenberger constructed a theoretical model for the allocation of competences in a territorially differentiated federal system. Their proposition that jurisdictions should be constituted by referenda goes beyond what appears to be practicable in real politics. Nevertheless, this particular model of a federation is not utterly idealistic and it was taken on by scholars interested in comparative research. Aiming at an analytical concept for EU multilevel governance, Hooghe and Marks (2003) suggested that in contrast to territorial federalism, functional federalism should be considered as particularly relevant in governance beyond the nation state.

However, these models of federalism, to which more could be added, leave us with the unresolved problem of how to allocate competences between the constituent units, be they territorial or functional jurisdictions. Beyond this, it is interesting to note that normative theories inspired by the economic reasoning on federalism increasingly tend to deviate from the original premise of a clear separation of powers and now react to the multidimensional and multilevel character of tasks governments have to fulfil. This leads them either to accept an allocation of powers where competences of individual levels concern particular functions of a policy or to think about a functionally differentiated organisation of jurisdictions. In either case the allocation of competence leads to interdependent policies at the different levels. Aside from managing coordination and accountability, this causes the challenge to maintain the stability of the multilevel polity.

### 2.3 Subsidiarity principle and constitutional delimitation of powers

Problems of clearly sorting out competences increase the risk of “authority migration” (Bednar 2004) beyond the scope that is accepted by citizens or necessary for an efficient policy. This has led scholars to inquire into safeguards against this trend. On the one hand, they proposed rules for a delimitation of competences in the Treaties; on the other hand, the discussion concerned procedures designed to prevent uncontrolled shifts of powers and to solve conflicts on their application.

One aspect of this discussion concerned the legal statement of competences in the Treaties. In an influential article, de Witte and de Búrca argued against an extensive catalogue of competences. Instead, they proposed to define categories of EU powers and to distinguish exclusive, shared and complementary competences in order to bring more clarity into the existing system (de Witte and de Búrca 2002). Moreover, they suggested more precise definitions of legal measures the EU can take. The authors warned against too strict regulations which may reduce the flexibility and adaptability of the EU. Their work has apparently influenced the relevant articles of the failed Constitutional Treaty and the Reform Treaty. With the treaty reform, exclusive and shared competences are defined, whereas the third category including coordinating, supportive and supplementary competences lacks the clarity required by constitutional lawyers.

Following the development of European law after Maastricht, the principles of subsidiarity and proportionality have acquired a prominent role in this research area. While lawyers tried to define the substance of these principles and to assess the potential consequences of their application in cases of dispute, political scientists have engaged in comparative research in order to evaluate the prospects and limits of such a constitutional rule. This research has been guided by the premise

that it is not the content or the formulation but the procedures of enforcing these principles that allow for controlling a drift of competences to the EU. In view of the findings from comparative research on jurisprudence on competence issues in federal states (Berman 1994; Thorlakson 2006) as well as from research on the European Court of Justice (de Búrca 1998; Estella de Noriega 2002), which reveals mixed results as to the role of courts in reinforcing subsidiarity, political scientists rely more on participation of lower level institutions. Therefore, the procedure of subsidiarity control by national parliaments, invented during the elaboration of the Constitutional Treaty, is mostly supported although scholars are well aware of the limits of this device (Cooper 2006).

Based on an elaborated theory and comparative research, Filippov, Ordeshook, and Shvetsova (2004) raised doubts on the stabilizing effects of constitutional rules and constitutional courts. Instead, they suggest creating an integrated party system linking actors from all levels. In such a political structure, where all parties have the opportunity to gain power at each level, incentives to concentrate competences at one level are reduced. Whether the evolution of such a party system is a realistic option in the EU is debatable. Some scholars provided evidence for the emergence or the existence of a European party system. But empirical research provides no indication that its vertical integration is rather strong, even if some institutional factors like the extended powers of the EP and the structures of joint decision-making might work in this direction (Thorlakson 2005).

To sum up: In view of the integration dynamics after the Single European Act, the issue of how to delimit the competences of the EU became an important subject for research. It has been stimulated by the Convention working on a constitution for Europe which was triggered by the debate on the democratic deficit, but also by the end of the “permissive consensus” on European integration. So far, normative theories on federalism have shown that the problem can hardly be solved by constitutional rules defining competences for each level. Apart from general guidelines for the allocation of competences, they point out that the real issue is to find mechanisms for stabilising the endogenous dynamics of competence migration between levels. The procedure of subsidiarity control by national parliaments makes sense from this point of view. However, beyond dealing with proposals that are on the political agenda, scholars should analyse the causes of competence shifts in EU multilevel governance.

