

## **POLICY, MARKETS AND THE DECENTERED STATE**

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## **Abstract**

Starting from a critique of standard comparative approaches that have emphasized federalism as the primary element of decentralization, this paper contends that governance and markets at the local and metropolitan level are often most crucial to decentralization and its effects. Those effects also extend beyond the market preservation emphasized by Weingast to politico-economic influences on social and environmental policy. Adapting the influential politico-economic framework of Tiebout, my analysis derives three types of national infrastructures for local governance. Principal components analysis of fiscal and institutional indicators for sixteen developed countries verifies that existing systems sort out into these types. Comparative case analysis of local French, German and U.S. environmental and social policy in a total of eleven urban regions shows that these types can make more of a difference for policy outputs than federalism.

In the developing as well as the developed world, the decentered state has increasingly emerged as the norm. The Washington consensus behind decentralization takes its most striking form in the argument of Barry Weingast for a “market-preserving” federalism. Taking the logic of local territorial competition first set forth by Tiebout (1956) for U.S. metropolitan areas as a starting point, this argument specifies a model that portrays decentralization as a foundation for economic dynamism in the developing world. Comparative analysis of the effects from territorial institutions on markets and policy in the developed world reveals major analytical and normative difficulties with this account. Weingast and other American or U.S.-influenced analysts who have applied these models to comparative politics have mostly based their analyses on the difference between federal and unitary states, and have focused exclusively on the promotion of markets. Yet the Tiebout model was originally conceived as an analysis of localities within a metropolitan market, and it is at this level where the strongest markets among places are likely to emerge. Within these urban regions, moreover, the “preservation” or fostering of those markets exerts crucial effects not only on economic choices but on nonmarket outputs like public goods and social equity (cf. Miller 1981). Comparative analysis of this decentered governance among developed countries reveals the costs from institutions that foster these markets for place to the detriment of nonmarket goods. Among developed countries, only those with institutions for localized governance that have tempered the effects of markets have succeeded in effective, consistent policymaking toward these nonmarket goods.

In this paper I analyze the implications of federalism and decentralization more generally for these two types of policies. Drawing on data from a total of 16 OECD countries, I first elaborate how the three general patterns of infrastructure for localized governance and distinguish them from federal and unitary state forms. Then, using parallel case studies from

countries with three different types of local governance systems as well as distinctive systems of vertical integration at the top, I demonstrate how local governance and the institutions that structure it can alter the consequences of both unitary and federal states.

### **The Decentered State and the Political Economy of Public Goods and Equity**

In addressing long-standing issues about the micro-level foundations of political and economic dynamics, the model of market preservation marks a growing acknowledgment within comparative politics of the need to analyze state-society relations as a process at multiple scales. To do so, however, requires greater elaboration than this model currently provides of what this process means for different subnational scales of state-society relations, and further consideration of the implications from the model for the dynamics of both markets and policy. Ample reason exists to suppose that most important market consequences from territorial divisions reside not at the intermediate level but among local jurisdictions. And the consequences of interlocal markets for public goods and can be even more significant than the implications for economic growth.

At the core of Weingast's model lies a basic assertion that the territorial structure of government affects not only central-local relations among governmental institutions or political parties, but the shape of markets, and by implication of civil society and state-society relations. Following the dual logics of the Tiebout model, the model presumes that competition among firms and residents for packages of local taxes and services, and among local governments for those firms and residents, will foster the growth and persistence of a market economy. In outlining the conditions for what he terms "market-preserving federalism," Weingast has

elaborated the following criteria for a hierarchy of authority to meet: (1) the local or federal jurisdictions must have powers to determine local government services and market conditions autonomously (F2, according to Weingast's count), (2) a common market must enable firms and/or residents to select among different local packages of taxes and services (F3), (3) "hard budget constraints" must make local services depend on local fiscal responsibility (F4), and (4) institutionalization of this system (F5) (Weingast 2000). It seems manifest that maximum "market preservation" would only be present when the local or federal jurisdictions involved have fully autonomous power; when firms and residents can move without transactions costs among jurisdictions; and when local budget constraints are not just "hard" but set in stone and all-encompassing. The model thus furnishes a market ideal against which even a developed country like the United States, where arrangements most closely approximate the model, might be found wanting.

