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# Comparing Local Governance

## Trends and Developments

Edited by

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and

**Lawrence E. Rose**

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them. Up to now, the impact of New Public Management on the way local politics operates also seems to be rather limited. But this is only one side of the coin. Broad empirical evidence exists, indicating that the real impact of institutional reforms does not normally become visible immediately after having been implemented. In this respect some frontrunner cities may still induce other municipalities to follow, particularly since 'best practice' and 'benchmarking' have become popular topics in the debate on the reform of local government.

## 9 Switzerland: reforming small autonomous municipalities

*Andreas Ladner*

The Swiss political system has long attracted attention from students of comparative politics for a variety of reasons, not the least because of its cultural, linguistic, religious and regional diversity. Yet despite this diversity, the country has managed to achieve a degree of political integration and stability that many have seen as enviable. Just what the 'secret' of this success may be is the subject of a good deal of conjecture as well as scholarly effort (see, for example, Coddling 1961; Hughes 1975; McRae 1983; Steinberg 1996). In a recent work Wolf Linder (1998) emphasizes three particular institutional features of the Swiss political system which appear to have been important in allowing the country to achieve the track record it has – federalism, direct democracy and consociationalism. And as Linder aptly notes (1998: 49), local government is 'the foundation stone of the three-staged federal system'. Indeed, municipalities are an important pillar of the political system and political culture in Switzerland. Not only do municipalities form the lowest level of state administration, but they are legally independent public institutions having their own 'constitution', the municipal code, within their sphere of responsibility (Tschäni 1990: 281).

In this chapter the foundation stone of the Swiss federal system is examined more closely. The initial section sets the scene, highlighting the substantial degree of autonomy enjoyed by municipalities as well as some of the difficulties this autonomy has increasingly come to entail. The remainder of the chapter is then devoted to recent developments, especially reform initiatives which have focused on different facets of New Public Management, and concludes with some summary remarks.

### Small municipalities, high autonomy and increasing difficulties

During the last 150 years municipalities have been able to maintain a high degree of autonomy within the cantons, similar to the high degree of autonomy the cantons enjoy within the federal state. Three features serve to illustrate this autonomy:

- First, municipalities exercise substantial freedom in determining the organization of their political systems within terms set by cantonal legislation (see Ladner 1991a). Since the degree of autonomy granted to the municipalities and local preferences vary from one canton to another, however, an enormous variety of political systems is to be found. For example, just under 20 per cent of all municipalities have a local parliament whereas the all others still have a local assembly. Usually it is the bigger municipalities (those with 8,000 to 10,000 inhabitants or more) which have a parliament, but in the two French-speaking cantons of Geneva and Neuchâtel all municipalities, even the very small ones, have a parliament. Similarly, nearly 30 per cent of the municipalities elect their local executive with a system of proportional representation (PR), whereas all others use a majority system. And in about one-third of the cantons municipalities are free to choose between the two systems, whereas in all the others cantonal legislation obliges municipalities to use either PR or majority voting. Finally, in many cantons the municipalities are free to choose the size of their executive, whereas in other cantons the size of the executive is linked to the size of the population.
- Second, Swiss municipalities also exercise far-reaching competencies to fulfil their tasks and provide goods and services. Under a notion of subsidiarity, all activities not explicitly assigned to higher political levels remain within the scope of municipal authority. Some of the main responsibilities of municipal government include administration of social security and public health (hospitals), care for the elderly (including construction of homes for the aged), provision of education, waste treatment, electricity, water, gas and local roads. Municipalities are also in charge of local cultural affairs, the appointment of municipal executive and administrative authorities, stipulation of municipality citizenship requirements, and hold municipal property in trust. Here again, however, there are differences between the cantons.
- Third, fiscal autonomy of the municipalities is especially salient (see, for example, Linder 1991; Linder and Nabholz 1999: 129). Municipalities control their own finances and are free to set the local tax rate, which

amounts to more than one-third of the total tax paid by citizens. In poorer municipalities the local tax rate has to be set up to three or four times higher than in well-off municipalities in order to cover all the expenses. Considering the relative importance of local taxes, this leads to important differences between municipalities, something which is only partly corrected by an elaborate system of financial transfers, both horizontal and vertical.

