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3. Money and the Spatial Challenge: Multi-level governance and the ‘territorial trap’

Richard Woodward¹

The progressive intensification of globalizing tendencies in recent years has exacerbated the difficulties of managing global financial affairs. This has spawned a vast and perpetually expanding literature on the causes and consequences of financial globalization and the possibilities of governance (see Introduction, this volume). Traditional approaches to IPE have assumed the provision and maintenance of the basic infrastructure pertaining to the governance of financial activity to be the responsibility of the state and state based international organizations. However, the popular view of globalization, informed by what Held et.al. (1999: 3-5) refer to as the ‘hyperglobalization thesis’, suggests we now inhabit a ‘borderless world’ (Ohmae 1990) where social, economic and political processes are organized on a global scale and in which the power and authority of states are diffused away to regional, global, market and private actors. Under these circumstances the state’s propensity to define and deliver the requisite functions of financial and monetary governance are curtailed or eliminated (Ohmae 1995; Strange 1996a; Grieder 1997; Friedman 2000). This extreme version of globalization is now widely regarded, at least in academic circles, as epistemologically and empirically suspect. From a methodological standpoint the claims of the hyperglobalizers rest upon false dichotomies of the social realm, in particular between the state and ‘the global’ (Amoore et.al. 1997; Brenner 1998, 1999; Clark 1999). That is to say the state and the global are conceived as fundamentally opposed forms of social and political organization, leading to the

misguided conclusion that the consolidation of globalizing tendencies must necessarily have a negative impact upon the state's capacity to govern those tendencies. Equally, at the empirical level, reports of the demise of the nation state have been greatly exaggerated (see Herz 1957, 1976). Indeed under conditions of contemporary globalization the nation state has flourished with over 100 new sovereign states coming into existence over the past 40 years.

For these reasons recent globalization literature inveighs against notions of state obsolescence suggesting the divide between the state and the global is illusory, and demonstrating the state's continued importance to global financial governance. In the first place, whilst not denying that there have been powerful changes in the state's external environment, the hyperglobalizers ignore the extent to which the state has been a critical agency responsible for unleashing and entrenching globalization, particularly in the financial realm, as part of a sustained political venture (Hellene 1994; Strange 1986, 1998; Palan and Abbott 1996; Pierre 2000b; Peck 2001). Secondly, the hyperglobaliser's stance is contingent upon static and absolute conceptualizations of statehood and sovereignty, distracting attention from the more complex transformations in the role of the state under conditions of contemporary globalization (Evans 1997; Rosenau 1997; Brenner 1999; Haslam 1999; Held et.al. 1999; Jayasuriya 1999, 2001; Slaughter 2000; E.S.Cohen 2001; Peck 2001). Instead, critics argue for the adoption of a more historically sensitive disposition, recognizing statehood and sovereignty not as immutable objects but dynamic categories whose attributes 'continuously evolve' (Cerny 1999a: 1; E.S.Cohen 2001) alongside the globalizing tendencies they contest and nurture. States constantly refurbish the object and mechanisms of governance, discarding some functions while replenishing and

accumulating others. Rather than a simple process of state retreat there is an ongoing process of state transformation.

Despite the persistence of the state some commentators have suggested that an exclusive focus on its role has led to a misleading oversimplification of the contemporary structures of financial governance. This research points to a profusion of regulatory mechanisms whose power and authority is not necessarily dependent upon the legitimacy conferred by the public sphere. These ‘spheres of authority’ (Rosenau 1997) supplement and, on occasion, supplant the roles previously executed by the state generating a kaleidoscopic mosaic of governance mechanisms for the emergent global financial system (Rosenau 1997, 2004; Scholte 1997, 2002a; Woods 2001). These observations imply that the state is neither a necessary or sufficient condition for governing globalization, signposting the possibility of ‘governance without government’ (Rosenau and Czempiel 1992). The exposure of the complexity associated with global financial governance led to demands for new analytical frameworks capable of reflecting and interpreting this labyrinth of authority structures. Multilevel governance offered a plausible response to this call for theoretical innovation. In International Relations (IR) and International Political Economy (IPE) the multilevel governance² approach remains in its infancy (see for example Yarborough and Yarborough 1994; Hirst and Thompson 1999). This chapter’s central contention is that these emergent theories, though superficially attractive, suffer from a number of methodological, theoretical and practical flaws deriving from an excessive reliance upon state centred understandings of political geography inherited from the disciplinary orthodoxies of IR and IPE. Conceptions of multilevel governance in IR and IPE are dominated by what Cohen (1998) calls

