Legislatures in Federal Systems and Multi-Level Governance

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Cities in Multilevel Governance Systems: Implications for Second Chambers

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Formally, of course, the attention scholars of federalism have lavished on second chambers makes perfect sense. For one of the key defining features of a federation is a constitutionally entrenched division of powers between the federal government and the sub-state units. As a result, all federations have a chamber of one form or another that is meant to represent the regions. It used to be that, in concert with the federal chamber where the population is usually represented (at least somewhat) by population, these second chambers were key to solving public-policy problems. For they had (some of) the jurisdictional responsibility either by virtue of jurisdictional decision-making competence or by virtue of administrative competence. In recent decades, however, the complexity of public-policy issues has grown exponentially. No longer is it sufficient for a second chamber simply to solve collective-action problems among sub-national units and coordination problems between sub-national units on the one hand and the federal government on the other hand. Rather, the complexity of public-policy issues today has brought to the forefront actors which had hitherto been treated as epiphenomenal in the policy-making process: the public, private, and third sectors as well as cities.

The development has become known as multilevel governance. Within multilevel governance, cities are posing a unique challenge. Getting public policies in urban areas “right” is key for a plethora of reasons. As of 2008, half the world’s population will reside in cities. Two-thirds of the world’s gross domestic product (GDP) is produced in 40 megacity regions.1 The overwhelming majority of migrants — both international immigrants and migrants who move from rural to urban areas or from smaller to larger urban agglomerations — settle in cities. And usually they settle in a country’s largest cities. They bring with them a unique set of challenges, from the above-average healthcare costs with which migrants are associated to above-average education costs which are a function of both higher fertility rates among migrants and of the greater integrationist burden that non-native speakers impose on the system. Where so many people live together on relatively small space, infrastructure becomes paramount to keeping people moving. However, roads, public transit, and airports are expensive to build and just as expensive to maintain. Transportation in cities along with their energy needs also create intense pollution and environmental challenges. Cities also impose a new set of demands on public health as exemplified by the SARS crisis in Toronto in 2002.2 Urban growth generates copious amounts of refuse with which they need to cope

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era when landfills are filling up, becoming scarcer, and politically difficult to start pand. Cities are also the locus of crime, especially violent and white-collar crime thus the focus of much of the world’s public safety and security efforts. And they places where high rents often make it difficult for people to secure adequate ng.

I these policy issues have one common denominator: Cities lack the jurisdiction, -how, and the financial means to confront them alone. Their complexity requires tive involvement of other levels of government as well as the public, private, and acts. As part of a five-year Major Collaborative Research Project on Public y Municipalities that is funded by the Social Sciences and Humanities Research cill of Canada and coordinated by Dr. Robert Young at the University of Western o, my colleague Dr. Harvey Lazar and I recently undertook a study of the ng and effectiveness of multilevel governance systems in eight countries to see er any commonalities might emerge and how well these systems were functioning now democratic, transparent, and accountable they were. The studies were shed in a book entitled “Spheres of Governance: Comparative Studies of Cities in Level Governance”. 3 While the remaining of the research project is focused on 4, the objective of the international studies was to draw on other parts of the to establish a basis against which the governance of cities could be compared.

ach of the work in this area relies either on single empirical case studies or on e with great ideas about cities and what cities ought to be doing. However, no thus far has attempted to establish a baseline against which the policy mance of the aforementioned urban governance challenges could be compared. is a two-pronged approach to establishing this baseline. First, there is a normative as to what well functioning urban governance ought to look like. Yet, these itive dimensions are invariably highly contextualized in particular cases. So we eight case studies to build an empirical evidence base from which we might deduce against which performance could be measured. For one way to approach the issue nchmarking is how closely a system approximated a normative imperative, er it has been moving closer to that prescription or further away, and whether we olate any of the determinants at work. Another way, however, is to take a purely tive approach to see whether there are any multilevel governance systems that r to outperform others, to understand why that might be, to see whether we can r the performance trends, and to see what generalisable lessons – if any – might t.

