Embedded Governance: A Multilevel Analysis of European Union Climate Public Goods Delivery

Cao Dejun, Dong Xinyuan

Abstract—Climate change is the typically external global public good. The more governance actors there are, the more easily it leads to the dilemma of collective action. However, European Union which comprises 28 members today has become a leader in global climate governance. What makes the EU’s climate governance mechanisms unique? Mainstream literature usually explains this question with the advantages of Multi-Level Governance, while missing the linkage between various levels. Focusing on cross-level variables, we reintroduce Social Capital. The Institution-Relation logic of the social capital mechanism emphasizes that distribution of social capital essentially determines the governance model in the EU. Currently, there are four kinds of ideal social capital, that is, double strong essentially determines the governance model in the EU. Currently, there are four kinds of ideal social capital, that is, double strong constrains, strong institutional social capital, strong relational social capital and disembedding model. With a cross-level analysis framework, we find the asymmetric distribution of social capital embedded in the EU.

Keywords—climate change governance, double embeddedness, global public goods, social capital.

I. INTRODUCTION

It is generally considered that reducing and stabilizing the concentration of greenhouse gas in the atmosphere is the largest global governance issue in the 21st century. Not only legal sovereignties but geographical boundaries are unable to automatically dam the flow of greenhouse gases because the climate challenge is always transnational. This results in the externality character of climate change and the dilemma of collective action. For European Union, the subject and levels of climate governance seem more complex. On one hand, the large-scale governance participants of 28 member states, many local governments, civil societies and other sub-national actors make up a special multi-level governance mechanism. This mechanism is formed by supra-national, national and sub-national actors characterized by joint participation and power-sharing, and is is akin to a well-proportioned and embedded three-tiered cake. On the other hand, the rules of the EU’s climate governance are complex. As a legal entity, the EU has a large number of highly legalized and standardized regimes to address climate change. These laws, rules, procedures, principles, and the issue associations have formed a loosely networked Regime Complex.

Therefore, different levels of regulations constitute a complex pattern of rules. Just as Jessica Green said, the phenomenon of overlapping and intricate networks, which consist of international non-governmental organizations, civil society organizations, businesses and even individual elites, exists in the field of European Union climate governance.

Even so, the complex and diverse EU has become the model for global climate governance. According to a report by the European Environment Agency, as of 2013, the European Union’s 27 countries (not including Croatia which joined in July) reduced the greenhouse gas emissions by nearly 20% over 1990. In addition, according to projections, the EU’s greenhouse gas emissions in 2020 will be reduced by 51.71% compared to 1990, while the United States is expected to reduce its emissions only 16.63% until 2020. The corresponding reduction is 18.46% for Japan and 15.48% for Canada. This apparent gap shows that a “loose” European Union, made up of 28 member states, has not only successfully overcome the dilemma of collective action, but has also become a model as a supplier of the global green public good. Why has the EU, which is not a sovereign state, achieved greater success? In other words, what makes the EU’s climate governance mechanism unique? In order to further reveal the logic of EU governance and respond to the questions above, this paper attempts a new perspective, form transfer-level governance of social capital, to explore the root causes of the EU’s success. Social capital in the process of the tri-game among supra-national, national, sub-national actors is the key variable.

II. LITERATURES AND DEBATES

The traditional governance theories have some explanatory power towards the European Climate Governance model, but they often analyze only from a single level, neglecting the complexity of EU governance. Mancur Olson, an influential American economist, emphasized his book The Logic of Collective Action that overcoming the conflict of interests
between the personal and group level requires two basic conditions: First, the size of the organization must be small enough. Second, selective incentives should be carried out. However, we believe that these two points are not fully applicable to the EU's governance model. On one hand, the EU is a big group and has many actors, but it has successfully overcome the free-rider dilemma and become a leader in global climate governance. On the other, rewards and punishments rely more on power than on special institutional arrangements. Moreover, it is clear that EU has less power than sovereign states. So, why EU can succeed? Olson has not answered this question. In addition, Neo-Functionalism believes that strong and effective super-state mechanisms will lay the cornerstone for governance, and the “spillover effect” will ultimately promote political governance. In contrast, the liberal intergovernmental approach argues that effective governance depends on rational negotiations by national governments, so national interest is the core dynamic.