### 3 Empirical research: Explaining the transfer of competences from member states to the EU

In principle, the shift of competences from the nation states to the emerging European polity has always been the central subject of European studies. The oft-cited early approaches and theories of international and European integration were initially confined to explaining the enhancing cooperation as well as issuing expectations about the direction and end-state, or rather limits, of the observed processes. Nonetheless, some of these scholars have, implicitly or explicitly, given theoretical accounts of why certain competences and parts of national sovereignty would be transferred to a supranational polity.

#### 3.1 Functionalist theories

The early functionalist approach, closely connected with its key representative David Mitrany (1943), promotes the delegation of administrative government tasks to functionally differentiated international agencies set up for efficient problem-solving and the provision of welfare, in an economic as well as in a social and cultural sense (Taylor 1968: 406). Cooperation along functional lines seemed at that time most beneficial in domains such as railway, shipping, aviation and broadcasting, whereas the coordination of production, trade and distribution would prove more difficult (Mitrany 1943: 33). According to functionalists, international agencies would initially have to deal only with mere technocratic matters, whereas political decisions, implying redistributive consequences for citizens and social groups, would be achieved intergovernmentally (Mitrany 1943: 37). Yet, governments might decide to delegate specific functional decision-making powers to autonomous experts at a supranational level (Mitrany 1943: 52–53), which could make national governments eventually superfluous in those fields (Taylor 1968: 404).

It is worth noting, however, that functionalists did not support a restriction of cooperation to artificially constructed regional boundaries (Mitrany 1943: 32; see also Mitrany 1975, for an appraisal of ECSC and Euratom). By contrast, neo-functionalists picked up their arguments in the 1950s in their attempt to theorise the new phenomenon of European regional integration. In his extensive case study of the ECSC, first published in 1958, Ernst Haas (1968), acknowledged that member states expected economic benefits from delegating tasks of supervision and implementation to a supranational High Authority (later called Commission), but placed greater emphasis on automatic processes of spill-over to other economic and political spheres, firstly to atomic energy (Euratom), tariffs and trade (Haas 1968: 301), then subsequently into the fields of wage and social security systems, currency and credit, tax systems, investment planning etc. (1968: 103 and 311). According to Haas (1968: 525), substantial agenda-setting powers had been transferred to the High Authority because it provided a necessary “federal arena for action” to the ministers of the member states in the Council.

As the integration process slowed down, a simple linear growth scheme of European competences had to be reconsidered. Now politics in Europe went against the assumption of an inevitable and gradual extension of European policies and the supremacy of functional needs over political interests. Therefore, neo-functionalists adapted their theoretical framework and put more and more emphasis on influences exerted by non-state actors, especially industry and other interest groups, and interests of the member state governments themselves (Lindberg 1963; Lindberg and Scheingold 1970; Schmitter 1971). Lindberg and Scheingold (1970) trace a pattern of fluctuation in the integration process and develop a framework covering different types of outcomes. Their theoretical framework allows for the possibility of *spill-back* in policy areas where “[t]he scope of Community action and its institutional capacities decrease” and community “[r]ules are no longer regularly enforced or obeyed” by member state governments (Lindberg and Scheingold 1970: 137) because the latter decide to renationalise decisive tasks or prefer to deal with them

in an intergovernmental manner, although the respective competences might have been explicitly assigned to community institutions before. In the opposed case of *forward linkage*, however, a supportive coalition of decisive groups at the national level and a certain amount of political leadership provided by the Commission and national leaders will increase the scope of action or capacities of supranational institutions in an incremental way. The most comprehensive model of *systems transformation* refers to a substantial and far reaching extension of community boundaries in geographical or functional terms, meaning that competences of community institutions are augmented considerably, which often requires a new treaty base. In their book, the authors present case studies tracing *spill-back* in the coal sector and *forward-linkage* in agricultural policy. The signing of the EEC treaty is one example of successful *systems transformation*.

In the same tradition, Alec Stone Sweet and Wayne Sandholtz (Stone Sweet and Sandholtz 1997; Sandholtz and Stone Sweet 1998) resume the basic ideas of Ernst Haas' neo-functionalism and Karl Deutsch's transactionalism to explain different levels of supranational organisation and EC rule-making in various domains. According to them, community competences in a policy sector are determined by the level of transnational exchange (i.e. trade, establishment of European interest groups etc.) and the resulting societal demand for EC rules and regulations. As a result, more and more common market competences have been centralised, the most notable examples being business and consumer group pressures for European regulation in the telecommunications sector and the European airline industry.

Thus, neo-functionalist theories explain a sectorally differentiated evolution of European integration, but provide no precise criteria for determining which policies tend to be affected by positive or negative spill-overs.