‘spaces of places’ models, which are infatuated by the role of the state. These models assume *governance* to be synonymous with *government*, delineating political space and authority according to the territorial co-ordinates established by the state. Thus state territoriality sets the spatial parameters within which governance is encountered and exercised. This conceptualization, it is argued, has some utility in that it points to the possibility of governance taking place on a variety of territorial scales or ‘levels’. The problem is that it fails to capture the intricacies associated with the structures of authority in the contemporary global economy, many of which are not amenable to the spatial assumptions of state centred epistemologies. Therefore spaces of places models alone are not a sound basis for the development of a generalizable framework of multilevel governance. Places of spaces models need to be complemented by an analysis of non-state spheres of authority understood as ‘spaces of flows’ (Cohen 1998). The spaces of flows perspective recognizes that some spheres of authority are deterritorialized meaning that they derive their power and authority from, and exercise their power and authority over, functional or social as opposed to territorial spaces. The strength of this approach is its appreciation of sites and structures of governance that cut across, exist within and cascade through territorial levels. The problem is that the spaces of flows blueprint ignores or marginalizes structures of power and authority grounded in territorial space, so like the spaces of places model it represents an incomplete narrative on contemporary financial governance. Cohen’s (1998: 23) solution to this dilemma is to introduce a fresh concept ‘the authoritative domain’ that recognizes, reconciles and synthesizes territorial and non-territorial elements of power and authority into a single overarching governance condominium. This alerts us to the fact that governance is a multi-level phenomenon in that it originates and is encountered at spatial scales of varying extensity. Nevertheless, the presence of non-

territorial structures of authority means that these levels should not define our understanding of governance. While authoritative domains provide some useful insights into the nature of contemporary arrangement for the governance of money and finance a number of residual problems remain. In particular, the question of whether the concept of a 'level', indelibly connected with notions of hierarchy and territory, is sufficiently nuanced to understand and interpret non-territorial structures of authority needs to be urgently addressed. It is the contention of this chapter that there are analytical limitations associated with the idea of a level that should be explicitly acknowledged when the multi-level governance framework is invoked and, moreover, that these limitations may necessitate levels to be radically rethought or even abandoned completely.

SPACES OF PLACES: GOVERNANCE BY GOVERNMENT

Despite its claims to interdisciplinarity it remains the case that a lot of work in IPE continues to be heavily influenced, some would say inhibited, by the assumptions of mainstream IR scholarship (see Introduction, this volume). Embedded into orthodox theories of IR and IPE is a political geography that divides the globe up into hermetically sealed packages of land each governed by a sovereign whose authority is absolute, exclusive and indivisible. Political space is based on notions of place and notions of place are dominated to an overwhelming extent by the territoriality of the state. There is no political space other than the state and no political space between states. The state has 'captured' (Taylor 1994, 1995) political space prompting Walker (1995: 29) to observe that 'because states are, other forms of politics cannot be'. This conflation of political authority with the state had important implications for conceptualizations of governance in IR and IPE. In short, states and relations between

states were considered necessary and sufficient conditions for governance. At the heart of this model was the belief that *governance* was dispensed solely by *governments* or institutions sanctioned or constructed by government. Indeed the term ‘governance’ was absent from the realist vocabulary. As Rosenau (2000: 168, 170) explains, mainstream accounts proceed on the basis that the authority of the state ‘is so predominant that inquiry must begin and end with assessment of how that authority is exercised’ with a consequence that ‘the vast majority of IR scholars have had no need to develop or use the concept of governance in the analysis of world affairs’. Governance as it is now understood was an enduring feature of the international environment but it was deemed to be undertaken by the institutional apparatus of the state i.e. government, and was not considered a distinct and separate phenomenon warranting its own label.