Neither this model, nor the Tiebout model itself, nor most other analyses of territorial structures of government have fully addressed the implications of the actual territorial institutions in most countries of the developed world. It may seem easy to equate decentralization with federalism, and to identify both with the constitutional assignment of basic responsibilities to intermediate tiers of government (e.g., Lijphart 1999; Treisman 2000). Yet since at least the late nineteenth century, the most consistent and arguably the most important element of subnational governance in developed countries has taken place at an institutionally distinct local level. Even as local government has in fact attained constitutional status in countries like Germany, it and its counterparts at the metropolitan scale have mostly escaped the attention of comparative political scientists concerned with territorial governance.

Stretching the concept of federalism to encompass every element of decentralization, as

analysts as diverse as Elazar (1995) and Weingast (2000) have done, also fails to address fully relations among multiple levels of governance. An additive index might simply aggregate decentralization at multiple subnational tiers. But such an approach only resolves by fiat the question of the relative importance of various tiers. The nestedness of different tiers, moreover, may make this influence interactive rather than additive. A local government might depend on authorizations or look to mandates from above. Higher level officials may count on local governments to carry out commands, or to give sense to vague rules enacted from above.<sup>1</sup>

Principal-agent analysis of how those at higher echelons employ those beneath them to carry out tasks can capture only part of the dynamics involved (e.g., De Groot 1988). In a state that relies on local governance as a significant element in democratic representation, local problems, choices and initiatives have the potential to shape or even to dictate choices of officials at higher levels.

A model that addresses the relations between markets or civil society and these tiers can also hardly avoid assumptions about the scale of nongovernmental activities. Implicitly, the market-preserving model presumes that domestic national markets operate uniformly at any scale. This assumption conflicts not only with the focus of the Tiebout model itself on local governments, and with it on markets among the smallest jurisdictions, but on the reality of spatial markets in any other than the smallest countries. Across the developed world, the vast bulk of most metropolitan regions lies within such territorial entities as U.S. states, Canadian provinces or German *Länder*. By contrast, even in urban regions with as few as 100,000 residents, multiple local jurisdictions remain the rule. Among these governments within urban regions, spatial proximity and greater mobility create far more favorable conditions for the logic of exit that the market-preserving model highlights to work than between large federal units. On a daily

basis, workplaces and local services draw commuters to work or to consumption from around an urban region. Production networks, institutional service networks, and local ownership reaffirm the connections through these markets. The common metropolitan infrastructure of transportation and communication, by facilitating markets for employment, housing and consumption, enables markets to sort levels of service provision more fully than between large territorial units. For the businesses and residents of Ruhr, the first and easiest choice of locations lies between Düsseldorf and Cologne, or in suburbs between these two cities, rather than between the *Länder* of North Rhein-Westphalia and Bavaria.

Moreover, much like Peterson's extrapolation of the Tiebout model to the U.S. urban political economy (1981), the market-preserving model presumes that local political participation can be assumed either to operate in a uniform fashion or not to play a significant role in local choice. Peterson, making this assumption an explicit point of contention, argued that interlocal market competition places pressures on local governments that ultimately circumscribe the possibilities of electoral politics and interest intermediation. A generation of work in U.S. urban politics has faulted this view for the inadequate attention it gives to the organization, agendas and outcomes of local political choice (cf. Stone and Sanders 1987).

Finally, the Tiebout model also specifies a different ultimate purpose for operation of interlocal markets than the preservation of markets themselves. The original model applied not directly to the promotion of the private sector but to the efficient local provision of public goods. As Peterson (1981, 1995) has argued most extensively, but exclusively in the U.S. context, implications from market "preservation" at any subnational scale extend to each of the three main categories of policy that Lowi (1964) has outlined. For the equity-related policies that Lowi identifies as "redistributive," the consequences of markets for place based of local provision of

services and taxation are the most clear-cut and direct. As residents with more resources sort themselves into separate jurisdictions, local fiscal capacities and ultimately public services in the poorest jurisdictions will diminish. In arguments addressed exclusively to the U.S., Peterson has foreshadowed Weingast's equation of decentralization with promotion of markets. At the same time, unlike Weingast, he argues for crucial components of redistributive policymaking to be situated at wider scales. In the provision of public goods like environmental quality through allocative policies, the sorting dynamics of the Tiebout model can also undermine cooperation among localities (Olson 1966). Since both spill-ins and spill-overs among local jurisdictions in such domains as air quality and open space pervade metropolitan regions, the result can easily detract from provision of these public goods.