### 3.2 Intergovernmentalist theories

The empty chair crisis and the Luxembourg compromise, which seemingly stopped the integration process or even caused several steps backwards, meant hard times for neo-functionalist scholars even beyond the days of *Eurosclerosis* in the 1970s. Political events or rather non-events at the same time heralded the beginning of a long-lasting heyday of intergovernmentalist research on European integration. Intergovernmentalists take on a completely different perspective towards European integration, focussing on state actors and the dominant concept of national sovereignty in interstate relations. Stanley Hoffmann's (1964; 1966) work marks the beginning of a neorealist reasoning in European integration research, focussing on governments, while later Andrew Moravcsik extended this approach towards a "liberal intergovernmentalism" by including the role of other actors in the member states.

Hoffmann (1964) did not reject the neo-functional notion of spill-over processes and the coordination of policies under shared institutions on a supranational level, but only accepted it in the realm of *low politics*, i.e. in economics, in the areas of industry, trade, and to some extent agriculture, monetary policy and cartels (1964: 89). According to his reasoning, a transfer of competences to supranational institutions prevents nation states from losing control in increasingly interdependent economic domains. In *high politics* (military and foreign policy), on the other hand, national interests are conflicting (Hoffmann 1964: 90) and as political integration does not have "sufficient potency to promise a permanent excess of gains over losses" (Hoffmann 1964: 882), it would not lie in the rational self-interest of member states to pool sovereignty in this area.

Andrew Moravcsik (1993, 1998) takes these assumptions as a starting point to develop his liberal intergovernmentalist approach of European integration by examining the grand bargains in EC history. In the liberal intergovernmentalist view, the "delegation and pooling of *specific* and *precise* powers" is best explained by the eagerness of governments to credibly commit themselves vis-à-vis the other member states or domestic groups, whereas "patterns of support for more *general* institutional commitments" (Moravcsik 1998: 488, emphasis in original), such as the institutional

form of the EC, including the gradual empowerment of the European Parliament, rather depend on the relative importance of federalist ideology in the member states. [Moravcsik \(1998\)](#) traces in detail the successive instances of delegation of member state sovereignty – starting with the Treaties of Rome in the areas of external representation in tariff and trade negotiations with third countries, agenda-setting by the Commission, and enforcement of competition policy and EC law and culminating at Maastricht with the creation of a strong and autonomous central bank where member states with conflicting interests sought to settle a credible anti-inflationary mandate – but always stresses the explicit limitations of scope and the simultaneous or subsequent adoption of control mechanisms by the member states.

### 3.3 Neo-institutionalist theories

Taking a similar point of departure, Mark [Pollack \(1997, 2003\)](#) relies on a rational choice principal-agent model to explain delegation, discretion and member state control of supranational institutions in the EU. Pollack draws on [Garrett's \(1992\)](#) earlier analysis of member states' long-term interests to accept ECJ jurisdiction even if it is unfavourable to them. He relates actual competences of the Commission and the Court to their theoretical agency functions, i.e. monitoring compliance, solving problems of incomplete contracting, issuing secondary legislation, and formal agenda-setting, and puts it alongside the numerous constraints and control mechanisms set up by member state principals to limit the scope of agent's power and discretion, such as the comitology committee procedures or the threat of non-compliance with ECJ rulings ([Pollack 2003](#)). Based on this principal-agent framework, Jonas [Tallberg \(2002\)](#) develops a theory of dynamic linkages between stages of delegation. He argues that the experiences with existing institutional arrangements influence national governments' future decisions on delegation and their interaction with European actors, which can explain why a transfer of powers to the EU does not always take place and often develops gradually.

These authors follow the trend of “rediscovering institutions” in political science theories, as have [Tsebelis and Garrett \(2001\)](#) with their rational choice institutionalist model that accounts for the ability of the Commission and the Court of Justice to extend their discretion and move policy outcomes closer to their own preferences compared to the Council of Ministers. [Tsebelis and Garrett](#) hold that the discretion of supranational actors is dependent on the applicable legislative procedures laid down in the community's changing treaty bases. These institutional rules determine how difficult it is for the Council to pass new legislation and overrule the Commission or the Court. Therefore, the Commission and the ECJ managed to switch autonomy and competences to the supranational level by means of policy implementation, legislative agenda-setting and proactive court rulings.