This ‘spaces of places’ discourse has pervaded the development of multilevel governance in IPE.³ These models with their emphasis on hierarchically ordered territorial containers are a development of, rather than a replacement for, the established mindset. Hirst and Thompson’s (1999) framework of multilevel governance exemplifies the approach. They outline a generally applicable model of multilevel governance based upon territorial scales of varying extensity (see Figure 2.1). Sites and structures of governance are understood entirely by the territorial scale at which they exist and operate. On this basis they argue that governance operates at five levels in the global economy. At the apex of the structure are the agreements between the G-3 to co-ordinate, manage and stabilize macroeconomic policies. Beneath this are the international regulatory agencies. In the case of global finance this incorporates the major components of the international financial architecture; the

international financial institutions (International Monetary Fund, World Bank and increasingly the World Trade Organization under the rubric of the General Agreement on Trade in Services) and the international networks of experts and standard setting bodies such as the International Organization of Securities Commissions (IOSCO), and the International Association of Insurance Supervisors (IAIS). The third level consists of regional instruments of governance such as the initiatives launched by the European Union and Asia-Pacific Economic Co-operation forum (APEC). States constitute the fourth level of governance. The final level refers to governance undertaken by sub-state actors or whose impact is at a sub-state level. The five levels are interdependent. Inadequate governance in one level can be offset by effective governance structures in other levels. Similarly ineffective governance in one level can undermine effective governance by other levels. Global governance requires capable structures to be in place at all five levels.

Insert Figure 3.1. Here

The derivation of the spaces of places model of multilevel governance from traditional state-centred theories brings with it the advantages and disadvantages associated with such approaches. The benefits are that it offers a clear, straightforward and parsimonious conceptualization of multilevel governance. It imposes a modicum of order on an increasingly complex world and interprets multilevel governance in a manner consistent with the liberal internationalist order with which we are familiar. Furthermore, it serves to highlight that globalization is not causing the creation of a single global space but a reconfiguration and rearticulation of territoriality resulting in differentiated territorial spaces (Brenner 1998). Finally, it emphasizes the continuing

importance of the state in regulating and providing the legal and social infrastructure required for the operation of financial markets. However, these benefits are outweighed by a number of theoretical and practical drawbacks.

Firstly, this theory relies excessively upon territorial notions of space and its most visible manifestation, the state. This is demonstrated in part by the labels (*international*, *subnational*) ascribed to the levels in the model (see Taylor 1996). While state centrism is eroded by the observation that sites and structures of authority are identifiable at levels above and below the state, it is reimposed by the belief that governance is only possible via the application of public sources of authority that depend ultimately upon the state. This illustrates Taylor's (2000: 1105) misgivings about the current predilection for emphasizing territorial rescaling which 'can be a means for preserving a statist agenda with its conventional geographic mosaic of territories'. States have proved a remarkably resilient and successful means of organizing political space. Nonetheless theories predicated exclusively on state-centred accounts of spatiality are snared by what Agnew (1994, 1998) terms the 'territorial trap'. The territorial trap refers to three geographical assumptions that underpin state-centred social science theory. Firstly, states are considered to exercise absolute and exclusive power over a specific territory. Secondly, that the domestic and the foreign realms are distinct entities subject to different rules and modes of behaviour. Finally, that 'the boundaries of the state define the boundaries of society such that the latter is contained by the former' (Agnew 1998: 49). Agnew is insinuating that social science has

‘privileged some spatial forms, particularly, but not only the sovereign territoriality of statehood, over all others. Rendering these forms as fixed over time, without any possibility of historical reconstitution, essentially eliminated temporal change along with spatial variation other than between homogeneous blocks of territorial space’
(Agnew 1996: 1929).