this chapter I shall present some of the highlights and findings of this study, ally – and in light of the subject of this particular book – with respect to the g it has on second chambers. The chapter will begin by outlining the three h questions that framed this investigation and the method we employed to r them. We believe that these questions can be usefully applied not just to our case studies but to any case study that deals with cities in multilevel governance systems. While we deal with only eight country studies, in principle one can apply these questions elsewhere and then assess the evidence against the baseline results from our study. The second section will explain what multilevel governance is, the challenges to which it is meant to respond, and the controversies associated with it. While one could write a whole book on this subject alone, it is nonetheless important to clarify the theoretical and empirical concepts used in this study and to tease out the assumptions they make. As it turns out, multilevel governance can have a variety of meanings. This matters insofar as different implications follow from the different assumptions that are associated with different meanings of the term. So, for the sake of consistency, I felt it was important to wrestle with the terminology in a way that, to the best of my knowledge, no one else has done. The third section lays out our hypotheses followed by the findings. In essence, by virtue of the complexity of the problems one would think that the systems that function most effectively are the ones that have best been able to shift from a vertical, hierarchical means of operation to a horizontal, networked approach. Yet, is it really true that the systems that work best are also systems that are more horizontal? And, if so, are there systems that have better been able to make this paradigm shift and, if so, why? In the conclusion, I shall return to our key research questions, the findings, and what they mean for second chambers.

The Research Questions

Initially we mean to capture the nature and extent of the multilevel/networked governance systems that different policies have developed for handling the major challenges faced by their cities. The aforementioned shows that there is no lack of challenges and policy areas from which we could have chosen. To facilitate comparison and allow us to control for variables (insofar as it is ever possible in the social sciences to do so) we narrowed our study to six policy areas: modernization of physical infrastructure, effective programs to facilitate migrant settlement, emergency preparedness and disaster relief, land management planning, and the promotion of tourism. With respect to these policy areas, Neil Brenner claims that the optimal scale for policy making has changed in that the decision-making powers of the state have shifted upward to the supranational and international level, downward to regional and local authorities, and outward from government to non-governmental bodies. 4 We wanted to know whether this hypothesis actually obtains. This is how we arrived at the three research questions that guided our study:

1. In respect of important issues affecting major urban areas, is there, as a matter of fact, a global trend for policy making and implementation to involve a growing number of governments and non-government actors?

findings were based on the eight country studies: Australia, France, Germany, co, South Africa, Spain, Switzerland, and the United States. They include five nations, two quasi-federal systems (countries that do not describe themselves as nations but have many federal-like constitutional provisions), and one unitary. We felt that this was a reasonably representative sample as it contains oped and developing countries, presidential and parliamentary systems of government, unilingual and multilingual countries, countries with one founding nation, countries with multiple founding nations, centralized and decentralized systems, systems with a clear separation of power and administrative federations where the legislative power resides with the central government but which relies on the units for the administration and implementation of programs.

facilitate comparison, each country study was guided by a template of questions which authors were asked to respond in order:

- tap the constitutional landscape, that is, which level of government is formally responsible for which tasks and the sort of constitutional protections each level of government has. This was important because in most federations municipalities do not enjoy constitutional protections but rather fall under the auspices of the sub-national units. So, one dimension we wanted to explore is whether systems which afford constitutional protections to their municipal sub-units outperform those that do not. In other words, we wanted to know whether it is actually worthwhile for municipalities to invest efforts in trying to improve the formal protection of their status of jurisdiction to improve public policy and multilevel governance.

- tap the range of municipalities’ responsibilities and functions. Since these vary a great deal from one country to another, to see how well urban and multilevel governance was performing we, of course, had to measure their performance against their actual areas of responsibility.

- entail the fiscal position of municipalities. A common answer to public-policy woes is any sort is to plead poverty. We wanted to know whether there was any evidence at funding was an issue and to what extent additional funding promises to make public policy in municipalities and multilevel governance systems more effective. on Watts has written: “In virtually all federal and intergovernmental systems, financial relations have invariably constituted an important, indeed crucial, aspect of their political operation. […] This political significance places financial relations between central and constituent-unit governments at the heart of the process of intergovernmental relations.”

This enables us to test the Watts hypothesis from the broader multilevel point of view that includes local government.

4. How do municipalities organize amongst themselves to deal with the federal government? We wanted to know whether municipalities in some federations organize more effectively than in others, what the determinants or organization are, and whether municipal organizations make a difference.

