

Changing Government Relations in Europe

From localism to intergovernmentalism

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1 Introduction

Mike Goldsmith and Ed Page

Twenty years ago, Page and Goldsmith (1987) edited a volume of essays on central–local government relations in unitary states in Western Europe. Since that time, much has changed on the European landscape, with the collapse of communism, the fall of the Berlin Wall and the massive enlargement of the European Union. What twenty years ago seemed largely a question limited to activities within nation-states now has a multilevel dimension, often involving an increased number of tiers within and between countries as well as an EU influence. In an increasingly globalised and Europeanised setting, important questions are raised as to how far these changes have affected the nature of inter-governmental relations in European countries over the past twenty years, whether or not political systems reveal stronger similarities as a result, and what explanations can be offered for whatever changes have taken place.

Page and Goldsmith (1987) offered a framework for analysing intergovernmental relations, suggesting that they were largely determined by variations in the functions or tasks which localities undertake, by the discretion which they have in performing these functions, and by the degree of access or influence which they had with (central) government. As a result of their work, Page and Goldsmith suggested that a North–South distinction could be made in Western Europe between, first, those countries (largely Northern European) whose local governments had a wide range of functions with some discretion in the way in which these functions were performed, but had largely formal access via local government associations to central government, and, second, those countries (largely Southern European) where local governments were largely small with few functions, with limited discretion because these activities were often subject to central oversight or limited finance, but had more direct and informal access to the central government over many matters of local interest. Norway, Denmark, Sweden and the United Kingdom provided examples of the Northern European case, while France, Spain and Italy were examples of the Southern European type.

Page and Goldsmith's work has been widely cited since that time, most recently by authors such as John (2001), Le Galès (2002) and Vetter (2007). But these authors are not uncritical. John, for example, argues that the emergence of New Public Management means that the North–South distinction is not as valid

as it was, while Le Galès stresses the importance of cities as actors on the global stage and the impact of the European Union in changing the nature of intergovernmental relations. Vetter (2007: 87–116) especially stresses the importance of the range of function which local governments have and their freedom or discretion as to how they decide to deliver services in determining local autonomy. Her review concludes by suggesting that the Scandinavian countries have a high degree of autonomy whereas countries such as Belgium, the Netherlands, Britain and Italy have a low degree, with France and federal systems such as Germany and Spain being in an intermediate position (*ibid.*: 115).

But Page and Goldsmith provided a snapshot of a situation that existed in the mid-1980s. It would be surprising if that situation had not changed twenty years later, even without the collapse of communism and the enlargement of the European Union, or if neo-economic liberalism had not promoted a global economy. For example, Spain has seen the further development of its autonomous communities, Italy has developed stronger regions and France has continued down a decentralising path long after the demise of Mitterrand. The greatest change has probably taken place in the United Kingdom, which has seen its former strong Northern-style local governments in England become but one actor among many with local responsibilities, while also undergoing a process of devolution to Scotland, Wales and Northern Ireland that has served to increase the disparities in the United Kingdom's different local government systems. Thus, for example, the Scottish Executive and the Welsh Assembly work far more closely with their local governments than is the case with UK government and English local authorities. Equally, Denmark has undertaken extensive restructuring of its local government system since 2005, led by the central government, which has meant a considerable reduction in the number of municipalities.

So, the descriptions and distinctions drawn by Page and Goldsmith may not be as valid today as they were twenty years ago. Furthermore, the pace of change may well vary from country to country, and the impact of change will also vary. No doubt the greatest impact has been in Central and Eastern Europe, where different countries have had to develop new institutions, introduce democracy and, as part of the drive to join the European Union, undergo a rapid process of reform. With the fall of the Berlin Wall, Germany also underwent a process of change, absorbing the former communist East German regions and municipalities into the traditions and norms of the former West German system, a process that involved extensive policy, process and personnel transfer for a number of years immediately after 1989 (Wollmann 1993, 2002). Yet authors like Wollmann (2000a, b) would argue that this process of change was less radical than one might imagine, stressing the importance of older traditions and norms in determining current practice. This path dependency, as Wollmann (1997a) defines it, means that change is gradual, that major differences and distinctions between countries persist, and that pressures on local government systems to move closer together meet strong resistance.

But there are changes that most countries have adopted. The most important of these has been the rise of the (often new) intermediate, or meso, tier, as

Sharpe (1993) referred to it, across Europe, a feature well brought out by Loughlin (2001) and Keating *et al.* (2003). In part, such a change reflects EU influence through its regional policies, as much as it does a reaction by central governments to nationalist movements. The latter may well be reflected by the strong autonomous Catalanian and Basque regions in Spain, or the creation of the Belgium federal state with the Flemish and Wallonian regions, but even countries such as Denmark, Sweden and Norway have developed some kind of regional structures in the light of EU policies.

The other impact of the European Union lies in the extensive system of regulation introduced in such areas, among others, as contracts, environmental and consumer affairs. Here it is often the regional or municipal tier that has daily oversight of the implementation of such regulations. Decisions made by the European Court of Justice are also likely to impact upon municipalities, given that such decisions are usually adopted as part of member countries' legal systems. But again the extent to which different countries enforce EU regulations varies, and again it is often the European Court that has the task of deciding whether or not a particular country has or has not failed in its duty in this respect.

A third impact of the European Union, again one that is variable, is through its urban and social policies. As Le Galès (2002) argues, many European cities have reacted to the process of globalisation by attempting to position themselves better in the global market for investment and jobs. Often they have done so by using EU financial support through the latter's regional and urban policies: the regeneration of much of Barcelona for the 1992 Olympics and of Manchester in the cultural and sporting arenas provide good examples.

A second source of change has been through policy and practice transfer, of which the most important has been the spread of what is known as New Public Management. John (2001) rightly stresses this development, notwithstanding the fact that the label 'New Public Management' covers a variety of definitions and sins. In different countries, regional and local governments have been increasingly willing, *inter alia*, to contract out services to the private or third sectors, to decentralise responsibilities down bureaucratic hierarchies to lower levels and to privatise services. Just how far such practices and policies have been adopted varies between countries, but one result has clearly been an increase in the number and type of local actors involved at the regional and local levels, giving a shift in much of the literature away from discussions about government to governance. Again the impact of the EU can be noted here, with its requirement for vertical and horizontal partnerships involving both public- and private-sector undertakings for many of its programmes, and clearly cooperation between regions and localities across the European Union has encouraged a process of policy transfer and practice, one often swifter than academic observers can document.

A third source of change has been a concern, expressed in many countries, about the quality of local leadership, accountability and local democracy. This concern is one about *process* at the local level: it is a concern about providing

leadership in the community and how decisions are taken and how to make local politics more democratic, particularly in terms of persuading more people to vote in local elections and participate in local decision making. Reforms such as the introduction of directly elected mayors, more public forums and moves towards neighbourhood or community government, electoral reforms designed to promote higher turnout in local elections, all produce local-level change, itself in turn likely to impact (albeit indirectly) on patterns of intergovernmental relations over time.

There has also been a concern, at least in some countries, with the *performance* of local governments in terms of the services they provide and their effectiveness in doing so. Here reforms such as the setting of standards, measuring and monitoring of performance, the production of league tables, and the threat of sanctions for poor performance or rewards for excellence reflect changes in the patterns of regulation of local governments. Changes in this pattern of regulation clearly affect the discretion which municipalities have in operating at the local level, with the United Kingdom over the past twenty years being a prime example (Stoker 2004).