The spatiality of the state is so dominant and socially ingrained that states are frequently elevated to the status of naturalized units of political space defying historical change. The problems stemming from this approach with regard to multilevel governance are threefold; (1) states are incorrectly assumed to be a fixed and eternal form of political organization; (2) all entities in the same level are assumed to be alike; and (3) it precludes spheres of authority predicated on alternative spatialities. The first two problems will be dealt with in this section, the final one in the next section on spaces of flows.

The reification of the state raises significant questions about the suitability of the spaces of places template as a basis for theories of multilevel governance. In the 1970s and 1980s research into international governance in IR and IPE underwent some analytical progression (Kratochwil and Ruggie 1986; Rosenau 2000). Work upon transnationalism (Keohane and Nye 1972; Strange 1976), interdependence (Keohane and Nye 1977) and regimes (Krasner 1983) injected greater nuance into understanding of international governance. Nevertheless the state continued to be the prime unit through which international governance was appraised. The reluctance of IR and IPE to seriously interrogate their epistemological and ontological foundations

produced widespread dissatisfaction among critical geographers and political scientists (see for example Rosow 1994; Taylor 1996; Guzzini 1998; Cerny 1999b; Youngs 1999). Critical scholars disputed the contention that the state should *always* be centre-stage in understanding and explaining social phenomenon. Territorial arrangements are primarily ‘geographical expression(s) of social power’ (Cohen 1998: 14; c.f. Kratchowil 1986; Ruggie 1993c; Anderson 1996; Hudson 1998; Agnew 1999; Cutler 1999a). Consequently states and the states system are contingent upon a historically specific constellation of power and authority. A redistribution of social power could severely weaken the link between statehood, sovereignty and territoriality, gradually making way for alternative conceptualizations of political space, and challenging the presupposition that states are inviolable features of our physical and imagined landscape (Carr 1981; Agnew 1994, 1996; Bull 1977; Kobrin 1998; Brenner 1999; Hirst 2001). For some, the present round of globalization is providing exactly this kind of reconfiguration of power and authority, problematizing the notion of the state as the naturalized container in which economic, social and political activities take place (Brenner 1998). States are not necessary and sufficient constituents of the global system suggesting they are not necessary and sufficient conditions for governance across differing historical contexts. The ramifications for spaces of places conceptions of multilevel governance are significant. These models assume that the prevailing mode of territorial organization will persist, concealing both the fluidity and historical contingency of territorial arrangements. The levels in these models are presented as immutable, absolute, and pre-ordained. By doing so the spaces of places edifice runs the risk of generating an inflexible model that re-imposes the structural determinism of existing social science methodologies.

The second set of problems arises from the neat characterization of levels. There is an unwritten assumption that because the actors in the levels are demarcated by similar territorial spaces, they must exhibit a high degree of homogeneity. They are viewed as having identical institutional architectures, responding to stimuli in the same way, to be unaffected by their position in the global order and dispensing governance functions through the same means. States are often taken to be identical monolithic entities. However, comparative analyses of states' institutional apparatus have revealed substantial differences consequent upon their social and historical specificity (Weiss 1998; Gray 1999). The present era of globalization has not resulted in states converging on around model of capitalist accumulation but has 'encouraged a spectrum of adjustment strategies' (Held et.al. 1999: 9; see also Palan and Abbott 1996) involving a plethora of governance mechanisms as states attempt to navigate and manage change. The state level might be territorially identifiable but this should not lead to the conclusion that all actors in the level are integrated into the system in the same way. Moreover, there is a tendency to superimpose the assumptions about the homogeneity of states and their interactions onto other levels. The problem with this as Anderson (1996: 139-40) observes is 'political processes and institutions at different scales are likely to be qualitatively (not just quantitatively) different in their character and interrelationships (or lack of them)'. Other levels will also be heterogeneous and the nature of the relations between those actors is likely to diverge from the nature of relations among states. The orderly construction of levels proffered by Figure 1 conceals considerable diversity, conflict and inconsistency.