In the same realm, an extensive body of literature on legal integration, mostly in a neo-functional tradition, but emphasising the dynamic effects of institutions ([Burley and Mattli 1993](#); [Alter 1996](#); [Dehousse 1998](#); [Stone Sweet 2004](#)), states that the ECJ, via expansive interpretation of treaty provisions and the setting of legal precedents, gained considerable competences in monitoring and interpreting community law. Moreover, by means of the doctrines of direct effect and supremacy and particularly the procedure of preliminary rulings (Art. 234 EEC Treaty), it has acquired the power for substantive intervention into the national law of the member states. Once the Court had acquired these considerable new competences, it became increasingly difficult for politicians to overrule its decisions unless the member states decided to amend the treaties or at least managed to pass new and potentially contested legislation in the Council of Ministers ([Alter 1996](#)). Furthermore, ECJ jurisdiction proved not to be confined to purely economic matters corresponding to the Court's role as safeguard for the creation and functioning of the common market. Rather, the Court's rulings were gradually extended to areas such as health and safety at work, social welfare benefits, mutual recognition of educational and professional qualification and

political participation rights (Burley and Mattli 1993: 66; see also the case studies on sex equality and environmental protection in Stone Sweet 2004).

The historical institutionalist study by Paul Pierson (1996) takes on a similar but more general approach (see also Armstrong and Bulmer 1998). Pierson aims at explaining why gaps, i.e. “significant divergences between institutional and policy preferences of member states and the actual functioning of institutions and policies” (1996: 131) emerge. Pierson thus understands gaps as a loss of member state sovereignty to the European level when this was not anticipated. His research focuses on the diverging time horizons of actors at the national and supranational levels due to member-state politicians’ preoccupation with short-term concerns, the instability of member-state policy preferences over time, and unintended consequences. The ensuing processes of competence shifts to the European level are amply demonstrated in his case studies on European social policy. However, like all neo-institutionalist approaches, this theory does not explain the *conscious* delegation, maintenance or reestablishment of national sovereignty in specific areas, nor does it predict the outcome of path-dependent developments.

### 3.4 Policy- and actor-centred approaches

In the field of policy analysis, Giandomenico Majone (1996) distinguishes between regulatory and direct-expenditure (i.e. redistributive or distributive policies) programmes. The EU, drawing near a “regulatory state”, is confined almost exclusively to regulatory policies for the compensation of market failures and has a much lesser stake in direct state-financed programmes. Even though in some areas regulatory policy-making and implementation are centralised at the European level, whereas in others patterns of co-ordinated partnership evolve, “both in economic and in social regulation, policy initiatives in the member states are increasingly likely to derive from an agenda established at the European rather than the domestic level” (1996: 265–266), i.e. the actual regulatory competences are increasingly shifted to the European level even when formally executed by the member states, which considerably lowers the autonomous problem-solving capacity of national governments.

Fritz Scharpf’s (1999) analysis of the remaining problem-solving capacity at the European and the national level relies on the distinction between the area of *negative integration*, where the Commission and the ECJ dispose of broad competences and institutional strength for the “removal of tariffs, quantitative restrictions, and other barriers to trade or obstacles to free and undistorted competition” (1999: 45), and *positive integration*, where “[t]he existence of ideological, economic, and institutional differences among member states will obviously make agreement on common European regulations extremely difficult, and in many cases impossible” (1999: 82).

These findings hold true as long as the dynamics of integration mainly depends on the power of national governments in relation to supranational actors. The more decisions on European integration are “politicised” in national societies and the more political parties enter the arena of European politics, the more the vertical allocation of competence turns into a matter of social conflicts. As a study by Hooghe and Marks (1997; 2001: 163–186) has revealed, party politics in the European Union is still shaped by traditional cleavage structures, with left parties favouring more EU competence to regulate social policies, whereas parties from the right support a neo-liberal policy at the European level. However, so far the indications that European politics will be influenced by party competition are ambiguous.

Yet, recent studies in the field, whether relying on new institutionalism or the more general argument that states cannot be considered as unitary actors but are determined, among others, by politicians with strong preferences, as in Gary Marks’ actor-centred approach (Marks 1996), explicitly advocate a more comprehensive theoretical framework that supplements the state-centric perspective by examining the role of ideas, interests and institutions in each single case (Christiansen, Falkner, and Jørgensen 2002; Rittberger and Schimmelfennig 2006). This approach is

thoroughly used in the detailed case studies on constitutional choice and treaty reform in the EU by Gerda Falkner and her colleagues (Budden 2002, on the Single European Act; Falkner 2002, on Maastricht; Sverdrup 2002, on Amsterdam and Nice).

In contrast to neo-functional and intergovernmentalist theories, institutionalist and policy- or actor-centred approaches to European integration focus more on the modes of decision-making, in particular the relative power member state governments can exert in relation to supranational actors. In the terminology coined by Lindberg and Scheingold (1970: 67–71), they mark a shift in research interests from the “scope” to the “locus” of European policy. Thus they emphasise an important aspect in the vertical dimension of multilevel governance which is ignored in most normative theories of federalism: The effective power of the EU or the member state governments depends not only on competences allocated to them but also on the rules which determine how the competences can be used in practice.