In thinking about these macro-level changes, however, one has to remember the variability in their adoption and impact across countries and within individual ones. What may be widely adopted in one country, resulting in significant change, may not be adopted in others. How one locality interprets the role of a directly elected mayor may differ from its interpretation in other localities within the same country, as the UK experience demonstrates (Copus 2006). The simple fact of the matter remains that nation-states remain the determining factor in shaping intergovernmental relations, and that different cultures and traditions within those states persist over time. How Italians shape their political system will differ from how the Dutch shape theirs, and Hungary's reforms of its system will differ from Slovakia's. One key factor in determining the rate of change lies in the extent to which financial regimes underwrite change – that is to say, how far financial regimes permit regions and localities to adopt changes. Thus, for example, Central and East European countries found it difficult to finance their new local government systems after 1989, slowing down the pace of reform, especially in terms of introducing new intermediate tiers between the centre and the often numerous small local governments established as a basis for assisting the democratic transition after communism. Important in this context are the form and amount of revenues raised by regional and local levels of government, and these vary from country to country. Thus, Danish municipalities, for example, raise 54 per cent of their revenues from local taxes (Andersen, this volume, Chapter 4), while Dutch municipalities raise less than 8 per cent (Steen and Toonen, this volume, Chapter 9).

But there are also questions relating to the form and pace of change. In structural terms, Denmark completely revamped its local institutions in 2005, doing so with the support of the main local government association, even though it meant the disappearance of a large number of communes. By contrast, France still has the 36,000 communes inherited from the Napoleonic era, yet has intro-

duced legislation to encourage voluntary cooperation not only among the more rural communes but also in the major urban areas. But there is evidence that localities have used such legislation not only to promote change but also to inhibit it. For example, in some urban areas rich communes have come together in a voluntary 'community' to exclude poor ones, thus avoiding the costs of any financial redistribution that might follow from adopting area-wide policies (Baraize and Négrier 2001; Négrier 2005). Again, following the fall of the Berlin Wall, Germany extended the *Länder* and the local government system established in the West to the former East Germany, and, as already noted (Wollmann 1993), seconded a wide range of officials to the new institutions to help them develop processes and systems already in place in the West. Even so, and notwithstanding the massive costs of integrating the former East Germany into the larger country, wide differences between the two former parts still persist.

This brief summary gives a flavour of some of the things that follow later in the book. Here we need to outline the approach taken, suggest some simple hypotheses and then reflect a little more deeply on how changes might have occurred.

The simple model Page and Goldsmith developed twenty years ago was as follows. They argued that the position of local governments in a country's system of government was a reflection of the functions they performed, the discretion they had in performing those functions, and the access or influence that they had in policy debates at national level. In terms of the functions or responsibilities of local governments, they argued that the more local governments did, the more important they were in the governmental system. Measuring local government functions comparatively is difficult. A simple comparison would suggest that local governments everywhere share a broad range of similar functions: education, housing, welfare, etc. But a more detailed examination reveals that the exact responsibility for these functions may well vary from country to country. So, it is necessary to find some alternative or substitute measure. In this case, Page and Goldsmith used local governments' share of public expenditure and its share of public employment to reflect their functional importance, a measure that is used again in this book.

Discretion is much more difficult to capture, relying far more on qualitative assessments and reflecting the fact that different dimensions and forms of regulation might well affect the discretion of local governments in different ways (Page 1991). For example, local governments might well have a wide range of functions and be financed by generous block grants, suggesting they have considerable discretion in the way they perform their functions. But if those same functions are subject to detailed regulation from higher levels of government as to how they should be performed, then the discretion of local governments is considerably reduced. To understand how much discretion local governments have, we need to understand the legal framework within which they operate. Do they have general competence powers to do what is deemed necessary for the well-being of their community (as is the case in many countries) or can they only undertake specific functions according to powers given them by higher

levels of government? In this context, another important consideration is whether we are dealing with federal or unitary systems. In federal systems it is usually the intermediate tier – region, state or province – that has the constitutional responsibility for overseeing local governments, while in unitary systems central government looms much larger. Clearly, the importance of this intermediate tier in federal systems means that such systems may have a greater diversity in their patterns of intergovernmental relations than is the case in unitary ones. Furthermore, discretion will depend on whether functions are mandatory (they *have* to be provided) or whether they are permissive (local governments can decide for themselves whether or not to provide the function).

The process of administrative regulation further affects local government discretion. In the original book, Page and Goldsmith probably underestimated the importance of such regulation, at least in the case of the Nordic countries included in the study. The so-called free commune experiments that took place in those countries shortly after the original book was published were largely experiments in administrative deregulation, as Rose (1990) makes clear. Central and meso-level governments can regulate the practice of local government in a whole variety of ways. At the simplest level they may provide advice on how functions are performed: local governments may or may not feel obliged to follow such advice. Higher levels of governments may produce directives indicating what is to be done, which again local governments may choose to ignore at their peril. One change that has been noticeable over the past twenty years and is reflected in the accounts given here is the increase in attention given by higher levels of government to service standards provided by local governments, perhaps best associated with the national or regional practice of target setting for and performance monitoring of local governments now found in several countries. Most importantly, there may be some form of administrative oversight of local governments, for example through the office of a prefect, whereby local governments require the agreement or permission of such an office in the performance of their functions, or where the legality of local government actions can be questioned through such an office.

Last, discretion is affected by the kind of financial regime under which local governments operate. To put this issue simply, the more local governments can finance their operations out of their own revenues, the more discretion they are likely to have over the way in which they perform their functions. Different local taxation systems can affect the ability of local governments to raise money: local income tax may be easier to vary than local property tax; local sales taxes may provide a better source of income than a property tax based on outdated property values. But in both cases – local income tax and sales taxes – higher levels of government may well place a limit on the level such taxes can reach – as is the case in Norway, for example (Fimreite and Tranvik, Chapter 10), or the United Kingdom at times (Sullivan, Chapter 14). But we would expect local discretion to be greater, the greater the proportion of revenue raised locally. Similarly, grant systems can affect local discretion. General block grants, whereby local governments are free to spend grant income as they wish, give local govern-

ments more discretion than do specific grants, which are usually tied to a specific function. Furthermore, many specific grants are also conditional ones: local governments receive the grant only if they perform the function in a particular way or to a particular standard. The European Union provides a very good example of such specific conditional grants under its regional and urban programmes, which require recipients to provide matched funding, often in a very detailed or specific fashion. And while many countries have increased the proportion of transfers as general or block grants, there are also signs that the number of specific and conditional grants is on the increase.

Clearly, then, local government discretion, or more accurately the regulation of discretion, is complicated and multidimensional. As Clark (1984) put it, local government's freedom to do something might be limited by a change in its freedom from control by higher levels of government. Relaxation on one dimension may well lead to an increase in regulation on another. There is considerable evidence throughout this book that processes of regulation have changed and become more complicated than perhaps they were twenty years ago. An alternative way of looking at discretion is to see how far municipalities operate under what Hooghe *et al.* (2008) define as self-rule and how far they operate under conditions of shared rule: the more self-rule pertains, the greater the autonomy of municipalities would be.

Page and Goldsmith were concerned by one further dimension that they felt influenced the way in which local governments performed their tasks. They called this dimension access, by which they meant how individual local governments dealt with higher levels of government and the extent to which they could penetrate such levels, for example by multiple office holding or through party networks. In some cases, local government access to higher levels is limited, and their interests are generally represented by some national or regional body, as is the case with England (Sullivan, Chapter 14). Alternatively, it may well be that partisan networks provide a mechanism by which an individual local government can gain access to higher levels of government, as has generally been the case in Italy (Bobbio and Piperno, Chapter 9). In other cases, local elected officials such as mayors also hold office at regional or national or even EU levels. France provides one of the best examples of this practice through its *cumul des mandats* (Mény 1987; Pinson, this volume, Chapter 5). Such linkages between a local government and higher levels can thus be on an individual or institutional basis; what is of interest is whether or not an individual local government can secure specific benefits for itself and its residents through such networks, benefits that other areas may not be able to obtain. If a political system allows for such access, then it could be that local government has a means of either gaining status or avoiding some regulatory mechanisms.