5. What is the scope and nature of the municipal-federal interaction? Since in most countries municipalities depend quite heavily on the sub-national units, we wanted to know whether there are countries where municipalities liaise more effectively with the federal government than in others and whether a more effective relationship with the federal government had an impact on policy and governance.

6. How and to what extent are federal-municipal relations mediated by regional governments? Recognizing the importance of regional governments in the public-policy lives of municipalities, we wanted to know whether there were types of mediation by regional governments that worked better than others.

7. To what extent are municipalities engaging in international relations? Technically, of course, international relations is the exclusive domain of national governments. Yet, we know that municipalities are active internationally. We wanted to know whether those activities correlate at all with their better public policy at home.

8. What is the political dimension of the municipal-federal relationship? Realizing that the relationship between municipalities and the federal government can be difficult constitutional terrain, we wanted to differentiate between relations that are more procedural and those that are more highly politicized to ascertain whether one form or another had an impact on public policy and governance outcomes.

9. Each country study examined two policy studies from the aforementioned choice of six policy areas. The result was a total of 16 policy case studies.

10. Country studies were asked to comment on the major trends that were emerging.

11. Finally, to the extent that a multilevel governance system even existed, each country study was meant to comment on whether the multilevel governance system was adequate in relation to meeting municipal policy challenges, especially those faced by larger cities.

In essence, the research template examines questions about the political economy of the power relationships among different spheres of government.

Multilevel Governance: Expectations and Hypotheses

The term “multilevel governance” was pioneered in the context of the European Union, where it was initially meant to capture the “scaling-up” of the national state to the level of the European Union, that is, the voluntary abdication by member states of certain responsibilities to the emerging supranational structures of the European Union. In his

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complexity is thought to require not only intergovernmental collaboration but also that non-governmental actors with relevant assets (such as knowledge, delivery systems, and legitimacy) be engaged in the policy process. This in turn leads to collective-action and coordination problems in an increasingly interdependent world. The compound effect of these phenomena is what some label "multilevel governance".

The development of multilevel governance is generally assumed to be largely a function of the growing complexity of policy challenges coinciding with ever-greater interdependence both within and across national borders, and possibly also between governmental and non-governmental actors. On the one hand, to the extent that this assumption holds true, we expected to find similar if not identical trends across our country studies. On the other hand, if the trend reflects a normative preference— as opposed to a functional necessity—we anticipated differences in its extent and its manifestation.

First, we figured that multilevel governance might prove normatively attractive to political leaders and scholars as it can imply a dispersion of power that is attractive to those who worry about the state becoming a Leviathan or simply too large to be administratively efficient in what it does. Second, some economists consider that multisphere governance is more economically efficient than alternative forms of governance because it allows for competition among governments, provided that each government spends only or largely the money that it raises through its own taxes and levies. Concomitantly there is a contrary school that considers it more efficient for the federal/national sphere to collect more revenues than it needs, while local governments spend more than they collect. This is because the federal/national sphere is presumed to be more efficient in raising taxes and the local sphere more efficient in managing expenditure programs. Third, the principle of subsidiarity normatively posits delegation of decision-making responsibility to the sphere of government that is closest to the citizen and is best positioned to carry out a particular task; thus, to local government, other things being equal.

Second, we wondered whether systems of administrative federalism might be more likely to evolve into multilevel governance than systems of classical or dual federalism. The latter is premised on a clear division of legislative power between the national government and the governments of the constituent units. Conversely, however, in administrative federations the capacity to make policy is usually centralized with the federal government and requires the cooperation of the constituent units via the second chamber. As a result, one might hypothesize that they do not foster the sort of federal society and culture that is necessary to govern more horizontally. Is multilevel
nance a function of political and civic culture? If it is, is there any evidence that level governance in one type of federation outperforms that of another type?