### 3.5 Results

Fifty years of research into European integration have produced abundant theories and explanations for the phenomenon of delegation of national sovereignty to supranational institutions. Scholarly literature – taking basic assumptions of neo-functionalism and intergovernmentalism as a starting point – has constantly developed new perspectives and introduced theoretical ideas from other research fields to European integration theory. They explain the discontinuous, but nevertheless far-reaching shift of competence from the national to the European level, but they also reveal that this tendency varies between policies.

Different theoretical approaches have clearly shown the driving forces towards and the constraints limiting the competence transfer to the EU. Despite this, there is no general explanation covering all policies or competences. Individual theories of European integration have proved more valid for certain policy areas, institutional settings and at certain times, but still no single most convincing concept and no coherent set of competence allocation has emerged from theoretical predictions as well as ex-post explanations. Moreover, with some exceptions, theories tend to focus on the explanation of why member state governments abandon powers to the profit of the EU. In contrast, the reasons why the allocation of competence to the European level fails are not analysed in detail. Moreover, the available literature provides comprehensive insights into the imbalances and asymmetries of competence allocation resulting from the dynamics of European integration. However, scholars rarely discuss the consequences of this development for effectiveness and legitimacy of European integration.

A number of empirical studies have tried to take stock of the outcome of the integration process (e.g. Börzel 2005; Donahue and Pollack 2001; Hix 2005: 18–23; Schmidt 1999). The results converge in the overall picture but diverge in the details: The EU has acquired exclusive competences in market-creating policies and shares competences with its member states in market-correcting policies. With some exceptions (territorial cohesion, regional policy and agricultural policy) the member states maintained their powers on redistributive issues. The increase of the EU's competences portrayed by these studies appears impressive. Nonetheless, it should not be ignored that the EU still lacks the basic powers to raise taxes and to implement its policies. Moreover, the distinction between market-creating, market-correcting and redistributive policies underrates the interdependencies between them which actually constrain the autonomy of the EU and the national institutions independently of their formal competences; comparative federalism comes to its limits when analysing European integration. The evolution of the European Community and later the European Union was the result of centralist trends similar to those we can observe in the history of federal states. However, whereas in national federations these trends are linked to the rise of the welfare state, in the case of European integration they concern policies determined to limit state power.

When it comes to evaluating the detailed shift of competence from the national to the European level, researchers are confronted with the problem of determining the meaning and the impact of a competence. Different methods of measuring have been used which all produce quite different results (Börzel 2005; Estella de Noriega 2002). Following studies in comparative federalism, one can refer to the formal competences enumerated in the treaties and distinguish between legislative, executive and fiscal powers, or rely on expert assessments. However, formal competences of EU institutions are all but clearly stated in legal terms. Moreover, their application depends on the ability of the Commission and the Council to come to decisions. Hence, the probability of an effective change in competence allocation is influenced by different modes of legislation and policy-making. Obviously, budgetary figures hardly tell us anything about the relative powers of the EU and the national levels. Furthermore, competences may have a merely symbolic value or may be undermined by “shirking” of implementing authorities of the member states (Bednar 2004: 404), an issue dealt with in research on compliance. Finally, EU institutions are engaged in policies without having formal competences by using methods of “open” coordination. Thus, one serious problem of the integration literature is that we still lack a common concept of the meaning and an agreement on the measurement of EU powers.



## 4 Consequences: Shared competences and multilevel governance

Irrespective of the diverse results of research on the vertical allocation of competences and the evolution of competence allocation, neither normative nor empirical theories imply convincing reasons to regard the EU and the member states as levels between which competences are or could be separated. Empirical research did not reveal an increasing drift of powers from the national to the European level. Rather it depicts political processes of dividing shares of competences, their extension being determined in power struggles between national and European actors representing different public or private interests. Efforts to find a coherent normative theory or at least criteria to sort out competences between levels have failed or ended in more or less complicated schemes which split up competences. This conforms to the fact that most competences are shared between the EU and national or sub-national governments and that they are applied in patterns of multilevel governance. Scholars describe this reality with concepts like “condominio”, “consortio” (Schmitter 1996), the “fusion of levels” (Wessels 1997) or “network governance” (Kohler-Koch and Eising 1999).

In response to this development, scholars began to elaborate theories of multilevel governance. Not only have they suggested explaining European integration as the outcome of joint decisions of national and European actors, they also have revealed that decisions on the vertical allocation of competences usually result in an interlocking of European, national and sub-national levels. Consequently, the transfer of powers to the EU should no longer be considered a zero-sum game, rather it is about finding ways to deal with interdependent tasks cutting across boundaries of national governments.