Some hypotheses

Given the changes that have occurred in local government systems over the past twenty years, we can suggest three simple hypotheses about their impact on

intergovernmental relations (IGR) in the various countries reported here. The first is that the changes have had little impact on intergovernmental relations. In effect, this hypothesis reflects path dependency theory. Wollmann (2000a, b), for example, has argued that far from there being a convergence among local government systems across Europe in recent years, in practice they remain as divergent as ever. Patterns of IGR reflect trajectories laid down by past experience. He draws on examples from Germany, Britain and France. The most elegant exposition of path dependency theory is presented by Pierson (2004). At its simplest, path dependency means that history matters: past events, past processes affect how institutions and actors behave today; that past 'sunk costs' affect policy decisions across a wide range of areas; and that it is important to consider the role of time in politics. Pierson particularly stresses the importance of earlier decisions in providing decision makers with positive feedback, encouraging them to follow the same path subsequently. Institutional rules of the game, politicians' basic ways of thinking 'will often generate self-reinforcing dynamics' (ibid.: 10), making it difficult to reverse paths. For our purposes, patterns of central-local relations established in the past may well affect them today. The case of central-local relations in England is one example: the belief among politicians and civil servants that local governments could not be trusted to 'deliver the goods' dates at least from the Thatcher years, if not earlier, as Sullivan demonstrates in Chapter 14. Subsequent 'failures' on the part of local government to perform as expected simply provide the kind of positive feedback that Pierson sees as being at the heart of path dependence, ensuring that UK ministers and civil servants persist in lacking trust in local government. More widely, path dependence theory simply suggests that once a pattern of central-local relations has been established, it becomes increasingly difficult to change over time, requiring some major event or sequence of events to bring about a change.

The second hypothesis is that there has been extensive change in patterns of intergovernmental relations across the board. This hypothesis reflects two trends noticeable in the experience of local government systems recently. The first is the shift to which attention has been consistently drawn by a number of writers (Stoker 1999, 2004; Rhodes 1997; John 2001; Denters and Rose 2005), namely a move from local government to local governance. In essence, this shift reflects a move away from a hierarchical and bureaucratic view of intergovernmental relations to one in which the relationship depends on links between different actors in a series of networks, both public and private, and often operating in partnership with each other. The second, and not unrelated, trend is to be seen in the development of what Hooghe and Marks (2001) have called multilevel governance. This view draws on the experience of federal systems, and particularly on that of the European Union, and sees intergovernmental relations as reflecting the linkages between local governments and a wide range of vertical and horizontal partners – other local governments, private and third-sector actors, regional and central governments, and, in the case of the European Union, the Commission and other EU agencies. The development of the European Union, and especially the adoption of the principle of subsidiarity (by which one rule of

the game is that things should be done at the lowest possible institutional level), represents the kind of major development that might change a pattern of central-local relations largely path determined.

The third hypothesis suggests that there have been varying degrees of change, depending on the experience of each country. This hypothesis would suggest that today there is greater diversity among European local government systems than was the case when Page and Goldsmith produced their study twenty years ago. If this is the case, their distinction between Northern and Southern European systems, for example, would no longer hold true, while developments in Eastern European local government systems since 1989 would themselves contribute to greater diversity, as would the inclusion in this review of federal systems such as Germany and Switzerland. Furthermore, the development of quasi-federal and federal systems in countries as different as Belgium, Spain, Italy and even the United Kingdom would also produce greater diversity. In the case of the United Kingdom, for example, not only has there been the devolution of powers to Scotland, Wales and Northern Ireland, but also the major changes to local government introduced from the Thatcher years onwards, which have changed the character of British, and especially English, local government out of all recognition (Stoker 2004; Wilson and Game 2006). Such developments allow some path-dependent relationships to persist, but at the same time represent significant system change under which new patterns might emerge, old values and practices being driven out by new ones.

How change has occurred

We argued at the outset that local government in Europe has been subject to considerable change over the past twenty years. A range of changes have taken place, each of themselves sufficient to produce a change in the pattern of intergovernmental relations in any of the countries included in this study. For Eastern European countries, the collapse of communism produced a shift of seismic proportions, requiring new local government systems to be developed rapidly. Most developed small units, with a strong stress on democratic values (Baldersheim *et al.* 1996; Bennett 1994). Often these systems lacked sufficient funds to develop services and provide infrastructure, while the introduction of an intermediate tier between centre and locality was both frequently delayed and controversial. Western Europe saw an increasing number of countries join the European Union, in which its institutions developed and played an increasing role in intergovernmental relations. A world economy that even as late as the 1970s was largely seen as based on national systems over which national governments could exert some degree of influence has become increasingly globalised, with the emergence of major blocs such as the European Union, North America, Japan/China/India and Russia as major players and major companies increasingly basing their operations where costs of production are lowest. Sectors such as automobiles, IT and finance are organised on an interdependent global basis, as recent difficulties in the finance sector have demonstrated.

For our purposes a major source of change has been the emergence of the European Union, and especially the Commission, the European Court of Justice and the European Parliament, as an actor on the intergovernmental stage. The literature on the European Union is resplendent with examples of how the Union has become an important actor affecting the work of local government in member states over an increasing number of policy areas. For example, EU regional and urban policies directly affect local governments (Goldsmith and Klaussen 1997; Hooghe 1996; Heinelt and Smith 1996), giving rise to grantmanship games as regions and cities attempt to attract additional EU finance for their projects. In both areas the European Commission has introduced a number of rules of the game which in turn affect intergovernmental relations, giving rise to the kind of multilevel governance so well developed by Hooghe and Marks (2001) and Goldsmith (2003). Thus, for example, under the principles of subsidiarity and partnership, not only are local governments seen as the 'lowest possible level' at which functions can be performed, but they are expected to work in partnership not only with higher levels of government but also with private and third sectors, and, for some EU programmes, in multinational partnerships with local governments from other EU member countries. These developments have in turn seen local governments, especially regions and cities, join international associations or establish lobbying offices in Brussels seeking to influence EU policy. These developments have led some writers to stress the importance of cities (Le Galès 2002) and regions (Loughlin 2001) as major actors on the European and global stage, and in this sense Keating (1998) was right to suggest that territorial politics in Europe were undergoing a process of rapid change.

Yet it is possible to overestimate the impact of the European Union on intergovernmental relations. First, most studies suggest that even where local governments have been important actors affecting EU programmes, national governments remain key players, whose support is always essential and who also have oversight of programme implementation inside their country. Second, most EU programmes have eligibility rules that effectively exclude many local governments, while even among those eligible to join there will be some local governments which, for whatever reason, may decide not to do so (Goldsmith and Klaussen 1997). But there are other ways in which the EU can impact on local governments. First, there is the process of European regulation, whereby in an increasing number of policy areas, EU regulation impacts on local governments. Three examples suffice to indicate this kind of impact. Environmental regulation, for example over waste management, has led local governments to develop waste recycling schemes, albeit with varying degrees of success. Trading standards and consumer protection are other areas now heavily influenced by European regulation, while a third example concerns the letting of contracts. While the impact on EU regulation generally and on local governments particularly is less well studied than the impact of EU regional and urban policy, studies such as those by Majone (1996) and Young and Wallace (2000) all demonstrate how EU regulation impacts on national and local political systems.

The other EU actor that has an impact on local governments through its decisions is the European Court of Justice, if only because its decisions are accepted as part of national law by member nations (Wincott 1996; Shaw 1999). Thus, for example, local governments might be affected by Court decisions on equality issues. Finally, given the increased role of the European Parliament over policy matters in recent years, its actions can also affect local governments. For example, the Parliament has taken a stronger line on environmental matters than some national governments or other interests might have wished, for instance on CO₂ emissions.