The neat construction of levels also masks other more practical problems. Initially no consideration is given as to how these other neatly delineated levels might be identified in practice. There are no steadfast rules about the conditions which need to be present to determine whether a coherent 'level' can be said to exist. The international level covers a multitude of differentiated relationships. For instance, Hirst and Thompson's model differentiates between the G-3, the international level and the regional level. It might be argued that G-3 and regional agreements are by their very nature international and should therefore constitute part of the international level rather than a distinct level of their own. These problems are magnified further when consideration is given to the global level. As Cerny (1999b: 154) comments 'just where the global "level" lies, how it is structured, or how tight its constraints are' remains unclear. Next, territorial scales are not as explicit or as exclusive as such a model describes. The spaces of places model depicts sharp distinctions between levels assembled in a hierarchy. Sites and structures of authority are limited to one territorial scale, precluding the possibility that the same agents may appear in more than one level. This seems absurd when the model is set out in such a way that lower levels constitute the basic the building blocks of upper levels. Increasingly territorial scales are regarded as imbricated and intertwined. There may be incongruence between the spatial scale at which a structure of authority 'exists' and the scale at which its authority is operationalized and impacts. Moreover agents occasionally perform different governance functions at different levels (see Woodward, this volume). Finally, there are also problems with the fixed hierarchical ordering of territorial scales. Where, for example, would a city with an important financial centre fit into such a model? Normal spatial referents would place the city in the sub-state level of governance. The burgeoning literature on world cities questions this assertion. It is

accepted that cities are linked to their territorial pachyderms in key ways, but the virtual geography of a city's transactions and linkages are to some extent incompatible with the physical geography of its location (Beaverstock, Smith and Taylor 2000). This is not to deny that cities are grounded in a specific territorial context but to challenge conventional hierarchical orderings of territory. In short, these developments do not suggest 'that the emerging character of political identities is best thought of in terms of territorial levels or scales organized in a settled hierarchy' (Agnew 2000: 94). The arrangement of territorial scales is more complex than this model suggests and we have not yet begun to consider structures of authority from beyond the public domain.

SPACES OF FLOWS

If territorial co-ordinates could solely define political space, then multilevel governance by government would provide an eminently sensible framework for conceptualizing contemporary governance. Unfortunately "while all forms of political organization occupy geographic space.....that does not mean that they *territorial* systems of rule" (Kobrin 2002: 60 emphasis in original). The contradictions and ambiguities which the governance by government approach conveniently suppresses are being exposed by the decaying territorial model and exacerbated by globalizing tendencies.

Globalization is distinct from the international focus preceding it because it is an 'ation' not a 'nation'. *International* relations and related levels of analysis (*subnational*, *transnational*, *supranational*) are imbued with the assumption that states are the sole means through which political space is conceived and political authority

exercised and understood. In contrast globalisation, as the 'ation' suffix attests, does not assume the prior existence of nation states pointing to the possibility that political space can be structured in alternative ways and that political authority is not the sole preserve of the state (Woodward 2003 and Introduction, this volume). This is the basis for the development of spaces of flows models of governance. They emphasize deterritorialized sites and structures of authority founded upon functional, or 'sovereignty free' (Rosenau 1990) notions of space defined by 'networks of transactions or relationships' (Cohen 1998: 21). Their spatiality is incompatible with customary Westphalian co-ordinates as they operate above, beneath, within and across the spaces defined by territory.

Detaching political authority from its state centred moorings led many scholars to pursue surrogate sources of authority with renewed vigour. The role played by private and non-state sources of authority was resurrected as a pertinent avenue of inquiry (see Cutler 1995; Cutler, Haufler and Porter 1999a; Higgott, Underhill and Bieler 2000, Ronit and Schneider 2001; Hall and Biersteker 2002).⁴ Private sources of authority are not original, but their importance was overshadowed by mainstream research's excessive focus on public authority structures (Murphy 2000; Cutler 1999a; Cutler, Haufler and Porter 1999b). Arguably the breadth and depth of non-state governance structures, particularly in economic and financial matters is greater than ever before. A number of actors have been identified and studied as agencies of private governance including credit rating agencies (Sinclair 1994a, 1999, 2000a; King and Sinclair 2001) and the various codes of conduct drawn up by business and professional associations (Cutler 1999b; Bennett 2000; Haufler 1999, 2000; Ronit and Schneider 1999).