In summary, we know that "neo-functionalism" focuses on supranational power, while Liberal Inter-Governmentalism emphasizes national power. However, these classical approaches have ignored the sub-national level, and we need a comprehensive framework such as the concept of "multi-governance" put forth by Liesbet Hooghe and Gary Marks.

Generally speaking, there are three different approaches disputing the core logic of multi-governance. Does the driving force of EU's governance come from the bottom-up or top-down? Is the mode of governance mandatory or independent? For these two dimensions, Hierarchical Governance, Networked Governance and Norm-based Governance should be separately analyzed. The first approach is the "top-down" hierarchical governance, which emphasizes enforcement. Tanja Börzel, a German scholar, points out that governance order comes from the vertical power of outside pressure. She believes that the collective action dilemma is often rooted in complex decision-making structure. In 1986, the legislations of European Economic Community (EEC) already had three characters: the principle of direct effect, the principle of primacy of EU law, and the principle of prior possession. Other scholars further underlined that the European Commission and the European Court of Justice have the ability to mandatorily execute their decisions. In the sense, the European Union casts a vertical authority to states and sub-national actors, and so reflects the so-called "governance under the shadow of hierarchy".

The second approach is the Networked Governance, which emphasizes mutual consultation and cooperative governance. Since the 1990s, European governance has shifted from a single center to a multi-center structure in both theory and practice, and has focused on multi-level networks, open coordination or soft governance. This "soft governance" does not deny the country as one of centers of climate governance, but it emphasizes that no country will play a leading role. The super-national institutions do not have rights to order member states and sub-national actors. From the networked perspective, "federalism" overrated the supranational power and understated polycentric power. In 2000, Romano Prodi, the European Commission President, also pointed out in a speech made to the European Parliament that, "in EU affairs we have to give up hierarchical thinking from the principle of 'auxiliary'. Instead, we will carry out a kind of networked arrangement, whose relevant policy is proposed, formulated, executed and supervised by all levels of governance".

The third path is the "bottom-up" Normative Governance based on civil society. Charlie Jeffrey believes that the complete multi-level analysis is which one should supersede the double-game perspective. But in traditional literature, grassroots forces are often ignored and their role is completely dependent on the government. This is not a thorough analysis. It is time to reintroduce "civil society" into the analysis. In the field of environment protection, non-governmental organizations, citizens, interest groups and other sub-national actors have been independent and normative actors in Europe for a long time. Ian Manners also supports this view that democratic participation of civil society will nurture a series of normative principles that shape the governance of Europe.

Each level of analysis has its own advantages and, of course, its shortcomings. Firstly, hierarchical governance pays attention to the order and efficiency but ignores the trans-boundary characteristics and the limits of states power. Secondly, although the "network approach" defined by Hooghe and Marks stresses the vitality and flexibility of the governance structure, it fails to uncover how the complex network operates. Moreover, the network concept has a certain ambiguity, and it describes too much while analyzing less. Again, the normative approach concerned with legitimacy and value unfortunately forgets about effectiveness and standards. In general, the three paths pay excessive attention to the "level" itself but neglect inter-level interaction. In order to build a cross-level framework connecting multiple levels, we will draw on social capital theory.

III. CROSS-LEVEL FRAMEWORK AND DOUBLE EMBEDDNESS

The concept of Social Capital was originally derived from the Neo-economic Sociology, which is a new perspective to explaining collective action. Its advocates typically include French sociologist Pierre Bourdieu, American sociologist James Coleman, Robert Putnam and Lin Nan, et al. Bourdieu was one of the earliest scholars who introduced social capital. He defined social capital as a collection of actual or potential resources. These resources are related to the persistent networks that are more or less institutionalized. Coleman regards social capital as a kind of responsibility and expectation, an information channel, and a set of rules that are embedded in the interactive relationship. Starting from the perspective of structure-agents, social capital also can be regarded as a kind of resource that is embedded in the social structure and which can be absorbed from social connections. Although there are
A. Building Cross-level Framework