Notwithstanding these points, the overall impact of the European Union and its institutions on local governments is marginal in comparison to that of intermediate tiers and national governments. Attention has already been drawn to the fact that for many matters, EU policies are not directly relevant to many local governments. In this sense, EU policies may represent a permissive rather than a mandatory situation, in which localities have to decide for themselves whether to take up the opportunities for action offered by EU programmes. Even where there is an obligation on local governments to follow EU regulations, they may be misinterpreted or ignored by local governments, even if they are aware of them. There is considerable evidence from the European Union itself as to how far different countries do or do not enforce EU legislation. In many cases a European Court decision is required, and then there may still be problems of enforcement – and all the time, different interests and their organisations may be seeking change in policy or regulation.

The role of the meso

One of the major changes across most European countries over the past twenty or thirty years has been the emergence of the meso or intermediate tier (Sharpe 1993) between centre and locality. The British case of devolution has already been mentioned, but there have been changes elsewhere. Belgium now has such strong regional governments in Flanders and Wallonia that the very existence of the Belgian state has been called into question (Keating *et al.* 2003). Spain has seen the two strong nationalist regions – Catalonia and the Basque region – continue to assert themselves, while other regions in Spain have become stronger over time. France has had regional governments since the 1980s, many of which have become relatively important actors in intergovernmental matters – for example in the case of the Nord Pas de Calais and Rhône regions. Similar developments can be noted in Italy. Even countries like Norway, Sweden and Denmark have seen the emergence of regional governments, though arguably these are not as strong as those in the cases already mentioned and may reflect the EU focus on regions as much as anything else (Baldersheim and Ståhlberg 1999). In Eastern Europe the intermediate tier has emerged more recently and is still developing.

It is of course in federal systems such as Germany and Switzerland that the intermediate tier plays a major role in relation to local government. The *Länder*

in Germany and the cantons in Switzerland have primary responsibility for local governments, notwithstanding whatever constitutional position (for example whether or not they have a general competence power) the latter may possess. In many federal systems the involvement of the federal government in local affairs is minimal, and states and regions play the major role in intergovernmental relations. For example, they may well determine which functions are decentralised to local governments, and how well and in what way they are financed. There may be cases where federal governments have continued to decentralise functions to the intermediate tier over the past twenty years, with this tier then passing responsibility for these functions on to the local level. The most likely example is the HEW (health, education and welfare) functions; the German case is one such example (Vetter, Chapter 6).

But why has this intermediate tier emerged so strongly in many countries over recent years? Again the European Union has been a factor: many of its programmes depend on some sense of region existing for their implementation, as the Scandinavian examples suggest. In other countries, strong nationalist movements have been a driving force – Spain, Belgium and the United Kingdom being three examples, though in the latter case devolution has meant different things in each of Scotland, Wales and Northern Ireland. In Italy and France it has been less a case of responding to nationalist demands than a desire by central government, albeit maybe of a particular complexion, to undermine strong vested interests – Socialist governments in France wishing to undermine the conservative power of old notables in departments, for example. In some cases one might argue that the development of the intermediate tier reflects an offloading of responsibilities by the centre to lower levels of government – in other words, there has been a devolution of functions, not always accompanied by sufficient finance to allow the lower levels to perform those functions efficiently and effectively.

Last but not least, the impact of globalisation and of Europeanisation has made itself felt at the sub-national level. Regions are represented among the consultative bodies of the European Union through the Committee of the Regions (McCarthy 1997; Moore 2008). While there are doubts about the effectiveness of this voice, it has given rise to networks of regions through which a process of policy exchange and learning can take place. Similar networks exist for European cities, many of which have attempted to place themselves among the ranks of the world's leading cities. 'Think globally – act locally' is one slogan that captures this process, whether it be in terms of individual municipalities attempting to deal with the impact of globalisation or dealing with environmental and climate change issues.

The third area of change is one relating to the kind of regulatory framework within which local governments operate. Other writers have already drawn attention to the widespread adoption of what is loosely referred to as New Public Management (NPM) (John 2001). The introduction of practices associated with NPM, such as contracting out and the outsourcing of the production and delivery of local services, together with their privatisation, etc., might be expected to be

widespread. The development of what many authors (John 2001; Stoker 1999, 2004; Denters and Rose 2005) refer to as 'governance', under which a municipality may be but one actor among many concerned with providing local services, changes that municipality's relationship with other bodies, not least with central government. But we also can see an increased concern among higher levels of government with the performance of municipalities in service delivery and problem solving. Here, a concern with benchmarking, audit, sticks and carrots all represent different ways of particularly affecting the discretion which local governments have in performing their functions. Furthermore, if local governments have generally been asked to do more in recent years, they may well have been asked to do so with less financial assistance, giving rise to a form of fiscal stress at local levels, and certainly the possibility of there being more specific conditional grants being employed as a means of obtaining local concurrence with central or regional government priorities. Norway, the United Kingdom and to a lesser extent Sweden all provide examples where new regulatory forms have had an impact on central–local government relations.

So, there have been a range of changes at the macro level of European political systems which are likely to produce a change in the patterns of intergovernmental relations in different countries. The question is, how great an impact have these changes had in practice? Has the change been marginal or have intergovernmental relations caused the kind of distinctions made by Page and Goldsmith (1987) or Hesse and Sharpe (1991) to disappear? The chapters that follow provide a range of accounts of how intergovernmental relations in the different countries have changed over the past twenty to twenty-five years. They follow a format suggested by the editors. Each author uses the 1987 Page and Goldsmith framework of functions, access and discretion as a starting point for evaluating the changes in central–local relations in their country over the past twenty years. The main focal point is municipalities, and while regions are relevant, they are not the focus of each chapter, notwithstanding their growing importance. Each chapter contains a brief description of the local government system, followed by a discussion of the patterns of functions, discretion and access and how these have changed over the past twenty years. Each chapter takes into account, however briefly, the impact of the European Union where relevant, the role of the meso tier and the development of new forms of interaction with private- and third-sector organisations in intergovernmental relations. The book concludes with a chapter in which the comparative experience of the different countries is drawn together and related back to the ideas expressed in this introductory chapter.

important to understand central–local relations as dynamic rather than simply the expression of the centre’s preferences at any given time. While the constitutional insecurity of local government means that central government holds the balance of power, in practice the centre’s ability to make local government do what it wants is limited by the strategies that local government deploys to protect its own interests. The reaction of local government to New Labour’s proposals for transforming council constitutions is a good example of this. Initial ambitions for having elected mayors in most major cities were quickly thwarted as local authorities constructed rationales for opting for a new constitution that meant least change from their current arrangements.

At the heart of the dynamics that shape central–local relations in the United Kingdom is a lack of trust on both sides. In the 1980s the lack of trust the centre had in localities stimulated a programme of action that institutionalised central government’s interference in localities. This lack of trust has now become embedded in the psyche of central and local actors; it varies across the devolved institutions and is most clearly evident in the government’s use of performance management in England as a means of assuaging its anxiety at not being able to control what goes on in localities. This position has shifted recently, in part because of a recognition that the complexity of some of the key policy challenges facing governments, including sustainable development, health improvement and community safety, are not easily reducible to a set of performance measures, and that alternative approaches need to be found.

Lowndes (2002) has argued that in order to secure trust in central–local relations, both sides need to make themselves ‘vulnerable’. This view is supported by recent evaluation data on local area agreements in England which highlight central government’s genuine desire to see innovation in local government, coupled with a clear reluctance to ‘let go’ sufficiently to allow that innovation to emerge (DCLG 2006c). This research also emphasises the diversity of both central and local government and highlights, for example, that the central government department with responsibility for managing the relationship with local government (currently the Department for Communities and Local Government) has a rather different set of priorities as compared with departments focused primarily on health or education or criminal justice. Acknowledging and accommodating these inevitable tensions is an important element of generating trust and supporting the development of a different kind of central–local relations in the future.