The structures of governance envisaged by spaces of flows models are more fragile, ephemeral and amorphous than those formulated by the space of places thesis. This perspective makes the case that governance is administered by a complex cast of ceaselessly changing performers. Spaces of flows theories have the advantage of more accurately reflecting the disaggregated nature of authority in the modern global system. They promote the idea that economic activities are receptive to governance by actors from outside the public sphere. Their intervention signifies that the exclusivity accorded to territory in the spaces of places model is misguided. Fitting governance into a territorial straitjacket omits structures of authority located in a non-territorial context. Indeed the more radical versions of the spaces of flows thesis turn the governance by government thesis on its head, rejecting the notion that government has a role to play in financial and monetary governance.

The problem with the deterritorialized approach is that it understates the continued significance of territorial modes of governance. These theories are derived from the same genus as the hyperglobalist species of globalization. It is assumed that the territorial, spaces of places model, has already or is in the process of being, entirely displaced by deterritorialized spaces of flows with the concomitant extinction of the state. There is a general sentiment that state oriented notions of politics 'appear to account for less and less of contemporary patterns of power and authority in an era of globalization' (Pierre 2000b: 5). However, most commentators continue to assert a role, albeit diminished to varying degrees, for the state. Many point to the fact that territorially based authority provides the 'scaffolding' (Brenner 1999) of governance,

which supports the continued expansion of global activity. The legal and institutional prerequisites upon which economic accumulation depend are still the preserve of the state. International agreements designed to harmonize and formalize norms of behaviour across national boundaries have encouraged cross-border economic activity by reducing the risks associated with it. The point is that networks, even though they may appear to operate in an ethereal realm, are constructed not only of flows but also of *nodes*. Cities have been described as spaces of places in a space of flows (Taylor 2000: 1113). In other words, although globalization does not automatically assume the state to be a permanent element of authority in the global system that does not mean that states and relations among states can be disregarded. Globalization and accompanying notions of globality are signifying that the state is just one of many threads of authority which woven together constitute the fabric of global relations.

AUTHORITATIVE DOMAINS AND THE LEVELS PROBLEMATIC

The realization that many forms of authority in the financial arena are better conceptualized as non-territorial spaces of flows raises a dilemma. Namely can these authority structures be reconciled with established frameworks of multilevel governance predicated on territoriality? The simplest and most popular solution to this puzzle is to deny that it exists. This chapter has detailed two methods of achieving this. One is to adopt the position of the hyperglobalizers and argue that we already inhabit a post-modern global economy where globalization has dissolved the state and public sources of authority and rendering territorial levels of authority irrelevant to the analysis. The second is to maintain that rigid dichotomy between the state, public and territorial forms of authority on the one hand and the market, private and non-territorial forms of authority on the other and to treat them as two separate if related

spheres of activity. For example Rosenau (1990: 247 emphasis added) identifies the co-existence of two broad groups of actors - 'sovereignty free' and 'sovereignty bound' - 'the result is a paradigm that neither circumvents nor negates the state-centric model but posits sovereignty-bound and sovereignty-free actors as inhabitants of *separate worlds that interact in such a way as to make their co-existence possible*'. Similarly John Gerard Ruggie (1993c: 172) sees 'a decentred yet integrated space-of-flows, operating in real time, which exists alongside the spaces-of-places that we call national economies'. The adoption of such a stance, as Gamble (2000: 110) observes, is problematic because 'one of the difficulties in discussing economic governance is the assumption that the economy belongs to the private sphere and governance to the public, and that economic governance is therefore concerned with the relationship between the economy and the state, how the state *governs* the economy'. By assuming that governance is the exclusive preserve of public authority they deny the possibility that the market or the private sphere can be act authoritatively. In this way they can justify the continued focus on how public forms of authority derived from territory govern markets and the private sphere, and preserve the appeal of existing territorial understandings of levels.