In the analysis framework of multi-level governance from Anirudh Krishna of Duke University, Social Capital has two kinds of ideal types, namely Institutional Social Capital and Relational Social Capital. And by the dimensions of strong and weak, these two kinds of social capital also distribute asymmetrically. For the EU, institutional social capital refers to the structural elements of climate governance, including laws, regulations, procedures, practices and organizations, which have different distributions on different levels. Furthermore, strong institutions are formal constraints that are supported by the rational design and the mandatory force, whereas weak institutions refer to the gradual formation of common identity, traditional habitus, unwritten law, etc. Relational social capital can be defined as shared values, identity, relationship networks, etc., which enhance cooperation. The strong relationship brings mutual trust, emotional supports and binding of society together. Therefore, in theory, social capital governance can be divided into four types: Double-Strong Constraint, Strong Institutional social capital, Strong Relational social capital and Disembedding. With a cross-level analysis framework, we can find that four different governance logics characterize the EU’s climate governance.

![Fig. 1 Types of Social Capital distribution](image)

As shown in Figure 1, there are four kinds of explanations for EU’s choice of climate governance: Double-Strong Constraint; Strong Institutional Social Capital; Strong Relational Social Capital; and Disembedding. However, it should be noted that the fourth combination, disembedding, actually means double-weak disorder. This is the extreme outcome of the failure of EU Climate governance. Currently, this logic is absent in the European Union. Therefore there can be three hypotheses as follows (see figure 2):

**Hypothesis 1:** Between the national-subnational levels, the climate governance logic is Double-Strong Constrain. Most European countries have emphasized the right of citizens' participation, and have supported civil society in playing an active role in the system policy networks. Although national authority has declined, informal emotional ties and a common sense of community further strengthen the connections between civil society and government; Double-Strong Social Capital becomes the driving force of climate protection.

**Hypothesis 2:** Strong Institutional Social Capital is the core governance logic between the EU and its member states. The European Commission, the European Parliament and the European Court of Justice play a direct influence through the intensive restraint of the legal systems. Different formal mechanisms in the field of climate governance have constrained the relationship between EU-membership states. On the other hand, shared norms are relatively weak, because the competition for national interests between EU member states are still intense though not violent.

**Hypothesis 3:** Strong-Relational Social Capital is the norm governance logic between EU and Civil Society. Relying on many informal channels such as civil society dialogues, open coordination and the Euro-Barometer survey, the EU rulers contract local governments, civil organizations and individuals without formal regime force, instead focusing on communication and consultation. During the long repeated informal interactions, environmental protection norms from Civil Society will proliferate to the macro European level. Responding to climate issues, common European identities also gradually rise.

![Fig. 2 Social Capital logic of EU’s governance](image)
B. Hypothesis Test

In order to make the three hypotheses above more convincing, historical and real data will be cited to test the hypotheses.

(Ⅰ) Double-Strong Constrain—Local-Central Governments interactions. Historically, Europe has had a strong tradition of local forces participating in the decision-making of governance. Because of national cultural cohesion, the central and local governments in climate issues are characterized by institutional and relational social capital.

Initially, there are dependent but complex joint mechanisms in climate governance, such as diversified channels of contact between local-central governments, including both formal institutions and informal norms. As unified national climate rule-makers, the central government retains the right to reward or punish local governments. Meanwhile, local actors could adjust to the central environmental policies, refining and specifying policy implementation according to local conditions. Therefore, regulatory formal institutions are strong constraints. In addition, there are two sides to this governance logic: interest-oriented institution and value-based relational social capital coexist. The former concerns the effectiveness of climate problem solving, and the latter is intended to establish internal emotional connections.

Secondly, the shared value of civil society and governments is embedded in strong relational social capital. For a long time, European democracies are of great importance in giving civil society greater autonomy, which are deeply embedded in the governance networks. Civil society norms of environmental protection will construct shared identity at the national level. We need to pay attention to formal institutions and informal relations. Including trust, solidarity and tolerance of the spirit of social capital is the key to citizen participation in national environmental governance.

(Ⅱ) Strong Institutional Social Capital between EU-States. First of all, Strong Institution is reflected in the EU’s efforts to reinforce the constraints on member states. Since the 1970s, the European Commission has started to develop a large number of environmental directives and regulations. Furthermore, environmental directives have strict implementation effects on the member states. Mandatory regulations are comprehensive constraints on the membership states. In 1990, European Community passed the Energy and Environment documents for the first time to unify energy policies and environmental policies that serve to directly address global climate change. Once the violation cases involving climate pollution, energy control and sewage discharge are submitted to the European Court of Justice, the room for negotiation is greatly reduced. According to statistical data from 1979 to 2000, there are a total of 16918 cases that were officially criticized by European Union for climate violations, of which 36.3%, or 6139 cases, had been reevaluated and supervised by European Commission for 20 years. From this, it can be seen that strict laws from EU level have increased the cost of environment violation, prompting the member states to make a rational choice of governance.