Note

- 1 Commissioned by the Welsh Assembly government to identify improvements in the arrangements for local service delivery, which are as radical and innovative as necessary, and to examine how existing arrangements for accountability can be used, developed and adapted to support this innovation.

15 Conclusions

Mike Goldsmith and Ed Page

The starting point for this book was the clear evidence of substantial change in the nature of European government in general and in the institutions of territorial governance in particular since the original version of this book was produced in 1987. These changes seem to be of such magnitude that the nature of intergovernmental relations in European countries is likely to have changed. Do these changes follow similar patterns across all or most polities and, if so, have they produced greater similarities, and reduced the dissimilarities, between different political systems, and how might we explain these patterns? In particular, does the big underlying distinction we drew in 1987 between Northern and Southern European countries continue to hold? Moreover, does this model hold up outside the small range of seven (then) unitary states in which it was developed, and what is the effect of introducing new countries, both unitary and federal, into the study on this distinction? Does the three-variable model of functions, discretion and access used in the 1987 study still help us to understand patterns of intergovernmental relations today?

The changes that might be expected to have driven a restructuring of patterns of territorial governance over the past twenty years include globalisation and Europeanisation, the emergence of the meso or intermediate tier, and changing patterns of regulation. We hypothesised that we might find little change, or considerable change, or that we might find diverse amounts of change, depending on the country concerned. The overall result would be that there would be greater diversity in intergovernmental relations than was the case in 1987. How far do the country accounts provided by our contributors allow us to provide answers to these questions?

Let us first deal with the North–South distinction. The northern pattern of central–local relations was one in which local government had a wide range of functional tasks specifically allocated to it, where direct involvement by state officials in the administration and delivery of these services was low and where there was a separation between the political worlds of local and central. In the southern pattern a narrow range of functions, some of them shared with national government, was supervised by state officials, while local politicians could use their contacts with national politicians (indeed, in some cases local politicians held national political office) to help shape local services and finances.

One of the indicators of the range of functions allocated to local government was the percentage of state spending channelled through local government. On this basis it is evident that the distinction between northern and southern patterns is no longer as clear as in 1987 if we look at the countries covered in the 1987 study (those not shown in italics in Table 15.1). Norway, in 1987 the country that topped the list, with the largest proportion of public spending channelled through local government, has fallen well down the table, largely as a result of services such as hospitals being taken out of local government responsibility in 2002. Denmark and Sweden remain at the top, but Italy and France have moved up to overtake both Norway and the United Kingdom. Only Spain, among the 1987 countries, still looks like a "southern" local government system from this perspective. However, in the allocation of functions there is a clear and important distinction between the assignment of responsibilities for policy areas in the North, as contrasted for example with Italy's "fuzzy definition of areas of competence" (Bobbio and Piperno, Chapter 8). Similarly, in France and Spain one finds that the provision of services through a mix of different levels of government is not uncommon.

The distinction between North and South on patterns of discretion was not that of whether one system has more or less discretion, but of how supervision of local government was organised – whether there was a national government body with direct responsibility for examining the decisions and activities of specific local authorities (the southern pattern) or whether control was through broad statutory and fiscal constraints that did not involve the direct intervention by central state officials in the decisions of individual authorities. Here there have been significant movements among the 1987 seven. The French and Italian systems of government have witnessed substantial declines in the power of central state officials in shaping local services as local authorities have become

more autonomous. In France the representatives of the central state have decreased in importance since 1987. Certainly the French prefect has some remnants of the older powers of tutelage, such as those to compel potentially isolated communes to engage in collaborative arrangements with neighbours. Yet the role of the central state has declined, and especially sharply in urban areas, to the degree that state services are "now limited to channelling central state subsidies and controlling the legality of local authorities' actions" (Pinson, Chapter 5). In Italy the *ex ante* legal controls over individual municipalities once exercised by the prefect and subsequently by the control committees were abolished, giving way to controls of legality exercised by the courts in a way that used to be characteristic of the "northern" pattern of local government. Even in Spain, where the older formal supervision by central-state civil servants has declined in importance, this type of supervision has become "weak".

Just as some of the "southern" countries of the 1987 seven have shown signs of "northernisation", so some of the "northern" group have moved towards something like a southern model. In England the growth of national inspectorates for local services, the establishment of government offices in the regions as the eyes and ears of Whitehall, as well as the development of the role of the Audit Commission have strengthened the oversight capacity of the centre. In the other 1987 "northern" states, namely Denmark, Norway and Sweden, the trend appears to be less the development of new forms of central control, as in England, than a tightening of the existing framework of statutory control, progressively narrowing the scope for discretion, though this has also been experienced in England.

Thus, there can be little doubt that the clear distinction in patterns of inter-governmental relations that we found in the 1987 seven no longer obtains. There are certainly traces of the old patterns to be found in all of them, but to claim that what remains of the earlier northern and southern patterns offers a significant insight into the fundamental differences between central and local government in Europe would be misleading. In terms of the old North–South distinction, attempting to fit the additional five countries not covered in the 1987 volume is an exercise of limited value. Only the Belgian system of local government would certainly have clearly belonged in our southern group in 1987, with its "strong formal centralism combined with political localism, weak competencies, uniform models of organization and management imposed by central government, elaborated bureaucratic systems of administrative control and extensive financial dependency from central government". Moreover, despite important changes in regional government in Belgium, the pattern broadly persists as far as municipal government is concerned. Yet the other countries show very mixed forms of local government.

The Netherlands displays strong features of the southern model in the importance of "co-governance" in the allocation of functions – giving municipalities an important role in a large range of functions, but shared with provincial and national levels. The direct control from provinces and national government is also more suggestive of southern than of northern patterns of intergovernmental

Table 15.1 Total government expenditure by level, 2004

	Central	State	Local
Denmark	49	0	51
Sweden	56	0	44
<i>Netherlands</i>	62	0	38
Italy	64	0	36
France	68	0	32
<i>Hungary</i>	72	0	28
Norway	72	0	28
<i>Czech Republic</i>	73	0	27
<i>Switzerland</i>	34	41	25
United Kingdom	76	0	24
<i>Germany</i>	42	37	21
Spain	42	42	17
<i>Belgium</i>	57	29	14

Source: OECD statistics 2004 (accessed 2009) National Accounts, volume 4, General Government Accounts, detailed tables (in millions of national currency), vol. 2007 release 01.

relations. By contrast, the indirect patterns of access through the Association of Dutch Municipalities and increasingly through looser regional associations are closer to the northern pattern.

The 1987 study explicitly ruled out local government in federal systems – a restriction that now includes an increasing number of European political systems with the creation of federal systems in Belgium and (arguably) Spain, and federalising tendencies in Italy. Even if one denies labels connected with “federalism” to these countries, the increasing role of elected regional authorities makes a conceptualisation of intergovernmental relations that focuses only on national and municipal government increasingly irrelevant. The German model makes a clear distinction between, on the one hand, services in which the municipalities serve as agents of the state level with no discretion and, on the other, those where municipalities act as mandated service providers with significant discretion to vary the level and form of provision, and where municipalities are local service providers without significant state supervision, although since 1986 the role of services more directly provided as an agency of the state has increased to dominate municipal provision. This joint provision of services in the German federal system, which involves federal, state and municipal government, is reminiscent of the older southern pattern of local government involvement in a range of tasks, leaving municipalities with direct responsibility for the entire provision of only a few, which are only a limited part of local government service provision.