For the most part cantonal legislation treats municipalities equally, regardless of their size. But there are exceptions, such as giving bigger municipalities the possibility of having a parliament or bringing decisions to the polls, or to exercise greater authority in granting construction permits. The most important differences, however, stem from the fact that municipalities of several hundred inhabitants simply do not have to provide the same services as big cities.

Despite what is said so far, in recent years municipalities have increasingly complained that not only do they lack the resources but also the freedom and authority necessary to fulfil their responsibilities adequately. In part this is because they are being confronted with a growing number of tasks of greater complexity. But in addition there is an increasing interdependency of different levels of government, and municipalities have increasingly become executive organs and administrative units of the state (see Geser *et al.* 1996: 292–336).

Even so, the importance of the municipalities' position is emphasized by the fact that the number of municipalities has changed very little over the years. This is rather astonishing since the size of Swiss municipalities is in general extremely small (see Table 9.1). More than half of all municipalities have less than 1,000 inhabitants. Within Europe, only Greece, France and Iceland have on the average smaller local administrative bodies than Switzerland (Conseil de l' Europe 1995). Only a small percentage of the Swiss population lives in these mini-municipalities, yet unlike many of the Northern European countries, few serious attempts were made to amalgamate municipalities until the 1990s. Between 1848 and 2000 the number of political communities only shrank from 3,203 to 2,896, and in the last 10 years there has been only a small number of mergers in a few of the 26 cantons (Dafflon 1998: 125–8).

### *Increasing difficulties and reforms*

In the last few years municipalities in Switzerland have increasingly come under pressure. A survey of all municipalities in 1998 (see Ladner *et al.*

**Table 9.1** *Distribution of Swiss municipalities by size of municipality, 2000*

<i>Population size</i>	<i>Number</i>	<i>Per cent</i>	<i>Percent of total population</i>
Less than 250	504	17.4	1.0
250 to 500	492	17.0	2.5
500 to 1,000	566	19.5	5.6
1,000 to 2,000	540	18.6	10.7
2,000 to 5,000	503	17.4	22.2
5,000 to 10,000	173	6.0	16.7
10,000 to 20,000	88	3.0	16.8
20,000 to 50,000	22	0.8	8.8
50,000 to 100,000	3	0.1	3.0
More than 100,000	5	0.2	12.8
Total	2,896	100.0	100.0

*Source:* Data from official statistics.

2000) showed that many are stretched to the limit of their capabilities. According to their own estimations income support, care for the unemployed and the functioning of the local executive government (recruitment and inadequate managerial facilities) are particularly problematic. Other critical areas identified are care for asylum-seekers, civil defence, sewage treatment and public transport. If these results are compared with a similar survey undertaken in 1994 (Geser *et al.* 1996), it is apparent that difficulties have increased in almost all task areas, particularly with respect to care for asylum-seekers, civil defence, public transport, provision of sports facilities, care for the elderly, integration of foreigners and youth policies.

With the economic recession occurring in the 1990s, furthermore, the financial position of virtually all municipalities worsened, leading to a sharp rise in the debt quota (Federal Finance Administration 2000). Over the period from 1995 to 1997, according to information provided by their local secretaries, 32 per cent of all Swiss municipalities closed their books at the end of an accounting year with a deficit, and 19 per cent have had to increase taxes since 1994. A comparison of the statements of account from 1995 to 97 with those from 1991 to 93 shows that just less than half of all municipalities that closed their accounts with a budget deficit between 1995 and 1997, had also done so between 1991 and 1993. In recent years, in short, there have been a larger number of structurally weak municipalities.

Social change, especially the processes of individualization, pluralization and secularization, are also becoming increasingly apparent in the

municipalities. According to results from the survey of local secretaries in 1994, citizens have, on the one hand, become more critical and demanding insofar as the performance of the political-administrative apparatus is concerned. They more often contact the authorities directly and try to turn down unwanted projects by legal means. On the other hand, citizens are less willing to play an active part in serving the municipality, or to stand for political office. Municipalities find it very difficult to recruit enough people for all of the different political functions. It should be noted, however, that due to the smallness of the Swiss municipalities there is an enormous number of public posts to be filled. By one estimate they amount to about 3 per cent of the people entitled to vote, and in some smaller municipalities the percentage rises to 10 per cent or more (see Ladner *et al.* 2000: 23 ff).