Also wondered whether different types of federalism would generate different es and forms of multisphere governance. It is plausible to hypothesize, for instance, that administrative federations might evolve into hierarchical forms of level systems of governance more readily than dual federations, because the tions of the administrative federations already provide explicitly for hierarchical esped relationships. While functional necessity may also require governments al systems to become increasingly interdependent, the resulting relationships 3 the different spheres may entail less hierarchy than in administrative systems, the dual systems constitutionally emphasize autonomy. Also, to the extent that distinctions exist, we wondered whether urban policy tends to fare better under one other of these arrangements.

ularly, differences between the European and Anglo political cultures may affect of governance. European culture tends to be more collectivist, while the Anglo tends to be more liberal-atomist and thus more focused on individuals than on unities. Political thinking in the Anglo culture tends to focus on checks and es, as well as on markets; it is more skeptical than the European culture about ting powers upward. This suggests that we may be more likely to find the more ntal intergovernmental relationships commonly identified with networked nce in countries that share the Anglo political tradition.

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On the other hand, municipalities were relegated to the role of junior partner as they enjoyed little programmatic influence over the programs they were delivering. More often than not, their aforementioned recognition was nominal at best. It turned out that networks which span the local, regional, and national levels notwithstanding, political parties failed to privilege municipalities as one might have expected as national and regional issues trumped local concerns. Furthermore, it turned out that many of the programs municipalities were asked to deliver were not accompanied by the requisite financial allocations. In the end, just about everywhere we looked, the multilevel governance systems remained far more top-down than we might have expected.

Yet, some multilevel governance systems were less top-down than others. The qualifications, for instance, did not apply to the same extent in the European cases as they did elsewhere. That is, based on the evidence in our comparative study, municipal government is less of a junior partner there than in other parts of the world. The question that arises, then, is what effects - if any - a less top-down multilevel governance system has?

To the extent that such a trend may exist, how effective is it in helping to deal with key urban challenges? Are some formulations of this trend more effective than others?

To answer these questions more effectively, we decomposed these questions further in to three sub-questions:

1. How effective are systems of multilevel governance in fashioning national policy that meet the urban policy challenges? In response to this question we drew on the evidence provided by the 16 policy case studies. One of the challenges in comparative research is that dissimilarities between and within the eight country studies make it difficult to generalize. Still, it is fair to say that the overall results were mediocre. Among the eight countries, France and Switzerland fared best. In those two countries the local influence on national policy that affects urban areas was strongest. In all eight countries, it was generally true that systems of multilevel governance were generally more effective in large urban areas than in small urban areas and rural municipalities. How, then, might one explain these outcomes?

2. Are municipal governments doing an effective job in delivering national and regional programs assigned to them? Generally the performance in European countries is strong, especially in their large urban centres. By contrast, the performance tends to be weakest in Mexico and South Africa. This may be a function not only of the state of development but also of a desire to keep power centralized, thus minimizing possible challenges to national unity. In the United States delivery capacity is not generally an issue but the evidence in the aftermath of Hurricane Katrina suggests that it can certainly be in the area of emergency response. In developed countries the professional competence in delivery is generally available in the larger urban areas. Across all our case studies it became apparent that national and regional governments are not always allocating adequate funds for the purpose having municipalities deliver national and regional programs. Unfunded mandates - whereby higher levels of government assign the delivery of a national or regional program to municipalities without compensating them adequately for the associated programmatic and
The country studies suggest that multilevel governance of varying kinds is becoming widespread—if not pervasive—with complex intergovernmental relationships involving international, national, regional, and municipal governments becoming the norm. However, this complex web of relationships among different levels of government is by no means a partnership of equals. Furthermore, there is less evidence of the expansive role of non-governmental actors than a good deal of the academic literature presumes. Across the 16 policy case studies power relationships remain much more hierarchical than the literature on multilevel governance lets on: with respect to national programs that significantly affect their jurisdictions, city governments are policy-takers, not policy-makers. Their role in multilevel governance is generally to deliver services or administer programs whose character has been determined by national or even international processes over which they have little control. Thus, we find a gap between the normative argument for multilevel governance and the observed reality.

When confronted with the evidence it turns out that multilevel governance is more controversial a term than we had anticipated. For the values it espouses differ from the empirical reality to far greater an extent than might reasonably have been anticipated. Rather than using a wholesale concept that is far more value-laden than we could have anticipated, prospective studies of cities in multilevel governance systems may be well served analytically by distinguishing between levels and orders. Scholars interested in federalism often refer to subnational “orders” of government to describe a co-sovereign status for constituent units that is equal to that of the federal or national order. By contrast, the notion of “level” denotes a hierarchical relationship. In other words, if we use either “multiorder” or “multilevel” governance, we end up tautologically presuming what we may—or may want to—find: either an egalitarian or a hierarchical relationship.