Nevertheless, on the allocation of functions, local government in Germany, at least according to levels of spending, is towards the lower end of Table 15.1. So, in terms of functional allocation, German municipalities have much in common with the old southern pattern, but in terms of access and discretion they are closer to the old northern pattern. While the role of state representatives in national politics through the *Bundesrat* helps strengthen the role of state politicians in federal policy making, local government has generally been outside this pattern of access to federal policy making, with representation in Bonn, or later Berlin, being primarily through the representative associations of local authorities. Furthermore, control by the intermediate tier is generally conducted through observance of legal mandates rather than direct supervision of the decisions of the municipalities.

Switzerland is also nearer the bottom end of Table 15.1, and particularly notable here is the share of government expenditure taken up by the cantons, a notable trend over the past twenty years and paralleled by a similar change in the pattern of public employment. The Swiss system gives cantons and municipalities ‘far-reaching fiscal autonomy’ (Ladner, Chapter 13), allowing them to set both their own tax rates and their own budgets. Furthermore, policy implementation for functions is generally delegated to the lower tiers. Given the importance of the intermediate tier, income transfers from central government generally go to the canton, with the centre using specific grants as a means of providing some political steering on policy matters. However, the cantons have independent responsibility for important services such as education, social services and the

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police. Furthermore, the cantons have considerable influence at national level over policy formation, being involved as experts or members of commissions, while the impact of direct democracy (for example over constitutional amendments which require a cantonal majority) cannot be ignored. By contrast, the position of municipalities is much weaker and their access to the federal level much less formalised, with political parties being expected to provide the main link across the different levels of the state. Thus, in many respects Switzerland is closer to the German case than to the other federal systems included here.

In the former communist countries the limited functions of local government, the direct state supervision of its activities and the importance of the Party network might in 1987 have offered some similarities with the southern model of local government but without free elections. In Hungary the main mechanism for exercising a limited autonomy was provided by “functional corruption” – a “consequence of the dysfunctional operation of the over-centralized system” (Soós, Chapter 7), and the exploitation of these dysfunctions allowed municipal Party elites some room for manoeuvre. The developments since the collapse of communism appear to have been towards old “northern” patterns of functions, access and discretion. In Hungary the Public Administration Office that supervises municipalities appears to resemble in part the supervisory bodies that emerged from Napoleonic forms of control, but this office only has the ability to refer decisions to a court, rather than to reverse them directly. Apart from this, the constraints on local government in Hungary look northern European – the control through changes in the law and finance. Moreover, the levels of local spending (25 per cent) of local spending in both Hungary and the Czech Republic indicate a level of municipal government involvement in public service provision broadly equivalent to that found in the United Kingdom around twenty years ago with their involvement in major services such as education, while the political interpenetration between central and local government appears to have diminished after the collapse of communism.

So, all in all, the North–South distinction, while it appeared to offer a real distinction between different patterns of central–local relations in 1987, no longer holds up as a way of categorising the present-day systems of intergovernmental relations.

What has changed: local government and state service provision: finishing unfinished business in the South

The southern pattern we identified in the 1980s was essentially a matter of unfinished business. As discussed elsewhere (Page 1991), the pattern of direct control of central over local government was, in the nineteenth century, a common feature of intergovernmental relations throughout the core of Western Europe – in Italy, France, Spain, Germany (until the vom Stein reforms in Prussia of the early nineteenth century) and the Netherlands, as well as in Denmark and Norway. The “peripheral” countries of Europe – Britain, Sweden and, above all, Hungary (in the period to the late nineteenth century; thereafter it joined the

directly controlled systems of the core of Europe) – had more autonomous systems of local government based upon the large-area local government of the county. The post-Second World War period saw the development of local government as a deliverer of welfare state services in all countries except those, mainly in southern Europe, where clientelistic bases of party support persisted, and where welfare provision was largely in the hands of the Church and other voluntary bodies. In part this situation resulted from the inability of national elites to treat local government units in such systems as state agencies, since the localities could assert a power and legitimacy in the national system through their contacts with national political elites via party networks. This influence could be seen in the difficulties that Southern European countries experienced in creating larger units of government as compared to the relative ease with which local government units could be merged in Northern European countries to create the kinds of economies of scale that national elites believed were necessary for the delivery of public services.

In this sense, the development of larger units of sub-national government in the Southern European countries, particularly through the establishment of regional governments but also through inter-municipal collaboration, represents a method of creating effective units of delivery for a range of public services. The method had been tried before and failed, above all in the 1960s in France as De Gaulle sought to bypass local elites in the government of the provinces by resting on the regional *forces vives*; and regional government appeared in the Italian Constitution of 1948. Why it should take off in Southern Europe after the 1980s cannot be explained simply. In Belgium the development of a federal structure was related to the breakdown of the bargain that had allowed the two/three language communities to govern the country since 1830. In Italy and Belgium, regional structures also developed in the wake of crises of legitimacy in the political system. In France the original impetus for a revival of the principle of regional government after the 1980s was more clearly party political: the regionalisation of government was a leading plank in Mitterrand's 1981 presidential election victory and supported initially above all by Socialist local elites in major French cities. The significance of creating units of sufficient size to deliver perceived economies of scale to the changes in these systems since the 1980s can be seen in a variety of developments in these countries: the importance of inter-communal arrangements in Belgium and, especially, France, and above all in the conurbations, where there is a tendency for larger urban areas to have significantly greater autonomy and functions than rural areas.

In all the Southern European countries the role of the *municipalities alone* overall remains limited. In France, while two-thirds of what is defined as "local" spending is at the municipal level, only two-fifths is channelled through individual municipalities, with a quarter being channelled through inter-municipal cooperations. In Italy, if one takes away the regions the share of municipal spending in total government spending drops from 36 per cent in Table 15.1 to around 24 per cent. In federalised Spain and Belgium the traditional municipalities remain limited providers of public services, as opposed to the federal prov-

inces, which have expanded their functions. The development of regional, provincial and intercommunal government has further had profound impacts on patterns of access in these countries, as it has multi-lateralised them. No longer is the central nexus that between the municipal political leadership and central state elites; rather, the relationship is one between municipal, regional and national elites, and often formalised through a number of national representative associations.

In the federal systems of Switzerland, Germany, Belgium and Spain the trend has been towards the erosion of the autonomy of local government and the continued tightening of federal, but mainly state, regulation of municipalities. This perhaps applies less to the eastern portion of Germany, but only because it had a different starting point in 1990 as compared with the remainder of the country: the former GDR areas had to assimilate within the pre-established federal structure, where local government had conformed to the centralised Party-dominated form of Central and Eastern Europe. In Belgium the amalgamations of 1970 had already produced a system of local government based on larger municipalities, and in the Walloon areas the use of inter-municipal cooperation has grown, whereas in Flanders it is the regional tier that has taken the lead.

Switzerland sees a weak central state but strong sub-national levels, with the cantons or intermediate tier taking the lead. But the strong role played by direct democracy in the Swiss system means a high degree of municipal autonomy. The result is considerable difference in the sizes of municipalities and cantons, and in the distribution of functions between the two levels, resulting in considerable diversity in the Swiss system as a whole.

In all the cases discussed so far, it is the importance of the intermediate, or meso, tier that commands attention. This result might well have been expected when considering long-standing federal systems such as Germany and Switzerland. It is perhaps an expected development in both Spain and Belgium, which in 1987 had both recently changed from older systems, given the importance in both countries of nationalist linguistic communities: the Basque Country and Catalonia in Spain, Flanders and Wallonia in Belgium. By contrast, in both France and Italy the region has not emerged as a similarly strong actor in inter-governmental relations. In France it has been the large cities that have become the major actors through inter-municipal cooperation, with the regions a minor partner along with the departments and rural municipalities. In the case of the latter, inter-municipal cooperation remains a major development. In Italy the municipalities have successfully opposed attempts to introduce metropolitan governments, and regions remain generally weak players, though there has been some considerable development of inter-municipal cooperation.