Of course not all municipalities encounter the same problems. In the eyes of municipal secretaries it is not necessarily the very small municipalities which are suffering most. Rather, the larger a municipality is the more it appears to have reached the limits of its capabilities. One reason for this is that larger municipalities, as regional centres, also have to fulfil more tasks and there is a greater awareness of problems and possible difficulties that this entails.

In line with the increasing difficulties municipalities have experienced in fulfilling their tasks and the worsening of their financial situation in the 1990s, a reform debate has swept over municipalities. A nationwide survey among municipal secretaries carried out in 1998 revealed that the municipalities were not only reconsidering their position within the canton, but also different forms of cooperation with other municipalities or the private sector, amalgamation with other municipalities and reforms of local government (see Ladner *et al.* 2000).

### **Changes in scope and position: cooperation and accountability**

#### *Reallocation of responsibilities*

In recent decades more and more governmental activities have been delegated to municipalities and legal restrictions imposed by higher political levels have been intensified. By the middle of the 1990s a majority of cantons and many municipalities realized that cooperation between the cantonal and the municipal level was far from optimal. It was widely recognized that any major reform of municipal government should first clarify what is to be done by the municipalities and what alternatively is within the scope of cantonal responsibility. Moreover, the flow of financial

resources between the two layers has been considered to be opaque, ineffective and inefficient, violating the 'principle of fiscal equivalence' which states that those who decide what has to be done also have to provide the necessary resources. In almost all cantons, therefore, there have been attempts to review and allocate tasks and resources to the different layers of the state more adequately (see Ladner and Steiner 1998: 24 ff).

Most of the reforms subsequently introduced follow the principle of 'fiscal equivalence', and build on two central ideas: first that transfers to the local level should be made on the basis of the municipalities' possibilities of raising their own resources, and second that fiscal transfers should be given in the form of block grants rather than being tied to the provision of specific tasks (earmarked grants).

The philosophy behind the reallocation of tasks to the different layers of the state comes very close to the concept of New Public Management (NPM). However a variety of problems remain to be solved: which tasks can be left entirely in the hands of municipalities; what is an appropriate financial adjustment between 'rich' and 'poor' municipalities; what kind of goods and services, and according to what standards should be provided by all municipalities; and how can optimal use of municipal resources be assured? To answer some of these questions more transparency is needed with respect to the costs of different services and goods provided by each municipality. To achieve this several cantons are planning an extended benchmarking scheme among the municipalities (see Steiner 2000a).

In general, the principles of subsidiarity and local autonomy have so far not been questioned. In the future, however, local autonomy is most likely to be restricted to an 'operative autonomy', whereas strategic responsibilities will increasingly move to higher state levels. Cantonal authorities will tell the municipalities what to do, and the municipalities will decide how they want to do it.

#### *Cooperation between municipalities becomes even more important*

The most popular reform activity among Swiss municipalities at the end of the 1990s is increased cooperation. In a 1998 survey, two-thirds of the municipalities claimed that they had increased the degree of cooperation with other municipalities within the last five years. For all other municipalities the degree of cooperation had remained unchanged. Of course the idea that municipalities should work together to provide certain services more efficiently is by no means new. In the history of Swiss municipalities there have always been some forms of cooperation, which is not astonishing if we consider the smallness of many of them.

The traditional form of intermunicipal cooperation is an administrative union (*Zweckverband*), an association under public law. In recent years, however, municipalities have increasingly cooperated on the grounds of private law, which offers them more flexibility. This is because public law in Switzerland regulates the organization of the state and administration in terms of sovereignty and is necessarily of binding character, whereas private law regulates the relation between organizations and individuals on equal terms and offers the possibility of specification through contracts. In 1998, at least half of all municipalities worked together with at least one other municipality in fields such as schools, medical care, care for the elderly, refuse disposal, water supply, sewage treatment and civil service. In fields such as support for the unemployed, civil service, fire brigade and medical care, cooperation has been especially intensified within the last few years (see Ladner *et al.* 2000). Even so more intensified cooperation remains possible in quite a few areas, including such fields as general administration (computer networks and facilities, accounting and registration offices), provisions for asylum-seekers, planning, construction permits, public buildings, environmental issues, private transport, integration of immigrants, and local executives. Until now, less than 20 per cent of the municipalities work together in these fields.

