

# URBAN INNOVATION AND AUTONOMY

Political Implications  
of Policy Change

Edited by Susan E. Clarke

# URBAN INNOVATION AND AUTONOMY

## URBAN INNOVATION

**Urban Innovation** stems from the Fiscal Austerity and Urban Innovation Project (FAUI), the most extensive study to date of local government. Made up of 51 international research teams, this Project documents and analyzes the adoption of innovations by local governments, combining a large scale sophisticated research effort with decentralized data collection, interpretation, and policy analysis.

This series will include monographs on a particular theme, such as privatization of urban services, as well as volumes with a more collective emphasis, such as the effects of innovative policies on local communities internationally. Cross-disciplinary in scope, these volumes will be suitable for courses in urban politics, community decision making, urban administration, and related courses, in addition to appealing to mayors, council members, planners, and other policymakers.

### Volumes in this series:

#### 1. URBAN INNOVATION AND AUTONOMY,

*Edited by Susan E. Clarke*

### Forthcoming in this series:

DEFENDING CITY WELFARE, *Edited by Poul Erik Mouritzen*

URBAN INNOVATION IN AMERICA, *Edited by Terry Nichols Clark*

# URBAN INNOVATION AND AUTONOMY

Political Implications  
of Policy Change

URBAN INNOVATION Volume 1



**SAGE PUBLICATIONS**

*The Publishers of Professional Social Science*

Newbury Park London New Delhi

Copyright © 1989 by Sage Publications, Inc.

All rights reserved. No part of this book may be reproduced or utilized in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage and retrieval system, without permission in writing from the publisher.

*For information address:*



SAGE Publications, Inc.  
2111 West Hillcrest Drive  
Newbury Park, California 91320

SAGE Publications Ltd.  
28 Banner Street  
London EC1Y 8QE  
England

SAGE Publications India Pvt. Ltd.  
M-32 Market  
Greater Kailash I  
New Delhi 110 048 India

Printed in the United States of America

Library of Congress Cataloging-in-Publication Data

Main entry under title:

Urban innovation and autonomy : political implications of policy  
change / edited by Susan E. Clarke.

p. cm. -- (Urban innovations : v. 1)

Bibliography: p.

ISBN 0-8039-3139-5. -- ISBN 0-8039-3140-9 (pbk.)

1. Urban policy--United States. 2. Urban policy--Europe.  
3. Municipal finance--United States. 4. Municipal finance--Europe.  
I. Clarke, Susan E., 1945- II. Series.

HT123.U7455 1989

320.8'5--dc20

89-10513  
CIP

**FIRST PRINTING, 1989**

# Contents

Series Editor's Introduction	
<i>Terry Nichols Clark</i>	7
About the Contributors	16
1. Urban Innovation and Autonomy: Cross-National Analyses of Policy Change	
<i>Susan E. Clarke</i>	21
2. Coping in American Cities: Fiscal Austerity and Urban Innovations in the 1980s	
<i>Lynn M. Appleton and Terry Nichols Clark</i>	31
3. Free to Choose? The Case of Affluent Norwegian Municipalities	
<i>Harald Baldersheim, Sissel Høvik,     Helge O. Larsen, Lawrence Rose,     and Nils Aarsæther</i>	69
4. Fiscal Policymaking in Times of Resource Scarcity: The Danish Case	
<i>Poul Erik Mouritzen</i>	100
5. Local Leadership and Bureaucratic Legitimacy: The Finnish Case	
<i>Ari Ylönen</i>	128
6. Fiscal Retrenchment and the Relationship Between National Government and Local Administration in the Netherlands	
<i>Anton Kreukels and Tejo Spit</i>	153
7. French Local Policy Change in a Period of Austerity: A Silent Revolution	
<i>Vincent Hoffmann-Martinot     and Jean-Yves Nevers</i>	182

8. Analyzing Determinants of Fiscal Policies in French Cities	
<i>Richard Balme</i>	213
9. The Political Implications of Fiscal Policy Changes: An Overview	
<i>Susan E. Clarke</i>	236
Appendix: Fiscal Austerity and Urban Innovation Project Questionnaires	252
Index	283

## Series Editor's Introduction

The Sage Series in Urban Innovation emerges from the Fiscal Austerity and Urban Innovation (FAUI) Project, which has become the most extensive study of local government in the world. In the United States it includes surveys of local officials in all municipalities over 25,000 population, nearly 1,000. In some 35 other countries, analogous studies are in progress. While project costs exceed \$10 million, they have been divided among the participating teams so that some have participated with quite modest investments. Our goal is to document and analyze adoption of innovations by local governments, and thus to sharpen the information base of what works, where, and why. The Project is unusual if not unique in combining a large-scale sophisticated research effort with decentralized data collection, interpretation, and policy analysis. The Project's potential to help cities provide better services at lower costs has heightened interest by public officials. The wide range of survey items makes the data base unique for basic researchers in many related topics. Data are available to interested researchers through the Inter-University Consortium for Social and Political Research, Ann Arbor, Michigan. The Project remains open to persons interested in participating in different ways, from attending conferences to analyzing the data or publishing in the Project's *Newsletter*, its annual volume, *Research in Urban Policy* (JAI Press), or the Sage series in Urban Innovation.