Hooghe *et al.* (2008) have made an interesting attempt to measure what they call regional authority – the importance of the intermediate tier – in forty-two countries, drawing on their distinction between self- and shared rule. Table 15.2 gives some idea of how the intermediate tier scores in the different countries included in this study perform and how its importance has changed over recent years.

Table 15.2 Regional authority in the countries included in this study

Country	Year	Self-rule score	Shared-rule score	Regional authority index
Belgium	1985	15.8	10.0	25.8
	2006	22.0	7.0	29.0
Czech Republic	1993	0.0	0.0	0.0
	2006	7.0	0.0	7.0
Denmark	1985	10.1	0.1	10.2
	2006	10.1	0.1	10.2
France	1985	12.0	0.0	12.0
	2006	16.0	0.0	16.0
Hungary	1990	8.0	0.0	8.0
	2006	10.0	0.0	10.0
Italy	1985	14.2	0.3	14.5
	2006	21.0	1.7	22.7
Netherlands	1985	7.0	6.5	13.5
	2006	8.0	6.5	14.5
Norway	1985	4.0	0.0	4.0
	2006	10.0	0.0	10.0
Spain	1985	18.2	3.0	21.2
	2006	19.1	3.0	22.1
Sweden	1985	10.0	0.0	10.0
	2006	10.0	0.0	10.0
Switzerland	1985	15.0	4.5	19.5
	2006	19.5	4.5	19.5
UK-Scotland ^a	1985	1.0	0.5	1.5
	2006	13.0	3.5	16.5
Germany	1985	20.3	9.0	29.3
	2006	20.3	9.0	29.3

Source: Hooghe *et al.* (2008: Appendix B, Table 2).

Note

^a Scotland represents the clearest case of change within the United Kingdom, though Wales also reveals change. English regions RAI score 4.0 in 2006; Wales RAI score 1985: 1.5, 2006: Northern Ireland shows no change, with an RAI score of 1.0 in both years. 'RAI score' refers to the Regional Autonomy Index, constructed by Hooghe *et al.* (2008) and designed to measure the extent of local autonomy and its degree of change over time.

What Table 15.2 clearly shows is that, as is to be expected, the meso tier is constantly most important in federal countries such as Germany, Switzerland, Belgium and Spain. In Italy the meso has become much stronger, while in the United Kingdom there is varied experience. As expected, the score for Scotland (and to a much lesser extent Wales) now reflects its devolved status, while the score for Italy also reveals the growing importance of the intermediate tier there.

In France the importance of the region appears not have changed over the past twenty years.

In the Czech Republic and Hungary the meso is now stronger but is not as important as in the federal countries. By contrast, the position of such a tier has hardly changed at all in the Scandinavian countries, the Netherlands or in England. In all these cases, what appears to have occurred is a general tightening of central control over the localities.

Greater regulation and new forms of it?

In these latter cases the past twenty years have seen central governments being more concerned with exerting a greater degree of control over local governments than was the case in the 1980s. While the United Kingdom, and England in particular, represents an extreme case in this respect, there is evidence from both Norway and Sweden that the centre has been concerned to see that the locality delivers the kinds of service levels which the centre deems desirable. Even in the 1980s the Northern European nations in the 1987 study had already begun to "rationalise" local government into larger units through reforms in the 1960s and 1970s. In the United Kingdom this process has continued since the 1980s, and Denmark created larger units of local government in the mid-2000s. The result has been that in Norway, Sweden, Denmark and most of the United Kingdom, local government units have increasingly been treated as units or agents of the national state. The "local" of local government is decreasingly that of a local representative body legitimised to make substantive policy choices about local service provision and more that about a local service provision organisation capable of applying *national* norms and standards of service to local areas – one capable of being overruled if such norms are not applied in an acceptable way. As Fimreite and Tranvig say of the Norwegian system, "The central government decides welfare policies, while local governments implement them." The chapters on Norway, Sweden and the United Kingdom all point to a tightening of the statutory or regulatory framework within which local governments operate, notwithstanding the Scandinavian deregulatory "free commune" experiment of the 1980s (Rose 1990). While Denmark appears to be a partial exception here, in that for much of the 1980s and 1990s Danish municipalities were given greater functional responsibilities and maintained significant discretion in delivering local services, the recent amalgamation reforms have created larger units of local government, together with "restrictions put on local finance by national government ... process regulation and ... a shift towards less acceptance of local distinctiveness". All these changes "have decreased ... local government discretion" (Andersen, Chapter 4). Sweden too has seen a number of similar financial changes that have reduced local discretion, along with a greater use of inspections and benchmarking systems. And, as in Norway, there has been legislation that gives citizens (or service users) legally enforceable entitlement rights to certain welfare service levels.

The erosion of local government discretion appears to have moved furthest in the United Kingdom and Norway, where new forms of supervision and control have emerged that are somewhat reminiscent of the direct controls exercised in the old southern patterns of local government. In Norway there is less use of "pedagogic steering" (guidelines, advice, recommendations) and a greater use of special-purpose bodies to oversee the implementation of legislation in specific welfare sectors, while ombudsmen and the Office of the Auditor-General carry out similar monitoring tasks. In the United Kingdom, Sullivan points to the increasing role of central government in local services under the Conservatives up to 1997. Notwithstanding its devolution reforms, New Labour has introduced new forms of monitoring and intervention in local service provision, which has meant – at least for English authorities – the development of central forms of "inspection and regulation of service performance far in excess of anything established by the Conservatives".

Though similar trends can be found in the Netherlands, they are far less marked. Continuing local government amalgamations since 1945 have created a local government system of moderately large municipalities. As they have grown larger, the "co-governance" intertwining of national and local functions (perhaps more characteristic of older Southern European patterns) has experienced some change, with municipalities being given additional responsibilities, but accompanied by more central supervision and sanctions, though these are less marked than in their counterparts to the north and west.

Beyond North and South

These two broad patterns – of regionalisation broadly defined as a means of reshaping local government where large numbers of small municipalities persist and of greater central direction (and in some cases the removal of some functions previously given to local government) in systems where large-scale local government has become established as a significant service deliverer – can be seen in countries outside the 1987 seven. The former communist systems of the Czech Republic and Hungary had very different starting points as far as the reform of local government is concerned, with the prospect of simultaneously transforming economic, social, political and institutional structures from a Party-dominated state. In both the Czech Republic and Hungary, one immediate consequence of the democratisation of local government was an increase in the number of local government units, with the overall result that municipal governments have the same kind of small populations that gave rise to the amalgamations of the 1960s and 1970s in much of Northern Europe. In Hungary, while larger local government units have a somewhat wider range of functions than smaller ones, the mandatory functions of every local government include major welfare state services such as education and health and welfare services. There is a level of central state control over such major services such that the central state regulates most education provision, and local governments "are most responsible for the maintenance of school building" – with similar patterns found in other major state services. As Soós (Chapter 7) concludes,

the structure and size of the local government system greatly influences the central–local relationships. The fragmented nature of the local government system restricts the range of functions local units can fulfil, reduces discretion in small communities, makes the aggregation of local government interests into a common position practically impossible, and favours larger municipalities as far as local political access to central decision makers is concerned.

In the Czech Republic, small size has coincided with the expansion of the regional level of government, which, although included with local government, accounts for one-third of local government spending. Moreover, since 2000, financial responsibility for the major service of education has started to be transferred to the regional government.

In the two former communist systems the strength of local government and the ability to resist consolidation and amalgamation of small units had less to do with the political legitimacy of local elites and their access to national elites (as in countries such as France and Italy) and more to do with the conception of the place of local government in the development of democratic institutions. Nevertheless, the persistence of a large number of small units has created the kinds of perceived difficulties for national elites faced in countries with longer democratic histories, and Hungary and the Czech Republic have started to approach these in rather different ways – by tighter central regulation alone in Hungary and by tighter regulation (above all, the extension of the range of functions carried out under the more restrictive "delegated" powers as opposed to "self-government" powers) plus the extensive use of collaborative inter-municipal institutions as well as the expanded role of regional government units in the Czech Republic. A period of less than twenty years, however, does not offer a particularly conclusive picture of developmental trends and merger reforms of the kind mooted in both countries.