### **The Institutional Infrastructure of Local Governance: Analytical Alternatives**

The market-preserving model and the interlocal logics it highlights have immense promise to illuminate the political economy of decentralization, and ultimately to help close the perennial gap in comparative politics between "micro" and "macro" levels of analysis. To fully realize this potential clearly necessitates major qualifications and elaborations. When shaped by institutional configurations more common among developed countries than those the model itself postulates, the logics the model highlights actually operate quite differently as an influence on local choice. Relying on distinct versions of the logics that undergird the model, two alternative conceptions of the relation between local territorial political structures and interlocal markets can be extrapolated. Each of these two types has different implications for the three leading domains of policy.

My account starts from the observation that a system of territorial institutions, rather than simply “preserve” interlocal markets or fail to do so, in fact encourages or discourages them to varying degrees. Each of the three types follows contrasts familiar to students of national systems for local government and politics (Goldsmith and Page 1987; Hesse and Sharpe 1991). To recast these elements as variants of the market-preserving model requires politics and government to be understood as part of wider infrastructures for interlocal markets and local representation, and to be analyzed in terms of the alternative dynamics that result between interlocal markets, civil society and governments. To elaborate these types requires specification of a further element to take into account alternatives for the representation of political interests. Each type leads to distinctive tendencies in the outputs of developmental, allocative and redistributive policy.

[insert Table 1 about here]

1. The *market-centered model* follows the prescriptions of the market-preserving model. This sort of infrastructure would require (a) local autonomy to regulate markets and set taxes; (b) an interlocal market to permit firm and consumer choices, structured and policed by national or other supralocal governments; (c) “hard” budget constraints through locally based fiscal responsibility. Although the model fails to specify any explicit role for political participation, it presumes that any participation relevant to influencing local governmental choices will take place within localities rather than in processes of higher level policymaking for the local level. Along with exit, the model thus looks to (d) voter (and firm) voice within local governments.

In the model of local political economy this infrastructure promotes, localities compete

for resident voters at the same time that residents bid among localities for places to live. Local participation to influence local governmental choices reinforces the sensitivity of local governments to local market pressures. In fostering markets, this model can also encourage efficient provision for some kinds of public goods (e.g., McGinnis 1999). At the same time, especially in domains of spill-ins and spill-overs among competing local jurisdictions, the interlocal dynamics of the model can undermine such regional allocative policies as efforts to prevent sprawl (Inman and Rubinfeld 1996). As Miller's analysis of local government formation in California shows, pricing in such an interlocal market can also generate skewed advantages for privileged groups (Miller 1981).

2. An *organized model* would shape choices within the urban region through decision-making through a cartel among locally based interests. Organization among these interests aggregates and expresses preferences of residents throughout metropolitan areas. Representation of this sort occurs not just through local government associations, but through extragovernmental avenues of representation as party systems, corporatist organizations and other organizations at wider scales of policymaking.

Under this infrastructure, (a) national or other supralocal institutions either impose constraints on localities or similar local processes within localities across the metropolitan area; (b) further conditions imposed from above limit local disparities and other conditions that might foster interlocal markets for place among local jurisdictions within the urban region; and (c) "softer" budget constraints that limit the consequences of local choices about spending or taxation for local revenues. The latter condition could occur either through uniform impositions on local governments or through standardized reallocation of revenues among localities. At the

same time, (d) hierarchical organizations provide representation for local preferences from throughout society in supralocal policy.

When organized interests present in numerous localities across a metropolitan area dominate in this way, the resulting dynamics should limit the emergence of interlocal markets within urban regions, and the responses to those markets among local officials. Neither spill-overs nor spill-ins of policy issues should pose obstacles to effective provision of local public goods. Nor should dynamics of interlocal sorting produce the local inequalities to be expected under a market-preserving infrastructure.

3. A *statist model* depends on intergovernmental relations rather than on local markets or organized representation of local governments and interests. If a universalistic legislature might make policy for an entire urban region or society under this model, representation occurs by means other than either local or society-wide representation of interests. In the implementation if not the formulation of policymaking from above, local governments compete in a market for political resources. Effective local policy depends on the advantages individual local governments and their representatives can mobilize to obtain resources from higher levels.