A more fruitful way of proceeding is to build on Underhill's (2000a: 818, 821) exhortation to dispense with the depiction of the relationship between political authority and markets as one of 'interdependent antagonism' and to recognize instead that they are part of the 'same integrated ensemble of governance, a state-market *condominium*' (emphasis in original). Cohen's (1998: 23) notion of 'authoritative domain' is one example of such an approach. This concept is a hybrid combining 'transactions and territoriality – the functional dimension as well as the physical – in a

single amalgam of use and authority'. It contains the idea that financial governance is shared by authority structures with territorial and a non-territorial elements and that the importance of these components vary across differing spatial and temporal contexts. Some authority structures are firmly tethered to a specific territorial arena, whereas other have slipped territorial anchors and operate in spaces defined largely by social convention. Moreover, these structures of authority are not coterminous with conventional understandings of territorial space. The boundaries suggested by the spaces of places model are constantly in flux, being blurred by governance structures operating across and within them. This suggests new authority structures being superimposed on conventional territorial approaches.

The implications for multilevel governance are significant. Authoritative domains do not deny the fact that governance does take place on the territorial scales referred to by the spaces of places model. However, it reminds us that territoriality is overlain and occasionally overrun by functional, sectional or socially oriented spatial forms. Territory and particularly the territoriality of the state *are partially constitutive but not definitive* of the spatial frameworks of analysis (Taylor 1996: 1926). Sites and structures of authority are not placeless, but authority cannot be discerned solely by reference to territory. The state and forms of authority based on the state are not bypassed entirely but the extent of their authority is qualified in important ways.

Social and financial relations that do not reflect conventional geographical contexts have always punctured the watertight territorial containers implied by places of spaces models. Peck (2001: 450) echoes the widely held opinion that 'the old notion of national states as "containers", linked unproblematically with territorially bounded

chunks of space and an associated set of territorially bound social processes, is both theoretically and politically defunct'. Similarly, Gamble (2000: 113) argues 'markets, hierarchies and networks are not containable within tight, territorially defined, political jurisdictions'. The state and territoriality are not impervious containers but act more like unique colanders immersed in the icy waters of the 'global'. They place some limits on the extent and exercise of governance but also allow currents of authority to pervade and percolate through them. Under these circumstances it is not a case of abandoning spaces of places and levels entirely but recognizing their limitations. Anderson (1996: 151) develops a metaphor of an adventure playground to describe the overlapping and multilevel nature of contemporary governance with "their mixture of constructions, multiple levels, and encouragement of movement – up, down, sideways, diagonally, directly from high to low, or low to high – captures the contemporary mixture of forms and process much better than the ladder metaphor'.

CONCLUSION

In IPE the development of coherent models of multilevel governance is still in its infancy. This chapter has argued that models of multilevel governance offer a constructive and original route to understanding governance of the global economy but that existing models are defective. Most seriously the irrepressible focus upon state centred, public and territorially defined sources of authority conceals or distorts the role played by private, hybrid and non-territorial mechanisms of governance. Cohen's idea of authoritative domains draws our attention to the existence and importance of the role played by non-territorial structures and their interaction with conventional territorially based sources of authority. Private governance will, on

occasion, conform to the territorial spaces of the state. However, these structures of authority are not *always* amenable to interpretation through the hierarchically ordered territorial levels and spaces reflected in spaces of places model. When plotting patterns of multilevel governance, states and territorial co-ordinates remains a central point of reference. What authoritative domains point to is that territory should be one of many co-ordinates, it should not define our map. Authoritative domains are messy and poorly defined but this is arguably justified given the fragmented and disjointed world they are attempting to elucidate and comprehend.