Books in the Sage Series in Urban Innovation may include monographs by a single individual or collective works on a Project theme. The term *fiscal austerity* is not included in the name of the book series because it is not salient to all Project participants; urban innovation is. The availability of a comparable core of data from around the world heightens the international interest even of a volume that focuses on a single country, since teams elsewhere may be encouraged to pursue similar work in other national contexts. Volumes may address a topic in depth in one or more English-speaking countries, or may compare patterns in two or more non-English-speaking countries.

Volumes for the series are reviewed by the Editorial Board: Terry Nichols Clark, University of Chicago, Chair; Harald Baldersheim, University of Bergen; Susan E. Clarke, University of Colorado; Gerd-Michael Hellstern, University of Berlin; David Morgan, University of



Oklahoma; Poul Erik Mouritzen, University of Odense; Robert Stein, Rice University. The Board normally meets with Sage staff once a year in Europe, and once in the United States.

## Background

The Project emerged in the summer of 1982. Terry Clark, Richard Bingham, and Brett Hawkins had planned to survey the adaptation of 62 U.S. cities to austerity. We circulated a memo summarizing the survey and welcomed suggestions. The response was overwhelming: People across the United States and in several other countries volunteered to survey leaders in their areas, covering their own costs. Participants were initially attracted by the opportunity to compare cities near them with others. As it seemed clear that we would cover most of the United States, others volunteered to survey remaining states. The result was a network of some 26 U.S. teams using a standard methodology to survey local public officials; the teams pooled their data, and then made the information available to all. The Project spread internationally in the same manner.

While the Project emerged quite spontaneously, it built on experiences joining many participants. Research funds have progressively declined, yet urban research has increased in sophistication and scale. In the past 15 years a few large empirical studies have had major impacts on urban policy analysis. Social scientists and policy analysts increasingly use such studies, but data collection costs are so high that each individual cannot find a grant to collect data he or she might desire. A collective effort thus offers clear payoffs. This situation, recognized in the late 1970s, was the focus of a conference in 1979, where 20 persons presented papers that reviewed the best urban policy research to date, outlined central hypotheses, and itemized critical indicators that might be collected in future work. Seven participants (Terry Clark, Ronald Burt, Lorna Ferguson, John Kasarda, David Knoke, Robert Lineberry, and Elinor Ostrom) then extended the ideas from the separate papers in "Urban Policy Analysis: A New Research Agenda." It was published with the separate papers as *Urban Policy Analysis* (Urban Affairs Annual Reviews, Vol. 21, Sage Publications, 1981). Several persons and many topics from *Urban Policy Analysis* found their way into the present Project.

The Permanent Community Sample (PCS), a national sample of 62 U.S. cities monitored over 20 years, provides a data base and research

experience on which the Project built. Many questionnaire items, and methodologies for studying urban processes, were derived from the PCS. Fresh data have regularly been made publicly available; a small data file, provided with a self-instruction manual, has been used for teaching at many universities. Several hundred articles and books have used the PCS; the most comprehensive is T. N. Clark and L. C. Ferguson's *City Money: Political Processes, Fiscal Strain, and Retrenchment* (Columbia University Press, 1983). Basic research and public policy issues have both been addressed, such as how fiscally strained cities are and what solutions they can adopt. These and related issues have been discussed in the United States in conferences, workshops, and publications involving the Department of Housing and Urban Development, U.S. Conference of Mayors, International City Management Association, Municipal Finance Officers Association, and their state and local affiliates. Similar groups have participated internationally, such as the German Association of Cities and many individual local officials. Project participants have come to know each other through professional associations such as the American Political Science Association, International Sociological Association, and European Consortium for Political Research. Meetings in Denver and San Francisco in August 1982 facilitated launching the Project. The international component developed via the Committee on Community Research of the International Sociological Association. This committee had helped organize a conference in Essen, Germany, in October 1981, which led to three volumes published in English by the German HUD: *Applied Urban Research*, edited by G.-M. Hellstern, F. Spreer, and H. Wolman. This Essen meeting and a Mexico City meeting in August 1982 helped extend the Project to Western Europe and other countries.