This is why we ended up outlining our book “Spheres of Governance”. For the notion of “spheres” strikes us as more scientifically neutral (in the sense of Max Weber) than the notions of either “level” or “order”. A study of “spheres of governance” is meant to take a systematic look at the way governments and other players relate to one another and to discern proclivities. The notion of spheres is not premised on an implicit assumption about an increasingly egalitarian or persistently hierarchical relationship.

Indeed, the evidence ends up positing multi-sphere governance as both functional and normative. It is found both in Europe and the rest of the world. Yet, it is more developed in Europe where the role of state and intergovernmental relations are seen in more favourable a light than in the United States, for instance. Notwithstanding constitutional and institutional arrangements that have been giving greater weight to local government, municipalities remain junior partners. Although they are increasingly relied upon by higher levels of government for the delivery and administration of programs, their influence over these policies remains minimal. Their own-source funds are insufficient to cope both with mandates from above while at the same time fulfilling their own commitments to local electorates. In effect, it would appear that senior levels

15 Marks and Hooghe 2004 (fn. 6).
vernment are harnessing multilevel government in the truest sense of the concept; their hierarchical pecking order to maximize political credit for minimal taxation. Yet, the case studies suggest that top-down governance is not very effective in urban policies.

nse and Switzerland stand out as notable exceptions. They are less top-down, effective in involving local government in forging national urban policy, and ently the best organized governance systems to confront urban policy challenges. have complex intergovernmental systems which at times seem to approximate realistic notions of multilevel governance - at least, more so than the other cases. This observation seems to confirm the initial hypothesis that is implicit in much literature on multilevel governance: That in an age of growing complexity and increasing the value of horizontal and collaborative approaches to decision making is coordination and collective-action problems, information gaps, and uncertainty, producing superior policy outcomes. That France and Switzerland emerged as abnormal is interesting. For with Switzerland one might have anticipated that a highly centralized system is more horizontal by nature. The French case, however, suggests elaborate efforts to move from a centralized to a decentralized system actually x to better policy results. Since any change in political and civic culture is gradual to time, the French case suggests that culture may be less of a constraint on the pace of multilevel governance than one might anticipate.

We forget though that the European case studies may indeed be the most utal, governance there remains genuinely multilevel in that the relationship at local government and higher levels of government remains markedly hical. As a matter of fact, the growth of unfunded mandates may actually be the system more hierarchical (thus genuinely multilevel) than before! On the one hand, unfunded (or underfunded) mandates are manifestly hierarchical by their very (for which level of government is happy to have additional programmatic imposed on it over which it had little say and for which it receives no or late financial compensation). On the other hand, unfunded mandates undermine democracy by constraining local governments' ability to make decisions and in their respective areas of competence. While unfunded mandates are not ng local government of the ability to make decisions in their areas of competence they are forcing local governments to redeploy scarce resources to the entation and administration of programs into which they had little or no input. in these resources are no longer at municipalities' disposal to spend in their areas of matic competence.

most multilevel systems of governance - or, rather, by virtue of being hierarchies, they are more traditional systems of government than horizontal systems of urban governance - have turned out to be the United States and Australia. Not that hierarchies did fall in those countries, but the withdrawal of the federal government from the larger public service and the inverted pyramid of responsibilities in Australia have enhanced local autonomy and responsibility over those policy areas jurisdiction.

South Africa and Germany are particularly noteworthy for the constitutional protection that municipalities enjoy. In South Africa, they are a third - and legislatively quite powerful - tier of government; in Germany, the large city states of Berlin, Hamburg, and Bremen enjoy the privilege of being both cities and a Land at the same time. Yet, the constitutional protection does not appear to have precipitate better municipal public-policy outcomes. Quite to the contrary, in both South Africa and Germany it may actually be a source of paralysis and profligate spending. In other words, enhanced constitutional protections for local government do not necessarily correlate with improved public policy in municipalities.