Such an infrastructure thus depends on (a) Local government autonomy within the (vertical) intergovernmental marketplace; (b) Limits on interlocal market dynamics through constraints on local expenditures; and (c) “Soft” budget constraints, as local intergovernmental entrepreneurship or state action replace interlocal market discipline. At the same time, (d) supralocal and local governments rather than either local or supralocal political participation dictate policy choice.

Under these conditions local policy depends on an intergovernmental marketplace rather

than the private one. The more like a private marketplace this system of influence operates, the more local choices should permit interlocal competition to undermine uniform provision of local public goods and equity among jurisdictions. Unless this marketplace can replicate the efficient pricing mechanisms of the market-based model, this competition should give only limited impetus to developmental policies.

Table 1 summarizes these three institutional types and their implications. The three variations provide abundant theoretical reasons to presume that the contrasts in institutional infrastructure and the accompanying politico-economic dynamics will have major consequences for patterns of local choice in all three policy domains.

### **Federalism and the Variety of Infrastructures for Local Governance**

Developed countries have usually clustered under one of these three models. To sort out the variations I employed a series of nation-specific aggregate indicators. Principal components analysis enabled me to reduce these variables to two overarching dimensions of variation. The patterns of variation that emerged corresponded only partly to differences between federal and unitary institutions at the highest levels of the state.

To compare the extent that local consumers and voters had joined together in organized interests to represent their preferences and interests at higher levels of government, I employed measures from the World Values Survey (1995-1998) of active membership in political parties, unions and an array of other civic organizations. Unions in particular, but also political parties,

might seem to capture the hierarchical forms of organization distinctive of the organized model. At the same time, active membership in civic associations or either of these two other organizations might signify the local participation assumed to distinguish the market model from the organized one, and both from the statist model. At the same time, to capture more precisely the hierarchical representation of local interests that distinguish the organized model, I included an indicator of inactive membership in civic associations. The average rate of inactive membership measured the overall proportion participating in this more limited capacity; subtraction of active membership from this proportion enabled the indicator to also reflect the relative bulk of inactive participation within the organization.

A second set of variables drawn mostly from OECD data compared the overall significance of supralocal grants local government expenditures and taxes. Local government expenditures that made up a larger portion of the overall economy reflected the organization of that economy more around local government. The organized infrastructure should correspond most strongly to this indicator. So long as the autonomy of local governments to set different tax rates and assessments remained comparatively limited, taxes that comprised a larger percentage of local revenues could also be taken as an indicator of the organized model. My index of this autonomy employed the classification of an OECD study based on authorizations for localities to set rates and make assessments for the main locally raised taxes (OECD 1999). At the same time that the statist infrastructure should it also entail limited tax autonomy, it should stand out from both others by virtue of the dependence of local finance in that setting on grants.

A final set of variables measured the predominant types of locally raised taxes. As Inman and Rubinfeld (1996) have argued, the income tax conforms most to the organized model. Especially when applied with constraints on how much local governments can vary local rates

and assessments or benefit from levels collected, this tax is least likely to induce local competition for revenues. So long as local tax autonomy to impose a business tax remains limited, this form will also foster the limited interlocal competition of the organized model. As Tiebout himself theorized, local taxes on property most readily foster competition among places for revenues.

Data reduction through principal components analysis consolidated the trends in these variables into two main components that generally corresponded to expectations (Table 2). The dominant component, encompassing 42 percent of all the variance, consistently reflects the differences between Organized and Market-Centered infrastructures. As expected, indicators of organization in the economy load positively on this component. Union strength loads strongly. Active participation in an array of civic groups, the form of activity most likely to take place locally, loads almost as heavily in favor of the market centered infrastructure. Simultaneously, the indicator of inactive membership loads only slightly less heavily in favor of the organized model. The surprisingly modest, negative loading of party strength suggests that parties reflect slightly more local than hierarchical participation.