Since the Project began in 1982, conferences have been held regularly around the world, often with meetings of larger associations, especially the European Consortium for Political Research in the spring and American Political Science Association in the summer.

### **The Survey: The Most Extensive Study to Date of Urban Decision Making and Fiscal Policy**

The mayor, chair of the city council finance committee, and chief administrative officer or city manager have been surveyed using identical questions in each city of the United States with a population over

25,000—nearly 1,000 cities. Most U.S. data collection was completed in the winter and spring of 1983. Questionnaires were mailed; telephone follow-ups and interviews were used to increase the response rate. The questionnaire includes items on fiscal management strategies the city has used (from a list of 33, such as contracting out, user fees, privatization, across-the-board cuts, reducing work force through attrition, and deferred maintenance of capital stock), as well as revenue forecasting, integrated financial management systems, performance measures, management rights, and sophistication of economic development analyses. Unlike most studies of local fiscal policy, the Project includes items about local leadership and decision-making patterns, such as preferences of the mayor and council members for more, less, or the same spending in 13 functional areas. Other items include questions on policy preferences, activities, and impact on city government by 20 participants, including city employees, business groups, local media, the elderly, city finance staff, and federal and state agencies. Several items come from past studies of local officials and citizens, thus permitting comparisons of results over time. New data are often shared among Project participants for the first year and then made available to others.

## Participants and Coordination

The Project Board, chaired by William Morris, former mayor of Waukegan, Illinois, includes civic leaders and public officials. Terry Clark is coordinator of the Project. Most decisions evolve from collegial discussion. Many participants have 10 to 20 years of experience in working together as former students, collaborators in past studies, and coauthors of many publications. Mark Baldassarre and Lynne Zucker developed the U.S. survey administration procedures. Robert Stein played a leading role in merging U.S. Project data from 26 teams with data from the Census and elsewhere. Paul Eberts is coordinating surveys of counties and smaller municipal governments involving more than a dozen other persons in a closely related study. Participants include persons who helped devise the study, collect or analyze data, or participate in conferences and policy implementation activities. Data collection is complete in the United States and most European countries; it is still under way in some others. Resurveys to assess changes are under consideration.

***FAUI Project Participants in the United States***

- *Arizona*: Albert K. Karnig
- *California*: Mark Baldassarre, R. Browning, James Danzinger, Roger Kemp, John J. Kirilin, Anthony Pascal, Alan Saltzstein, David Tabb, Herman Turk, Lynne G. Zucker
- *Colorado*: Susan E. Clarke
- *Washington, D.C.*: Jeff Grady, Richard Higgins, Charles H. Levine
- *Florida*: James Ammons, Lynn Appleton, Thomas Lynch, Susan MacManus
- *Georgia*: Frank Thompson
- *Illinois*: James L. Chan, Terry Nichols Clark, Burt Ditkowsky, Warren Jones, Lucinda Kasperson, Rowen Miranda, Bill Morris, Tom Smith, George Tolley, Laura Vertz, Norman Walzer
- *Indiana*: David A. Caputo, David Knoke, Michael LaWell, Elinor Ostrom, Roger B. Parks, Ernest Rueter
- *Kansas*: Robert Lineberry, Paul Schumaker
- *Louisiana*: W. Bartley Hildreth, Robert Whelan
- *Maine*: Lincoln H. Clark, Khi V. Thai
- *Maryland*: John Gist
- *Massachusetts*: Dale Rogers Marshall, Peter H. Rossi, James Vanecko
- *Michigan*: William H. Frey, Bryan Jones, Harold Wolman
- *Minnesota*: Jeffrey Broadbent, Joseph Galaskiewicz
- *Nebraska*: Susan Welch
- *New Hampshire*: Sally Ward
- *New Jersey*: Jack Rabin, Joanna Regulska, Carl Van Horn
- *New York*: Roy Bahl, Paul Eberts, Esther Fuchs, John Logan, Melvin Mister, Robert Shapiro, Joseph Zimmerman
- *North Carolina*: John Kasarda, Peter Marsden
- *Ohio*: Steven Brooks, Jesse Marquette, Penny Marquette, William Pammer
- *Oklahoma*: David R. Morgan
- *Oregon*: Bryan Downes, Kenneth Wong
- *Pennsylvania*: Patrick Larkey, Henry Teune, Wilhelm van Vliet
- *Puerto Rico*: Carlos Muñoz
- *Rhode Island*: Thomas Anton, Michael Rich
- *Tennessee*: Mike Fitzgerald, William Lyons
- *Texas*: Charles Boswell, Richard Cole, Bryan Jones, M. Rosentraub, Robert Stein, Del Tabel
- *Virginia*: Robert DeVoursney, Pat Edwards, Timothy O'Rourke
- *Washington*: Betty Jane Narver
- *Wisconsin*: Lynne-Louise Bernier, Richard Bingham, Brett Hawkins, Robert A. Magill
- *Wyoming*: Cal Clark, Oliver Walter