The multilevel governance approach got widespread acknowledgement through the work of Hooghe and Marks (2001), although it is disputed whether they formulated a new theory (Jordan 2001; for a review of the debate: Bache and Flinders 2004). They started from empirical research on European regional policy and on the mobilisation of sub-national actors in EU policy-making. The results of these studies revealed that regionalisation, i.e. shifting powers from the national to the sub-national level, parallels the increasing transfer of competences to the European level. The interplay of these two processes implies that European integration is neither a continuous process nor an established political structure but an always contested issue (Hooghe and Marks 2001: 28). What we observe is not just the establishment of another level of politics but instead the evolution of “a system of continuous negotiations among nested governments at several territorial tiers” (Marks 1993: 392). Instead of governments operating in their territorially demarcated jurisdiction, “variable combinations of governments on multiple layers of authority – European, national, and subnational - form policy networks for collaboration. The relations are characterised by mutual interdependence on each others’ resources, not by competition for scarce resources” (Hooghe 1996: 18).

This approach on multilevel governance disaggregates states into actors involved in European politics. Instead of looking at the interplay between national governments and the European Union, attention is focussed on the multiple actors from regional governments, national governments and parliaments, the European Commission and the European Parliament, as well as on their patterns of interaction, which are described as networks and negotiations. It goes without saying that such an analytical perspective is better suited to comprehending the complexity of European politics than functionalist, intergovernmentalist or even institutionalist approaches. It sheds light on the dynamics of interdependent policy-making and the flexibility of structures, in which supranational actors participate more as political entrepreneurs than as holders of particular competences. In any case, the concept of multilevel governance strongly challenges the assumption that any kind of vertical allocation of competences between levels can determine policy-making.

The problem with this approach to studying multilevel governance is that its conclusions remain

a bit vague. Although the dynamics and flexibility of the European political structure are rightly emphasised, Hooghe and Marks do not clearly carve out the mechanisms which might explain the dynamics of policy-making and the outcomes. What they cannot explain either is why and how such a complicated political system works. Their suggestion to link research on EU multilevel governance to comparative federalism (Hooghe and Marks 2003) highlights a way to come to grips with this question.

The challenge of understanding how multilevel governance works stimulated a second strand of theoretical reasoning and empirical research, which has been mainly nourished by contributions from German scholars. This line of research was established by Fritz W. Scharpf's thought-provoking theory of the joint-decision trap (Scharpf 1988). This theory was formulated to explain the blockade of European integration in the 1970s and early 1980s by comparing the institutional setting of European policy-making with the German cooperative federalism. Both constituted multilateral negotiation systems in which actors are compelled to find an agreement. If these actors have to decide on redistributive issues, policy-making would be likely doomed to fail. To make things even worse, the institutional structures of joint decision-making could be changed only under very specific circumstances. Governments compelled to cooperate in multilevel governance might be frustrated with political stalemate, but they would be hardly able to come to an agreement on an institutional reform which essentially entails a redistribution of powers.

This negative picture of European governance was not only questioned by the dynamics of integration after 1989 but was also contested by empirical research and in theoretical discourses. Studies on regional policy showed that EU multilevel governance differs in several respects from the structures and processes in German federalism. The greater number of actors at the national and sub-national level makes simultaneous negotiations impossible and leads to a sequential process of policy-making in multi- and bilateral relations. Moreover, the influence of party competition on negotiations among governments, which causes stalemate in German federalism, is reduced in the European context. Finally, the Commission – as an independent agenda setter and administration – can moderate distributive conflicts. Therefore, in a comparative perspective, the EU has been labelled as a loosely coupled multilevel system (Benz 2000, 2003). Adrienne Héritier (1999) showed in a series of case studies that actors in EU policy-making find ways to escape imminent situations of deadlock by changing patterns of interaction or by using flexibilities of complex institutional settings and inter-institutional processes. In addition, Edgar Grande (1996) pointed out that governments can gain autonomy against powerful interest groups if they pool their competences in multilevel governance. All these findings explain the rather high effectiveness of multilevel policy-making in the EU and the continuous change in patterns of interactions which allow avoiding stalemate in decision-making (Benz 2008; Wallace 2001).