For intermunicipal cooperation in general, it seems obvious that in larger territorial units quite a few services profit from 'economies of scales'. But cooperation also raises questions of democratic decision-making and control. How can decisions be taken within a union of municipalities of different size, if the principle of 'one-man one-vote' places smaller municipalities at a disadvantage? How can delegates on the boards of a union of municipalities be controlled democratically and how, in the case of cooperation on the basis of private law, are contracts to be formulated and property rights to be regulated?

#### *Public-private partnership, an 'old' solution rediscovered*

Cooperation with the private sector is also not a new feature for Swiss municipalities; it has long been a necessity (see Ruegg *et al.* 1994). The smallness of many municipalities has not allowed most of them to have a big administration with many civil servants, and more than 60 per cent of all municipalities claimed in a 1994 survey that they regularly relied on the services of private partners (see Geser *et al.* 1996). Services where public-private partnership is especially frequent are construction and planning, where about half of the municipalities need external help. In addition about one-third seek cooperation in the fields of traffic, legal issues and

computer technologies. With the adoption of NPM reforms, privatization and outsourcing have gained additional attractiveness. For some this is because private-sector cooperation is another step in the direction of the neo-liberal minimal state, for others it is because they feel that public services and goods do not have to be produced by the public sector exclusively as long as they remain politically controlled and accountable to the citizens and their representatives.

#### *Amalgamation of municipalities is still not a major issue*

Municipal amalgamation has never been a popular issue in Switzerland. Territorial reforms carried out in most Northern European countries in the 1970s had no influence in Switzerland, and there have never been any serious attempts to reduce the number of municipalities. In the middle of the 1990s, however, amalgamations did become more widely discussed, especially in cantons like Fribourg, Thurgau, Luzern, Tessin and Graubünden, where, with the exception of Lucerne, the municipalities are particularly small.

Considering the stability of municipal boundaries it is quite noteworthy that 20 per cent of the municipalities surveyed in 1998 claimed to have been discussing an amalgamation with one or more neighbouring municipalities. However, only 8 per cent of the municipalities, mainly in the cantons named above, seem to have more precise plans and projects. Nevertheless, a large-scale reform seems unlikely in the near future. To bring all municipalities to a minimal size of 3,000 inhabitants, as was recently suggested by authorities in the canton of Luzern, would mean that 80 per cent of the municipalities would be merged. It remains an open question, furthermore, whether there is anything like an optimal size for municipalities, and whether the traditional form of territorial units with a general responsibility for all local tasks will survive. It is likely, however, that there will be some amalgamations of very small municipalities, especially in cantons like Fribourg and Ticino.

#### *New layers of government, centralization or decentralization?*

There have also been discussions about forming new jurisdictions such as regions or 'greater city areas', or shifting competences to administrative units (*Bezirke*) which already exist in some cantons, but up to now have been of minor importance. Yet having a tight network of administrative units with 26 cantons and about 2,900 municipalities for only seven million people, there is not much enthusiasm for introducing new layers of

government. In the case of rural municipalities the question is whether such regions could really cover a wider range of local tasks and how democratic decision-making would be organized. As in the case of amalgamations, the idea of a partial integration of well-off municipalities is met with reluctance since these municipalities would have to pay more tax and loose political influence. For certain tasks (for example public transport), however, extended city areas seem to be appropriate.

With its 26 cantons and roughly 2,900 municipalities, Switzerland is already a very federalist and decentralized country. Given this situation, it is quite obvious that there is no trend towards more decentralization. What is needed is a more adequate concept of local autonomy and federalism, assigning financial responsibility and accountability wherever possible to one layer of the state only, and, for tasks where such a division is not possible or desirable, to distinguish between strategic functions situated on the higher level, and operational freedom attributed to the lower. To balance structural differences between municipalities, as well as between the members of the federal state, however, a system is needed which assures equal standards as far as public goods and services are concerned, and which does not induce local authorities to behave uneconomically in order to obtain more transfers from higher state levels. In the current reform of inter-governmental relations the concept of minimal standards for services seeks to reduce differences due to federalism and municipal autonomy without infringing too heavily on the discretion of smaller units. Reforms also aim at making financial adjustment more directly based on standard costs for the services provided and giving municipalities more possibilities to allocate their resources by moving away from subsidies towards global transfers.