The non-U.S. participants are among the leading urban analysts in their respective countries, and in several cases direct major monitoring studies with multiyear budgets, including collection of data directly comparable to those in the United States. Gerd-Michael Hellstern, University of Berlin, is coordinating the European teams participating in the Project. Ed Prantilla coordinated the Project in six Asian countries. The survey items are being adapted to different national circumstances, retaining the basic items wherever possible to permit cross-national comparisons.

### *FAUI Teams Outside the United States*

- *Argentina*: Martha Diaz Villegas de Landa
- *Australia*: John Robbins
- *Austria*: H. Bauer
- *Belgium*: Dr. Stassen, Marcel Hotterbeex, Catherine Vigneron
- *Bulgaria*: N. Grigorov, O. Panov
- *Canada*: Andrew S. Harvey, Caroline Andrews, Dan Chekki, Jacques Levilee, James Lightbody, Mary Lynch
- *China*: Min Zhou
- *Denmark*: Carl-Johan Skovsgaard, Finn Bruun, Poul Erik Mouritzen, Kurt Houlberg Nielsen
- *Fiji*: H. M. Gunasekera
- *Finland*: Ari Ylonen, Risto Harisalo
- *France*: Richard Balme, Jean-Yves Nevers, Jeanne Becquart-Leclercq, P. Kukawka, T. Schmitt, Vincent Hoffmann-Martinot
- *Great Britain*: A. Norton, P. M. Jackson, Michael Goldsmith
- *Greece*: Elias Katsoulis, Elisavet Demiri, Clemens Koutsoukis
- *Hong Kong*: P. B. Harris
- *Hungary*: G. Eger, Peteri Gabor
- *Indonesia*: Hatomi, Jonker Tamba
- *Israel*: Daniel Elazar, Avraham Brichta
- *Italy*: Guido Martinotti, Enrico Ercole
- *Japan*: Hachiro Nakamura, Nobusato Kitaoji, Yoshiaki Kobayashi, Yasukuni Iwagami
- *Kenya*: Daniel Bourmaud
- *Netherlands*: A.M.J. Kreukels, Tejo Spit
- *Nigeria*: Dele Olowu, Ladipo Adamolekun
- *Norway*: Harald Baldersheim, Helge O. Larsen, Jonny Holbek, Sissel Hovik, Kari Hesselberg, Nils Aarsæther, Sølbjorg Sørensen, Synnøve Jenssen, Lawrence Rose
- *Philippines*: Ramon C. Bacani, Ed Prantilla
- *Poland*: Gregory Gorzelak, J. Regulski, Z. Dziembowski, Pawel Swianewicz, Andrew Kowalczyk

- *Portugal*: J. P. Martins Barata, Maria Carla Mendes
- *Republic of Korea*: Choong Yong Ahn
- *Senegal*: Abdul Aziz Dia
- *Spain*: Cesar E. Diaz
- *Sweden*: Hakan Magnusson, Lars Strömberg, Cecilia Bökenstrand
- *Switzerland*: A. Rossi, Alberto Naef, Claude Jeanrenaud, Michel Bassand, Erwin Zimmermann
- *Turkey*: U. Ergudor, Ayse Gunes-Ayata
- *West Germany*: B. Hamm, D. H. Mading, Gerd-Michael Hellstern, H. J. Wienen
- *Yugoslavia*: Peter Jambrek

Participation in the Project is relatively open; teams continue to join, especially outside the United States, as they learn of the Project and find ways to merge it with their own activities. Austerity is an issue that links the less affluent countries of the world with others, and one with which the less affluent countries have had more experience. Thus they may be able to offer some distinctive lessons.

## Research Foci

Project participants are free to analyze the data as they like, but past work indicates the range of concerns likely to be addressed. The seven-author statement "Urban Policy Analysis: A New Research Agenda" mentioned above outlines several dozen specific hypotheses. Many specific illustrations appear in Project publications, such as the four volumes of *Research in Urban Policy* completed to date; *Urban Innovations as Response to Urban Fiscal Strain* (Verlag Europäische Perspektiven, 1985), edited by Terry Clark, Gerd-Michael Hellstern, and Guido Martinotti; and several country-specific reports. Over 100 papers have been presented at Project conferences, listed in the *Newsletter*. Some general themes follow.