Fritz Scharpf himself refined his earlier theory based on a review of studies on European policy-making. He concluded that the leeway of actors in European politics varies from policy to policy (Scharpf 1997). Moreover, he acknowledges the role of the Commission as an agenda-setter in negotiations, the existence of hierarchical governance by the European Central Bank and the European Court of Justice as well as procedures of flexible integration to deal with veto-power (Scharpf 2006). As a consequence, the interplay between European, national and sub-national actors differs accordingly. This approach raises tremendously the complexity of the analysis. In an article summarising his theoretical reasoning on EU multilevel governance, Scharpf (2001) proposes dealing with this complexity by avoiding a grand theory and by focussing theorizing on particular modes of governance and the conditions under which they arise and work. He extends his earlier concepts of joint decision-making by including mutual adjustment, hierarchy and negotiations as modes of European governance.

With this analytical framework, it is possible to integrate different theoretical approaches into the study of multilevel governance. *Mutual adjustment* means that governments coordinate their policy by strategic action and reaction without immediate communication. In the common market

and in the decentralised polity of the EU, this mode necessarily leads to competition between governments. In order to understand the mechanisms at work, we can refer to economic theory on institutional competition (e.g. Vanberg and Kerber 1994). However, in contrast to these theories, political science analysis has to take into account the influence of internal veto players in competing governments, which might limit the scope of mutual adjustment. *Hierarchy* as a mode of multilevel governance should be understood as asymmetric interaction between principals and agents in a vertically differentiated structure, rather than as governing by command and control. Problems of coordination in hierarchies have at length been analysed in institutional economics, which, therefore, can be used as a basis for studying this mode of multilevel governance. In order to understand *intergovernmental negotiations*, a wide range of theories are available which suggest distinguishing between bargaining and arguing or between different structures of negotiations (bilateral or multilateral) or between different types of actors (representatives, agents, experts), to name just the most relevant categories. *Joint decision-making* combines aspects of multilateral intergovernmental negotiations and hierarchical agenda-setting, but governments negotiating at the European level have to take into account the decision-making in their parliaments and the interests of powerful pressure groups. Therefore, agreements on redistributive policies are unlikely in this setting and this explains why the member states maintained core functions of the welfare state (Scharpf 2001: 16).

The “modularisation” of the theory of multilevel governance points out a promising research strategy to deal with the complexity of the field. However, real policy-making, in particular multilevel governance of the EU, results from a combination of these basic modes of governance. As indicated by Fritz Scharpf in his description of joint decision-making, they may combine mechanisms of negotiation, hierarchy and political competition, or they may include negotiations in networks working in the shadow of hierarchical control. Decisions on regulatory policies negotiated in the EU Council are influenced by the more or less intense competition among member states for mobile tax-payers or by party competition in the member states. Depending on the type of mechanism and the quality of coupling (strict or loose), these diverse mechanisms of governance can be positively or negatively linked, i.e. they can reinforce actors' interests to coordinate their policies or they can cause conflicts and divergent incentives. A theory of multilevel governance in the EU must take these interactive effects into account.

It should not be ignored that one way of coping with the wicked problems of multilevel governance is to change the allocation of powers. Dilemmas of collective action usually entrenched in complicated structures of decision-making can be avoided by shifting issues to institutional or constitutional policy. Consequently, in governance research the issue of “meta-governance” has attracted attention. In the same line, scholars working on comparative federalism emphasise the dynamic and fluid character of multilevel systems when competences concern interdependent tasks or powers are shared (Pagano and Leonardi 2007). At this point of reasoning, theories of multilevel governance meet theories of federalism with the latter keeping a focus on the allocation of powers and the former indicating mechanisms which cause dynamics and changes.

## 5 Prospects for further research

Given the tremendous amount of literature on European integration treating – in one way or another – the allocation of competence between member states and the EU, this Living Review could not cover all contributions and had to be selective. Nevertheless, our overview on normative concepts and empirical research has revealed a lot of different theoretical and analytical approaches, stimulating ongoing discussion and research in this field. Despite the unique features of the European political system, we regard comparative research as particularly fruitful. Studies on comparative federalism can really sharpen our understanding of the alternative options for the allocation of competences and of the driving forces and counter-forces of integration. Yet this research seems more relevant to us if it clarifies the differences between the EU and existing federations than if it emphasises similarities. On the other hand, theories of European integration and multilevel governance point out the complexity of structures and a plurality of factors influencing how powers are distributed between levels, a complexity which is difficult to deal with in comparative research designs. Consequently, there is no one best research strategy and further research in this field should, in principle, continue to apply different approaches and designs.

Furthermore, this Living Review has identified some weaknesses of concepts used in the literature and also deficits in empirical research. Most normative theories overemphasise the possibility of separating powers. This perspective appears also as an implicit assumption in empirical theories which explain the shift or the delegation of powers from the national to the European level. Moreover, these theories often focus too much on the integration, while leaving aside the driving forces towards disintegration or decentralisation of powers.