#### **Politics and administration: decision-making and New Public Management**

##### *Attempts to strengthen executive leadership*

In the face of changing circumstances, municipalities have on their own initiative undertaken a variety of reform measures. As a general trend, the survey carried out in 1998 (Ladner *et al.* 2000) reveals that many municipalities have tried to make decision-making easier and more efficient by shifting competences from the citizens or the legislatures to the executive, and from the executive to the administration or to the different specialized commissions (for schools, planning, construction and so on), as well as by reducing the number of commissions or by reducing the size of all these

bodies. In some cases they have extended the administration or transferred services and tasks to the private sector. Reforms of the political system have been more seldom. There is a slight tendency to replace majority voting with proportional representation (PR) voting as far as the electoral system for the local executives is concerned, although there are also examples of shifts from PR to majority voting. Yet regardless of the voting system adopted, all important parties are usually represented in the executives due to the so-called 'freiwilliger Proporz' (voluntary proportionality). A shift from majority to PR voting should therefore not necessarily be considered as a change from 'concentration of power' to 'power sharing', but rather as a formalization of an informal rule for power sharing. Municipalities with rather large executive bodies, furthermore, have tended to reduce the number of seats. However, all these changes can be considered as minor reforms, hardly likely to increase overall municipal performance. Of greater significance in this regard is the spread of New Public Management measures.

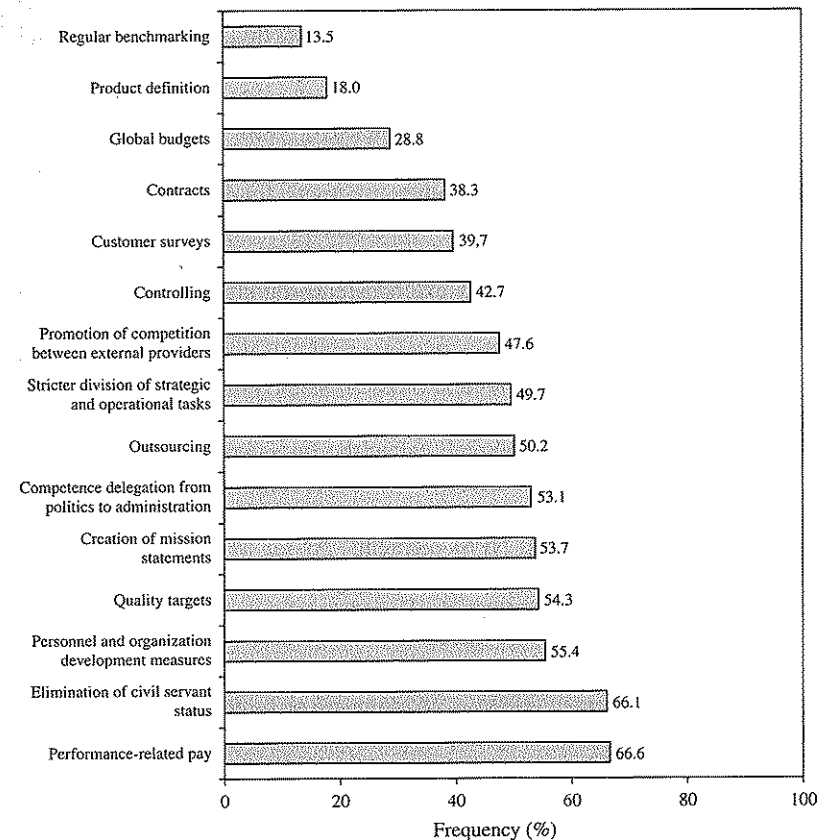
#### *The spread of New Public Management in Switzerland*

Internationally, New Public Management (NPM) is a label referring to comprehensive reform of the public sector aimed at the administration as well as the political side of local government. The idea that NPM means everybody is doing more or less the same thing, however, has rightly been questioned (cf Pollitt 2000: 184). Not all countries have started from the same point, either in terms of the shape of their public sector or in terms of what they think about the role and character of the state. Nor do all governments possess the same capacities to implement reform – note, for example, the difficulties of federalist countries. And finally, many OECD countries have welfare-state organizations that are not organized along strict bureaucratic lines. State schools, hospitals and social and community services agencies have a variety of forms in which autonomous professionals and not bureaucrats are the key actors (Clarke and Newman 1997). This last observation is particularly true for Switzerland.