### *Innovative Strategies Can Be Isolated and Documented*

Showcase cities are valuable in demonstrating that new and creative policies can work. Local officials listen more seriously to other local officials showing them how something works than they do to academicians, consultants, or national government officials. Specific cases are essential for persuasion. But as local officials seldom publicize their innovations, an outside data collection effort can bring significant

innovations to more general attention. Relevant questions include the following: What are the strategies that city governments have developed to confront fiscal austerity? How do strategies cluster with one another? Are some more likely to follow others as a function of fiscal austerity? Strategies identified in the survey are being detailed through case studies of individual cities.

***Local Governments That Do and  
Do Not Innovate Can Be Identified:  
Political Feasibility Can Be Clarified***

One can learn from both failure and success. Local officials often suggest that fiscal management strategies like contracting out, volunteers, and privatization are “politically infeasible”; they may work in Phoenix, but not in Stockholm. Yet why not — specifically? Many factors have been hypothesized, and some studied, but much past work is unclear concerning how to make such programs more palatable. The Project is distinctive in probing adoption of innovations, tracing diffusion strategies, and sorting out effects of interrelated variables. Interrelations of strategies with changes in revenues and spending are also being probed.

***National Urban Policy Issues***

In several countries, and especially the United States, fiscal austerity for cities is compounded by reductions in national government funding for local programs. How are cities of different sorts weathering these developments? Scattered evidence suggests that cities are undergoing some of the most dramatic changes in decades. When city officials come together in their own associations, or testify on problems to the media and their national governments, they can pinpoint city-specific problems. Yet they have difficulty specifying how widely problems and solutions are shared across regions or countries. The Project can contribute to these national urban policy discussions by monitoring local policies and assessing the distinctiveness of national patterns. Fiscal strain indicators of the sort computed for smaller samples of cities are summarized nationally. Types of retrenchment strategies are being assessed. Effects of national program changes are being investigated, such as stimulation-substitution issues. A 269 page report of key national trends in 12 countries has been published by Poul Erik Mouritzen and Kurt Nielsen: *Handbook of Urban Fiscal Data* (University of Odense, Denmark, 1988).

## **Conclusion**

The Project is such a huge undertaking that initial participants doubted its feasibility. It was not planned in advance, but evolved spontaneously as common concerns were recognized. It is a product of distinct austerity in research funding, illustrating concretely that policy analysts can be innovative in the ways they work together. But most of all, it is driven by the dramatic changes in cities around the world, and a concern to understand them so that cities in the future can better adapt to pressures they face. Volumes in the Sage series in Urban Innovation report on these developments.

— Terry Nichols Clark  
Series Editor



## About the Contributors

**Nils Aarsæther** received the degree of Dr. Philos. from the University of Tromsø, Norway, in 1986, with a thesis on budgetary behavior under financial strain. Since 1974, he has held Lecturer and Research Fellow positions at the Institute for Social Sciences, University of Tromsø, and in 1984-85 he was Visiting Researcher at the Institute of Political Science, University of Århus, Denmark. From 1976 to 1987, he directed four research projects financed by the Norwegian Council for Research in the Sciences and Humanities. His research has been in the area of local government organization, with an emphasis on development policies, budgeting, and central-local reforms. He has coedited and contributed to several books on municipal and regional development.

**Lynn M. Appleton** is an Associate Professor in the Department of Sociology and Social Psychology at Florida Atlantic University in Boca Raton, Florida. She has been part of the FAUI Project since the early days of data gathering and cleaning and is glad to have lived long enough to analyze the data. Her current research is on governmental structure and policy outputs, and she is planning work with FAUI cross-national data.

**Harald Baldersheim** received his Ph.D. from the University of London (LSE) in 1977. He is Professor of Public Administration at the University of Bergen and a Senior Research Fellow at the Norwegian Research Centre in Organization and Management. His recent publications include "When Nobody Wants to Say No" in *Research in Urban Policy* (Vol. 2), edited by T. N. Clark (1986), and several Norwegian-language publications regarding local government in Norway. His research interests include leadership and organizational change in local government, service delivery systems and consumer behavior under nonmarket conditions, and authority structures in private and public organizations.

**Richard Balme** is Chargé de Recherche for the Fondation Nationale des Sciences Politiques and works with the Centre d'Étude et de Recherche sur la Vie Locale in Bordeaux. From 1986 to 1988, he was