Contrary to what the literature on multilevel governance lets on, we also found far less evidence of a large role for non-state actors than the academic literature suggests. In other words, the "scaling out" of the state appears to remain for more of a normative preference than an empirical reality. From the perspective of normative democratic theory, this is somewhat disconcerting. For the broad involvement of stakeholders and the interests held out the promise of remedying at least some of the democratic deficit that seems to be inherent to multilevel governance. Yet, multilevel governance actually runs the risk of exacerbating the democratic deficit. On the one hand, by virtue of the many stakeholders involved, it reduces democratic accountability and transparency. On the other hand, the accountability and transparency that might flow from a broader involvement of the public, private, and third sectors is not realized. This raises serious questions about the legitimacy of multilevel governance and the popular support for the policy decisions arrived by multilevel-government processes. In some advanced industrialized democracies with a long tradition of democratic local government, multilevel governance may actually be squeezing and threatening to stifle local government relative to what it once was. Concomitantly, notwithstanding the modest extent of the local government's role at the multilevel decision table, in countries with a strong authoritarian or centralized tradition, robust local government is identified with the spread of democracy.

Conclusion: Implications for second chambers in multilevel governance systems

Several implications follow for second chambers in multilevel governance systems. In theory, they have the potential to play a key role in operationalizing multilevel governance. While the evidence strongly suggests that they are unlikely to relinquish their hierarchical dominance anytime soon, they hold out the promise of realizing a greater voice for local government in fashioning national urban policy on the one hand and national programs which municipalities will be asked to deliver and administer on the other hand. Yet, in practice, they appear to be part of the problem rather than part of the solution. The little involvement of municipal organizations there is at the level of the second chambers seems to be confined to the formalities at the margins that amount to virtually no substantive contribution to the policy process by municipalities at the level of second chambers. Moreover, our studies also produced little evidence that second chambers are drawing the public, private, and/or third sectors into the decision-making
multilevel governance is an end in itself. Normatively, it is a means to achieving a greater good. As an effective tool of national urban policy, it needs to be both. Our comparative studies, however, reveal far less empirical evidence of the normative prescriptions being realized than we—or the literature—anticipated. To the contrary, much of the evidence suggests that for municipalities in many countries, especially those that are medium and smaller in size, multilevel governance may be more of a curse than a blessing. Second chambers play a key role in harnessing the policy potential that is intrinsic to multilevel governance.

In contrast to urban policy, second chambers are heavy on multilevel and light on finance. Second chambers also have a key role to play in unfunded mandates. For most chambers enjoy considerable clout over legislation with financial implications in its jurisdiction. In other words, they have the ability to rein in the propensity for unfunded mandates. In doing so, they would also be taking a significant step by using democracy in local government by ensuring that municipalities actually find themselves with the capabilities and financial means to make effective decisions over es within their area of competence.

Second, they may want to query whether the multilevel governance system is effective? The first litmus test in this regard is to ask whether a clear set of national policies has a bearing on cities. The second litmus test is to ask whether municipalities are delivering national and regional programs. And the third test is to ask whether they have a substantive hand in designing and delivering these in their area of competence. They ought also ask themselves whether funding from higher levels of government is adequate. Conversely, they may ask whether downloading is making it difficult for a city to realize its own potential. Finally, the second chambers should be asking themselves whether the multilevel governance system of which they are a part is compatible with democratic and processes. That is, is the system accountable and transparent? These are hardly easy questions to ask, for the answers are bound to raise controversy. Moreover, the responses are likely to differ depending on who asks the questions. At present, however, multilevel governance seems largely an ad hoc process rather than not, has the potential to yield results far better than it does. These help second chambers to harness that intrinsic potential by fostering a more led approach to multilevel governance. The evidence especially from Canada and France suggests that systems that have taken a more principled approach, where, at a minimum, municipalities are involved in decisions that affect urban policy, are producing better results overall. Whether these results are by means as democratic as they could be and thus maximize a policy decision's potential is another question.

In the end, the jury is still out. Multilevel governance holds out great promise to be better, more democratic, and more legitimate national urban policy. But it also carries a risk of being instrumentalized as a means of advancing the particular interests of the elites, whatever the case may be of higher levels of government. Functionally,