In the Swiss case, the wave of New Public Management swept over the country in the course of the 1990s. Some initial pilot projects were first launched in the mid-1990s in municipalities within the cantons of Bern, Basel-Land and Zurich (Haldemann and Schedler 1995: 100), and since then the number of NPM reform projects has risen considerably. Thus, a survey of cantons conducted in 1998 showed that NPM reform projects were underway in 24 out of 26 cantons (Ladner and Steiner 1998: 23), and a survey of municipalities at the end of 1998 revealed that over a third had

already considered NPM reforms (Ladner *et al.* 2000: 128f). Although it cannot be said that NPM is an issue throughout Switzerland, NPM theory has been received favourably in practice. Approximately a quarter of the municipalities claim that not only have they considered NPM reforms, but that they have even taken the first steps towards implementing NPM measures.

Among the municipalities claiming that they have taken the first steps, however, only a small portion have already implemented core elements of NPM, such as product definitions, global budgets, performance agreements and contracts (see Figure 9.1). These elements are essential to operate a



**Figure 9.1** Elements of New Public Management implemented in Swiss municipalities with NPM reform projects (N = 590)

Source: Local secretary survey 1998 (see Ladner *et al.* 2000).

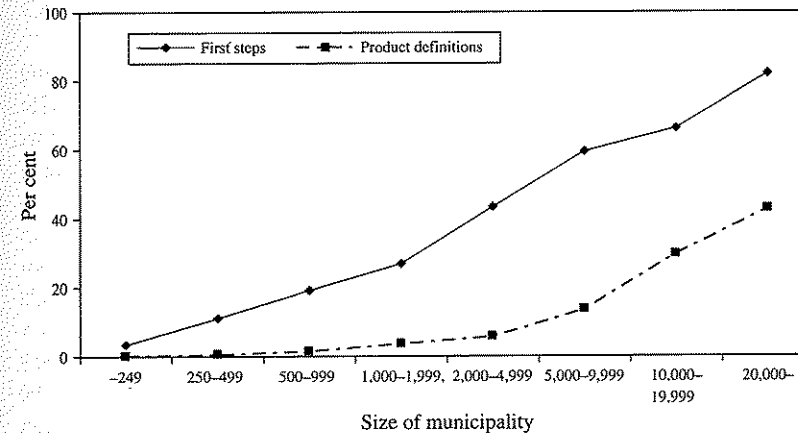


municipal administration in a performance- and outcome-oriented fashion (Schedler and Proeller 2000: 121–2). More popular in Swiss municipalities are changes in the human resources area (elimination of the civil servant status, performance-related pay, and personnel development measures). This is related to the goal of adjusting working conditions in the public sector to those of the private sector. Alongside human resource management, normative strategic management is also gaining in importance, a trend that can be seen in the creation of mission statements and the delegation of operational tasks from the political to the administrative sphere.

It is interesting to note, moreover, that the few municipalities that have already defined products (less than 20 per cent of all NPM municipalities) have also implemented numerous other NPM measures, both in the narrow sense and in the wide sense. This includes a stricter division of strategic and operational tasks, performance agreements and controlling. These instruments are used in four out of five municipalities with product definitions, which supports the theory that comprehensive NPM involves the instruments that enable an outcome-orientation. Many of these instruments are also mutually dependent on one another: contracts, for example, make more sense with product definitions.

Having such a large number of small municipalities as does Switzerland, it is interesting to know to what extent small municipalities are able to respond to NPM reforms, or whether NPM can only be implemented in the few larger municipalities. Empirical evidence shows that up to now NPM is not widely spread in the smaller and medium-sized municipalities with less than 5,000 inhabitants, whereas most of the larger municipalities with more than 5,000 inhabitants have already taken the first steps with NPM in one form or another (cf Figure 9.2). It is worth highlighting that among municipalities with a size of more than 20,000 inhabitants, four-fifths have already implemented initial NPM elements. As far as the introduction of product definitions as an indication of increased outcome orientation is concerned, the data show that small and medium-sized municipalities hardly use this at all.