[insert Table 2 about here]

Organized systems also encompass more of overall GDP in local government expenditures, and market-based systems less. Consistent with the analytical models of the two types, local governments in the organized systems operate within a local fiscal context that limits both their capacities and their incentives to engage in local fiscal competition. At the same time they lack the autonomy of counterparts in the market-based systems to set rates and assessments, they generally raise taxes through income taxes or through business taxes rather than through taxes on either property or goods and services particular to each city. In the market-based

systems, local property taxes predominate. Alternative analyses demonstrated a parallel but less pronounced reliance on goods and services taxes.<sup>2</sup> Along with local discretion to determine these taxes, which reinforces the “hardness” of local budget constraints, this system imposes conditions for logics of interlocal markets. As the horizontal axis of Figure 1 shows, this component captures a wide variation between the U.S., Australia and Canada in particular and northern European countries like Denmark, Germany, Sweden and Finland. Several other countries, including France, the Netherlands and Italy, lie in between.

[insert Figure 1 about here]

The second, less strong component, encompassing a further 21 percent of the variation, captures a range of contrasts between more statist infrastructures and the other two types. Here positive loadings reflect the tendencies among organized or market countries, and negative ones the countries with more statist infrastructures. As expected, the latter feature generally lower levels of active participation in unions, parties and civic associations, greater reliance on grants for local expenditures as percent of GDP, and lower local tax autonomy (Table 2). As Figure 1 demonstrates, the countries with these attributes generally occupied intermediate positions on the market/organized scale. The United Kingdom belonged most clearly in this category, but so did France, the Netherlands, Hungary, Italy, Japan and arguably Belgium.

As the indicators of federal arrangements in Figure 1 show, these variations only partly corresponded to the difference between unitary and federal states. The components for Organization and Statism correlated at  $-.59$  and  $+.52$  with federalism as categorized by Elazar (1995), each at  $p < .05$ . Even if all three more market-centered countries belonged in the federal category, Belgium, Germany and Switzerland joined Organized and even Statist components

with federalism.<sup>3</sup>

## **The Consequences of Different Infrastructures: A Comparative Case Analysis**

Beyond the institutional mapping of these patterns at local and supralocal tiers lie the questions of how the tiers interact, and which tiers do more to determine outputs and outcomes. In this section, parallel case studies in countries with different systems of both local governance and federalism will demonstrate how infrastructures of localized governance can alter or even override influences due to federal and unitary states.

My analysis focus on the ultimate outputs of public policy at the local level in both the environmental and the social domains.<sup>4</sup> To frame parallel local contexts for the analysis, I selected eleven similar urban regions scattered throughout the U.S., France and Germany. All of the eleven cities resembled each other in crucial respects. Each comprised a mid-sized urban center with some 100,000 to 300,000 residents in the central city, and from 250,000 and one million in the surrounding metropolitan region. In each case, services and high-tech activities linked to universities and administrative centers had grown by the 1970s into the predominant component of the central city economy. Mapping the influences on outputs backward from a comparison of results (Elmore 1980) enabled a comparison of the difference that influences at more than one level of government made for the results of policy.

The choice of nation-states in this comparison enables a critical test of whether federalism or the difference in infrastructures of urban governance has the greater effect on local policy. France, traditionally understood as one of the most centralized unitary states, contrasts with the federal state of both the U.S. and Germany. At the same time, as Figure 1 confirms,

each of the three countries possesses a different infrastructure of urban governance. In the German and French cases in particular, this infrastructure has different implications for variations in local outcomes than the structure of the state at higher levels. In both countries, and in both policy domains, these infrastructures and the patterns of urban governance they helped frame proved most decisive for both the consistency and the substance of these results.

*Metropolitan land.* Like many other environmental measures, and allocative policy in general, policy addressed to urban sprawl and its consequences incorporate critical local elements. Within metropolitan areas Tiebout effects from interlocal markets pose a constant danger to realization of these public goods. The unitary, centralized state of France might be assumed to deal most effectively or at least most consistently with sprawl and the attendant environmental and social problems. Although the cooperative federalism of Germany furnishes a basis to control markets among intermediate units, this would not necessarily affect interlocal markets within the federal Länder. The competitive federalism of the United States furnishes the least basis to expect control of sprawl, but again applies between rather than within states. In these urban regions, the variations in effective policies conform only partly to the divergences expected as a result of the contrasts at the higher levels of the states involved. Local initiatives and infrastructures of urban governance proved more decisive predictors.