Secondly, consensus on climate challenge is relatively weak between states. 28 member countries have some contradictions and differences in economic interests, development competition and legal systems. For example, island states such as Ireland and the United Kingdom are not concerned about the impact on the river or precipitation from climate change, while France and Germany, due to developed domestic water systems, are more concerned about these issues. Even more important, the level of economic development is different, and rich countries tend to focus on long-term environmental benefits rather than short-term economic results. There are leading states and lagging states in attitudes towards climate governance. Germany, Denmark, and the Netherlands as the representatives of former, while the latter includes Greece, Italy, Spain, and Portugal; in the middle are the UK, France, Luxemburg, and Belgium, etc. In order to reconcile the differences, the European Union has set up Structure Fund and Cohesion Fund to achieve the common progress of climate governance. At the same time, the EU also focuses on the cultivation of common ideas to promote new member-states to achieve lasting change. This is the EU’s effort to cultivate strong relational social capital.

(Ⅲ) Strong-Relational Social Capital between EU-civil society interactions. Generally, speaking sub-national actors include two major categories of official local government and unofficial civil society. First, the interaction between local government and European Union is based on the informal framework of the loose institutions. Local governments or regional committees or civil organizations tend to air their voice through indirect lobbying, which attracts more attention in European environmental governance. Almost all of the local governments have established branches in Brussels. In addition, climate governance issues has become a central issue which public interest groups are concerned about and continue to politicize. In 1989, the Green Party had received unprecedented support in Parliament and became the fourth largest party. Also, inter-organization interest groups in the field of climate policy, including the European Industry Association, Eurochambres, the European Round Table of Industrialists, the AmCham EU, the European Small and Medium Independent Company Committee, etc.

Secondly, a strong identity is embedded in EU-civil society interactions. For a long time, European Union pays special attention to arouse non-governmental environmental organizations to participate in the climate governance. In 1992, the "Dialogue Between the European Commission and Interest Groups" was published, marking an important beginning of the exchange mechanism between EU-civil societies. Since then, EU has strongly supported social networks to participate in public affairs.

In 2001, good governance principles of the "white paper" further require that the process of environmental governance should listen to civil society and closely dialogue with non-governmental organizations. For this, the European Commission set up the Consultation of European Commission and Civil Society (CONECCS), actively building a series of
environmental policy mechanisms. These informal dialogues and platforms have given the public space to participate, which greatly strengthens the validity and legitimacy of the governance. At the same time, civil society is also actively spreading environmental norms. For example, the European Environment Agency (EEA), World Wide Fund for Nature or World Wildlife Fund (WWF), Transportation and Environment (T&E), Birdlife International, Greenpeace, European Friends of the Earth, European Climate Network and other influential organizations always attract public attention and lobby or protest to cultivate and spread ecological value and norms, which gradually become an adhesive for local people’s governance.

IV. CONCLUSION

The double embedding logic of Social Capital Theory beyond traditional multi-level governance, reintroduces the cross-level variables, which has strong explanatory power. On one hand, this paper takes Social Capital as the core variable. In order to maintain the clarity of the theory, and avoid allowing the concept of social capital to encompass everything, we defined social capital as two types. The Institution-Relational Double Embeddedness is an example of Analytic Eclecticism. As Rudra Sil and Peter J. Katzenstein mentioned, theoretical synthesis relies on controlling the size of the theoretical framework. On the other hand, the Cross-level Analysis Method has its advantages. Essentially, EU climate governance is not only a set of rules nor a single value, but also a relationship process. The basis of governance is not compulsory power, but shared ideas and interaction relations. So, how should we coordinate the different levels of interactions? As a bridge between macro and micro approaches, Embedding Model claims to connect different levels to analyze comprehensively. The Institutional Social Capital and Relational Social Capital are distributed asymmetrically across super-national level, national level and sub-national level.

REFERENCE