In France and Italy we can see the use of inter-municipal cooperation as a means of overcoming some of the problems concerned with service delivery and infrastructure provision posed by having large numbers of small municipalities. Inter-municipal cooperation has probably gone further in France than elsewhere, not only in the large cities but also in the rural areas of the country, as in the mountain areas of Italy. Through the use of financial sticks and carrots, these national governments have been able to bring about a considerable change in the structure of local government. This development has been less marked in the Netherlands, where local resistance to the creation of larger units has met with successful local resistance in some of the larger cities, and moves towards metropolitan government in Italy have also met with resistance.

In the federal systems of Switzerland, Germany, Spain (see above) and Belgium, the trend has been towards the erosion of the autonomy of local government and the continued tightening of federal but mainly state regulation of municipalities. This process perhaps applies less to the eastern portion of Germany, but only because it had a different starting point in 1990 as compared

with the remainder of the country: the former GDR areas had to assimilate within the pre-established federal structure, where local government had conformed to the centralised Party-dominated form of Central and Eastern Europe.

In Belgium the amalgamations of 1970 had already produced a system of local government based on larger municipalities, and in the Walloon areas the use of inter-municipal cooperation has gone some way towards overcoming the problems posed by having a large number of small municipalities. Some features of the old Belgian political localism persist, especially in the Brussels and Walloon regions, but regionalisation has led to a more interwoven system, albeit with greater divergence between regions than existed earlier. This regional divergence is due more to the way in which Flanders has organised its relationship with the municipalities, with the regional level taking a more management-oriented style in its intergovernmental relations (De Rynck and Wayenberg, Chapter 1).

Switzerland follows the principle of subsidiarity wherever possible, but also, through a process of cooperative federalism, attempts to meet the need for coordination and efficiency. Recently, more and more functions have been delegated from the federal level to the cantons and from cantons to municipalities (Ladner, Chapter 13). This process of decentralisation has been accompanied by tighter regulation and the use of financial methods to achieve federal-level objectives. Recent attempts have been made to make the distribution of functions between the levels clearer in an attempt to make the territorial structure more efficient, along with attempts (albeit only partially successful) to reduce the number of municipalities, while maintaining municipal autonomy in accord with the subsidiarity principle.

Europe has played a part in this process of regionalisation and greater control. The European Union used its NUTs (Nomenclature of Territorial Units for Statistics, *nomenclature d'unités territoriales statistiques*) based regions as a basis for formulating its regional programmes, obliging countries such as Sweden and Denmark to develop some regional structure, however weak. Its many programmes are based on ideas such as subsidiarity and partnership. Furthermore, its own programmes of regulation in many policy areas, such as the environment and consumer affairs, often require localities to act as an enforcement agency. And regions and municipalities, especially large cities, have taken the opportunities offered by the European Union not only to obtain extra funds for particular projects and to collaborate in cross-border activities, but also for policy exchange and agenda setting through their relationships with other partners and through Brussels-based EU lobbying groups.

However, Europe's role must be seen as generally a minor one in this process of changing intergovernmental relations. National governments remain the most important player in the unitary systems, while regions are more important in the federal systems, often replacing the national government in EU negotiations where such a change is considered appropriate.

Why should national governments be more concerned about how local government performs? Our country chapters suggest that there has been an increas-

ing partisanisation and nationalisation of local elections and of local politics in many countries. With their policy programmes, national governments expect to be judged on how successfully they deliver what they promise; local governments, of whatever partisan complexion, that fail to deliver what central government wants can expect to earn the latter's displeasure and subsequent retribution. This kind of development has also had its effect on the patterns of access between local and higher tiers of government. Several contributors note the continuing and growing importance of national associations representing local government interest and a decline in the importance of personal contacts between local elected officials and higher levels of government. Pinson (Chapter 5) particularly stresses the declining importance of the *cumul des mandats* (multiple office-holding) in France, while the Italian case suggests that one effect of the corruption cases in the 1980s and 1990s has been to bring about a decline in the importance of partisan networks in the intergovernmental relationship, though the emergence of powerful local mayors in major cities may mitigate that decline to some extent. What does appear to be important is the kind of resources and skills that local leaders can bring to the municipality, and these appear to have changed over time. Skill in building coalitions and building visions locally, horizontally, nationally and cross-nationally, and even up to the European level, is now as important as simple political access to the centre, if not more so (Le Galès 2002). The ability to perform this kind of task is what perhaps gives some localities, particularly big cities, a chance of withstanding national pressures to conform to national policy preferences. And this political autonomy may well reflect older well-established traditions in the nature of the intergovernmental relationship: cooperative federalism, as in the Swiss and German cases; strong nationalities in some regions (Flanders in Belgium, the Basque and Catalanian regions in Spain), the "three stars" federalism of Italy and the co-governance approach of the Netherlands all reflect previous experience.

Similarly, one can argue that there has always been a strong sense of central regulation in the Scandinavian countries, and that the greater regulation found there today both takes a new form and is an extension of old practice. While Denmark may be something of an exception, the close working relationship between central government and the local government association reflects a long-standing corporatist tradition in the Danish political system, helping to ensure that the centre achieve its policy goals, as the speedy introduction of the 2005 reforms suggests. Of the unitary systems, it is the United Kingdom that shows the greatest break with tradition, with both the Conservative and the Labour reforms resulting in a much-changed and much-weakened local government system, in England at least. For Scotland and Wales, however, intergovernmental relations reflect both the smaller size of the political community in both countries, itself reflected in the kinds of political networks that exist, and the level of trust between the different levels.

For the newly created local government systems of the Czech Republic and Hungary, rejection of the communist past and the strong desire to introduce small local governments as a means of encouraging democratic practice were the

driving force in intergovernmental relations in both countries after the collapse of communism. In both cases the large number of small municipalities, the late introduction of the intermediate tier and continuing problems of financing the system all mean that further change will almost certainly be inevitable. In both cases local government discretion is considered to be quite wide; the task will be to protect this discretion as further reforms take place.

So, what we can now see in Europe is greater diversity in intergovernmental relations than was the case – at least in the unitary systems – twenty years ago. Old practices persist, reflecting path dependency, but new ones are emerging – stronger reliance on the intermediate tier in federal systems, greater regulation in most of the unitary systems – giving rise to a greater range of relationships between and across different levels of government up to the European level. This multilevel governance is perhaps the biggest change we can see from twenty-five years ago – though even then the seeds of the present extensive network of relationships had been sown.

The three-variable functions, discretion and access model used by Page and Goldsmith in the 1987 study and used here to guide the various contributions has generally served well in helping us to understand the change in the nature of intergovernmental relations in the different countries. But it limits our understanding of the true multilevel nature of present-day intergovernmental relations in Europe; in this respect we must agree with Bobbio and Piperino's conclusion in Chapter 8 that the overall picture has now become too complex and confusing for such a simple model to give us a good handle on the issue, and perhaps limiting the 1987 study to unitary states meant that such complexity was hidden from the comparative analysis even then. Indeed, such was the purpose behind the selection: to be able to understand the main contours of central–local relations in political systems where territorial government is constitutionally subordinate to the central state. Constitutional subordination remains a meaningful concept in some states, particularly those described in 1987 as “northern”, but is becoming increasingly meaningless in countries such as Spain, Italy and even France as the constitutional divide between unitary and federal arrangements become blurred. Moreover, the pace of institutional change in local governance and the arrangements for its control and regulation is at present so rapid that the idea of settled patterns of functional allocation, arrangements for local discretion and political relations with central elites appears now rather remote.

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