In a Swiss perspective the reason that it is more often the bigger municipalities which implement NPM is not so much to be found in a more conservative, generally more sceptical approach to reforms on the part of the smaller municipalities, but rather in the nature of the larger municipalities and towns with bigger and more complex administrative structures, and their need to bridge the gap to the general public, to simplify work processes and to optimize the task of administration generally. On the other hand, it seems likely that only the larger administrations can afford to implement NPM, because in contrast to small municipalities, they have the



**Figure 9.2** First steps with New Public Management and the implementation of product definitions in Switzerland by size of municipality ( $N_{min} = 30$ ,  $N_{max} = 569$ )

Source: Local secretary survey 1998 (see Ladner *et al.* 2000).

necessary human and financial resources, as well as the necessary know-how. Reforms are in this sense very likely driven by a combination of need and resources.

What has led the municipalities to start NPM reforms? Empirical evidence shows that it is certainly not only the lack of resources or financial problems. There are obviously municipalities that turn to NPM reforms in reaction to their difficult financial situation (budget deficits), but others (with budget surpluses) introduce NPM for other reasons. These latter municipalities may be thought of as proactive rather than reactive, taking advantage of the resources they have.

Within the individual language regions, the portion of the German-speaking municipalities implementing NPM is the largest (more than one-third). While 13 per cent of the Italian-speaking municipalities state that they have some practical experience in NPM, the figure for the French-speaking municipalities is less than 10 per cent. This cautious attitude to NPM on the part of French-speaking Switzerland is quite surprising. One reason may be that the Swiss advocates of NPM (Ernst Buschor and Kuno Schedler) are German-speaking, and German-speaking Switzerland has traditionally been far more open to innovations from Germany, Holland and Anglo-Saxon nations. French-speaking Switzerland, by comparison, is more strongly oriented to France, a country in which NPM is not yet very widely spread (Steiner 2000b).

*Citizen participation in decision-making*

As for attempts to increase citizens' participation in decision-making processes such as those observed in other countries (see Von Beyme 1996: 162ff), Swiss citizens have long enjoyed far-reaching means of influencing political decisions. This applies not only on the national level but especially at the local level. Basically there are two distinct systems: bigger municipalities and many of those in the French-speaking part of Switzerland have a local parliament where citizens have the possibility of undertaking initiatives to change the communal code and to initiate (optional) referenda against projects and decisions of the parliament or the executive. Furthermore, in the case of expenditures above a certain limit, a compulsory referendum is (automatically) mandated. Smaller municipalities, on the other hand, have a local assembly which is held two to four times a year, where citizens are entitled to vote on the proposals put forward by the executive. In the course of the assembly they also have the possibility of altering the content of those proposals. Citizens in most of the municipalities with assemblies also have the possibility of launching initiatives by collecting signatures, to seek a referendum against proposals and decisions of the executive, and sometimes even against decisions of the local assembly (see Ladner 1991b; Lafitte 1987).

Given existing possibilities for citizen influence, in short, the idea of introducing or increasing direct democracy is not an issue in Swiss municipal reforms. If there are changes, they are aimed at making compulsory (financial) referenda optional. This implies a reduction in the number of referenda to be held: if no opposition against a project arises, no ballot has to be held. However, there have been attempts to increase the involvement of citizens in local politics, particularly with the aim of committing people to a project and preventing a failure at the final decision stage. In a survey conducted in 1994, almost two-thirds of the municipalities claimed that they more often organize meetings to inform their citizens and try to integrate them in the planning process for municipal projects. By comparison, only about 15 per cent claimed that they had increased the scope of initiatives and referenda. Additionally, New Public Management reforms also oblige authorities to find out whether their 'customers' agree with the quality of the goods and services they provide, and increasingly push them to conduct surveys. Goal-oriented political steering needs to know what goals are to be achieved. Ideally these goals have to be defined jointly with citizens and fixed with a mid-term perspective in a municipal development or legislature programme.