Normative theories of federalism, originally introduced to the study of the EU from a comparative political science perspective, have been developed for and discussed mainly with regard to federal nation states. As we have seen, they are only of restricted value with regard to the EU polity, which is characterised by federal as well as confederal elements, and does not allow for a clear-cut allocation of competences via constitutional rules. Moreover, both abstract normative reasoning on an ideal allocation of competences as well as recommendations of devices to implement subsidiarity underestimate the fact that the already existing political system of the EU cannot be deliberately shaped by a “constitutional designer” due to diverging interests of member states and path dependencies of institutions already set in place. How powers are shared in practice depends on the interplay between the EU institutions and member state governments, parliaments or interest groups, to name but the most important actors. Moreover, in the highly differentiated system of the EU, the effective powers of single actors, institutions, or jurisdictions are dependent on and defined by the mode of decision-making on the issue at stake and the particular modes of multilevel governance.

Nonetheless, the EU is a political system with inherent dynamics of change: empirical theories as well as normative accounts aiming at the provision of a concept for a balanced and efficient allocation of competences between jurisdictions have to take into account the interests and powers of actors at different levels to influence the effective allocation of competences in a given situation of decision-making, or even the ability to change the actual balance unilaterally (see [Faber and Wessels 2006](#) for an analysis of potential strategies and perspectives of the European Council). Otherwise, they end up with idealistic recommendations, which are futile with regard to reality.

Empirical theories, too, often tend to focus on a two-tiered structure of the EU. However, since the early 1950s, the process of European integration has constantly passed through cycles of increasing differentiation ([Wessels 1997](#)). As a result, today’s EU is not a coherent political system in a given territory but possesses a highly diversified and fragmented structure. Empirical research on integration dynamics and the transfer of competences must consider this specific structure in order to generate a more precise picture of the actual processes and developments. In this respect, comparative research on federalism can disclose new perspectives concerning causes,

patterns and consequences of intergovernmental relations in different constitutional systems, types of democracies, party systems or societal conditions.

When studying competence allocation as well as the different patterns of cooperation, the still existing pillar structure of the EU is an obvious point of departure because of the varying degrees of institutionalisation, the different decision-making procedures and actors involved in policy-making in each of the three pillars. This is closely connected to the need to distinguish between policy areas. Countless case studies of European policy-making emphasise the special characteristics of each policy field. These particularities hinder the identification of consistent and uniform patterns of competence allocation or rather "integration" in the European multilevel polity (see [Lindberg and Scheingold 1970](#)). More recently, the varying territorial scope of policy programmes or fields of cooperation on the European level has been reconsidered, an idea that has been discussed in terms like "Europe at different pace", "*Kerneuropa*", or "Europe à la carte". It has gained new momentum in view of the successive enlargement rounds and the incorporation of the provisions on closer cooperation in Art. 43-45 TEU. Future research will need to focus more on the causes and consequences of a territorially differentiated competence allocation. Whether this is correctly portrayed by the term functional federalism has to be considered.

In particular with regard to enlargement, the failed ratification of a European constitutional treaty and the opting-out and secession clauses of the Reform Treaty, possible tendencies of disintegration should be taken into account more seriously. Growing economic, social and cultural inequalities between member states, increasing scepticism of the population and a firm commitment to the principle of subsidiarity, as it is laid down in the treaties, might dissolve the formerly prevailing commitment to the creation of "an ever closer union" (Art. 1 TEU). But again this will probably not lead to a simple up and down movement of competences between levels but to a simultaneous integration and disintegration in different policies and possibly also in different territories. We have to expect a variety of shifts in power between interlocked levels of the EU.

For these reasons, empirical research on European integration in general can still gain a lot by adopting "a plurality of lower-level and simpler concepts" ([Scharpf 2001](#): 4) for the description of European governance modes instead of relying on rival theoretical concepts like intergovernmentalism and supranationalism or of creating new holistic approaches for European multilevel governance. Even if the European Union is regarded as a political system *sui generis*, when dealing with the vertical allocation of competence and the application of shared competences in multilevel governance, we should stop looking for holistic approaches and overarching concepts (*grand theory*) that do not provide a reasonable and useful contribution to research in view of the complexity of the field.

In agreement with Scharpf, we instead suggest the combination of an inductive and deductive approach of theory-building, the development and testing of a variety of simpler theories and models that will combine with the overall picture of European integration and competence allocation. Starting with concepts of a lower range, i.e. those limited to particular patterns of governance, allows us to find out where dynamics of integration produce incompatible structures or where they create self-enforcing mechanisms towards either integration or disintegration. Hence, we would expect research on European governance to yield some interesting new insights when placing emphasis on specific patterns of multilevel governance instead of the whole picture.

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