Conceptions of multilevel governance pursued through the idea of authoritative domains provide a reasonable way of classifying contemporary governance. However, there are a number of questions which need to be addressed by future research. Firstly, authoritative domains remain vague and undertheorized. More work is needed to assess how territorial and non-territorial authority interacts to produce authoritative domains and how these domains can be identified. Secondly, research is required to investigate how the various levels intersect and overlap and how (if at all) they interrelate or could be made to interrelate to form an integrated model of global governance. Indeed conditions of rapid change raise the question of whether a generalizable model of multilevel governance is possible or desirable. Finally, the mosaic of governance implied by authoritative domains suggests that the difficulties of identifying and clarifying coherent notions of levels should be addressed. As Hirst and Thompson (1999: 193; c.f. Benz 2000) readily concede ‘appropriate concepts of economic governance, capable of recognizing the five interdependent levels of activity from world markets to regions, have hardly begun to develop’. The problems of identifying coherent levels has led one commentator to speculate as to whether

‘the very idea of political systems having “levels” may need to be discarded since it produces thought dominated either by formal institutions operating along vertical or horizontal axes.....it may be more relevant to think in terms of “concentric” models of territorialized governance which overlap and are connected to other models’

(Smith 1997: 727).

The etymological linkages of levels of analysis with realist IR and IPE theories mean that *multilevel* governance may well connote hierarchy and rigid levels. Smith appears to be hinting at the possibility of marginalizing political ‘levels’ in favour of less tangible conceptions of political space. This could mean a shift toward notions of *multilayered* governance, which simply indicates the idea that governance is administered simultaneously by innumerable structures of authority working in concert.⁵ The danger is that theories of multilevel governance end up becoming so nuanced and methodologically demanding that they end up simply being descriptions of how the world rather than a theoretical model through which the world can be explained and understood. The challenge for IPE scholars is to refine theories of multilevel governance that overcome the rigidity, inflexibility and historic specificity of the spaces of places model, and to attempt to generate models capable of explaining and understanding the complex patterns of governance that characterized the modern global economy.

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the City of London's financial markets' presented to the conference on Multilevel Governance Interdisciplinary Perspectives hosted by the Political Economy Research Centre, University of Sheffield, June 28-30, 2001. I am grateful to the conference participants for their comments and criticisms. The usual caveats apply.

² Multilevel governance has elsewhere been referred to as multilayered governance (Held et.al. 1999: 62-77) and multitiered governance (Martin and Pearce 1999). These terms are normally used interchangeably but the conclusion of this paper will suggest that multilevel and multilayered governance have subtly different connotations.

³ This also pertains to the arena in which the concept of multilevel governance has been most widely debated and developed, the European Union (EU). The EU is often invoked as the exemplar of multilevel governance and has been the basis for much theorizing in recent years (Scharpf 1997, 2001; Smith 1997; Martin and Pearce 1999; Benz 2000; Brugue, Goma and Subirats 2000; Ekengren and Jacobsson 2000; Sutcliffe 2000; Reigner 2001). The problem is that research has tended to focus on relations between nation states (the *intergovernmental* approach – which conceptualizes the EU as a single level of intergovernmental relations arguably denying the EU's claim to be a multilevel polity) or on relations between different levels of government (subsidiarity). The study of multilevel governance in the EU has been hijacked by state-centred methodologies, with multilevel governance habitually conflated with multilevel government (Jordan 2001). Krasner (2001) also questions whether the study of governance in the EU yields suitable evidence. He argues that the EU is a case specific ensemble of authority structures rather than the basis for a generalizable model of multilevel governance. Similar deficiencies to those encountered in work on multilevel governance in the EU can also be identified in research into multilevel governance in federal states, which again focus on links between different levels of government (see for example Stilwell and Troy 2000; Painter 2001).

⁴ Indeed it could be argued that references to 'non-state actors' serve to emphasize the privileged status of the state in IR and IPE.

⁵ It is noticeable that many scholars are increasingly referring to the multilayered as opposed to multilevel nature of economic and financial globalization and governance (see for example Scholte 2002a: 13; Johnston 2001: 687).