**Conclusion – similar but different**

At the end of the twentieth century, Swiss municipalities have experienced a wave of reforms and institutional changes. It is interesting to note that the different reform activities at the local level are closely connected to each other, and that the philosophy behind NPM (at least in its steering orientation rather than a purely economic version) serves as a blueprint for almost all reform activities. Any reorganization of local government has to make clear first which goods and services remain the prerogative of local authorities, where cooperation with the private sector or other municipalities makes more sense, and which layer of the state is accountable. With the idea of strategic political decisions and operative freedom, with global budgeting on the bases of contracts and facilities to control output, perspectives are offered which can be applied not only to the reorganization of local governments but also to the different forms of cooperation, outsourcing and contracting-out and the repartition of tasks between the different layers of the state.

Despite all these reform activities, it is impossible to foresee at the moment what local government in Switzerland will look like in future. A large-scale amalgamation of the numerous very small municipalities seems very unlikely, not only because it would be met by strong political resistance, but also because different tasks need different territorial boundaries. Intensified cooperation among municipalities, public-private-partnerships and better clarification of cooperation with higher levels of the state along with reforms of local government seem to be more promising.

Compared to what is happening in other countries, the question is whether Swiss reform activities give support to the idea of Switzerland as a special case (*Sonderfall*), or whether the developments follow a pervasive international trend? According to Naschold's meta-analysis of various local authority reform programmes throughout the world in the mid-1990s, the following reform trends can be observed internationally (Naschold 1997: 15–48): internal modernization of the public administrations involving the elements of performance control, budgeting and human resource management; 'democratisation' of the municipalities (opening up of the decision-making procedures, transfer of public tasks to the municipalities); a stronger market orientation of municipalities (benchmarking, outsourcing, performance agreements, legal independence and privatization); and an ongoing decentralization (see also Lane 1997; Dente and Kjellberg 1988; Stoker 1996; Wollmann 1998).

As far as NPM is concerned, Switzerland has followed the same development as other countries, perhaps with a time lag of a few years. Market

orientation is currently being intensively discussed and first attempts are apparent, but necessary instruments such as benchmarking and performance agreements have only been introduced in the larger towns so far. But Switzerland does not follow the international trend when it comes to democratization and decentralization of the administration in the sense of decision-making procedures and task distribution. Indeed, in numerous important task areas (welfare, schools and hospitals for example) the role of the cantons is being confirmed. The Swiss municipalities are being given more organizational autonomy (operational freedom), but they are seeing a decline in material and task-specific autonomy. This may have something to do with the fact that on an international scale Swiss municipalities are small and have a relatively large amount of autonomy with a broad task profile. Similarly, there are only very few attempts to increase the already far-reaching means of direct democratic participation. On the contrary, there have been attempts to limit ballots solely to more important questions. In these respects then, Switzerland is still not completely in line with other countries.

## 10 The United Kingdom: an increasingly differentiated polity?

*David Wilson*

Elected local government in the UK is now but one part of a complex mosaic of agencies concerned with community governance. In the last two decades its role as a *direct* service provider has declined markedly. Partnerships at local level have increased: elected local authorities now 'share the turf' with a wide range of non-elected agencies conventionally known as 'local quangos' – quasi-autonomous non-governmental organizations – including health authorities, police authorities, learning and skills councils. The once dominant position of elected local government has been challenged by the 'quango explosion' and by the increased involvement of voluntary agencies and private-sector bodies in service delivery. As Jim Bulpitt (1989: 57) observed, local government used to rank as one of Oakeshott's subjects of 'unimaginable dreariness'. In the last decade, however, it has become high profile, even exciting!

The Conservative governments of Margaret Thatcher and John Major saw local government at a low ebb. Stoker (1999a: 1) provides a good summary of the situation:

What happened to British local government during the period of Conservative government from 1979 to 1997 was in many respects a brutal illustration of power politics. The funding system was reformed to provide central government with a considerable (and probably unprecedented) level of control over spending. Various functions and responsibilities were stripped away from local authorities or organised in a way that obliged local authorities to work in partnership with other public and private agencies in the carrying out of the functions.

After 18 years of Conservative rule, a Labour government was elected in 1997 having stated in its election manifesto that 'local decision-making