The patterns of sprawl in these urban regions demonstrate different politico-economic dynamics at work in each country. Service expansion produced metropolitan growth and rising density in all eleven urban regions. In each instance, rates of growth in outside the central city exceeded the rate within it. I assessed the sprawl partly in terms of shifts in the density gradient, an established measure of how much the population density falls with greater distance from the

center of a city region at any given time,<sup>5</sup> and partly through available data on losses in forestland, open space and farmland. Although the overall levels of sprawl reflected longstanding traditions and settlement patterns, the rate that settlement spread out from the 1970s to the end of the 1980s revealed the extent of effective control. Where faster growth generates greater market pressures for new housing, lower rates of dispersion provide evidence that this control has taken place.

[insert Table 3 about here]

Even a first glance at this data suggested the overriding importance of infrastructures for urban governance to effective policy. Despite the implications from federalism for control in Germany, rates of population dispersion in all four German urban regions fell well below rates in any other urban region. The rates also remained by far the most consistent in the German cities: Even in the fastest growing German city of Freiburg, the rate through the 1970s and 1980s differed by at most three thousandths of a point from the other cities. Nor did the varying density among the urban regions appear to make a difference for sprawl.<sup>6</sup> German central cities had also consistently maintained proportions of local forestland, though not always farmland, at rates that exceeded those of any French or U.S. regions (Sellers 2002, pp. 55-57).

Despite the fragmentation of efforts that German federalism might seem to impose, many of the policies that brought about these results took place through precisely the national initiatives that the Organized model emphasizes. From the 1960s, throughout the three separate *Länder* in which these urban regions were located, an increasingly uniform, systematic system of policies imposed legal restrictions on exurban construction, protected forestland, limited peripheral retail development, supported public housing, raised gasoline taxes, and mandated both local and metropolitan planning. Through somewhat divergent trajectories in different

*Länder* and regions, all the cities had ultimately arrived at similar metropolitan patterns. In Freiburg and Göttingen, metropolitan planning had as early as the 1960s helped bring about control over peripheral land development. Even around Münster, where development in that era showed tendencies toward sprawl, regional planning had by the 1970s reversed these tendencies. Within the central cities as well as in many of the surrounding towns, strong local planning institutions had already emerged in the postwar era or even before. Annexations of surrounding land in the 1960s and 1970s had enabled all of the central cities to extend local land use protections. Into the 1990s, central city staffing for planning and land use significantly exceeded those in all but one of the French and U.S. cities (Sellers 2002: p. 192, n. 23). The constitutionalized system of local and *Land*-level fiscal equalization as well as limits to local tax autonomy limited local incentives to alter the resulting constraints on new development.

In France, the parallel figures undermine presumptions from an account of institutional capacities that looks solely to the centralized, unitary state and initiatives at higher levels. This state not only failed to curb sprawl, it also achieved local results in the 1970s and 1980s that varied as much the local results in the United States. The cities that grew most, Rennes and Montpellier, diverged the most. Around Rennes, exurban settlement produced a rate of dispersion less than half that around Montpellier. The central cities had also maintained forests and farmland less consistently or effectively than German counterparts.

National policies to address sprawl remained less extensive than in Germany, but also lacked the same consistent implementation at the local level. The unitary, centralized state undertook an array of policies that included new urban development, regional plans, mechanisms for interlocal cooperation, and creation of local regulatory bodies for retail development. But in the fastest growing urban regions, sustained efforts at local regulation and metropolitan

governance proved necessary to realize curbs on sprawl. Since the 1970s, a system of regional planning in and around Rennes undertaken increasing efforts to control the location of new outlying development directly as well as through the placement of new highways and shopping centers. There, the nation-wide decentralization of planning in the mid-1980s strengthened efforts to manage sprawl. Planning in Rennes took place through a metropolitan district and a parapublic agency also charged with planning within the central city itself. In addition, Rennes itself far exceeded the other French cities in per capita expenditures and staffing related to land use (*ibid.*, p. 221n. 75).<sup>7</sup> By the 1990s, acting under new national legislative authorities, the District of Rennes had reinforced this system with new arrangements to share revenues from locally raised taxes. Elsewhere, in and around Montpellier as well as the other French cities, corresponding metropolitan arrangements had centered around new development and largely neglected control. But the comparatively limited residential dispersion evident around Nancy and Clermont-Ferrand indicates only limited effects from Tieboutian fiscal pressures. Even following decentralization, only a third to a half of municipal revenues in the central cities remained dependent on locally raised business and other taxes at discretionary rates. Only around Montpellier did dispersion dramatically exceed the rate around Rennes, as localities competed for new shopping centers and housing developments.

An ample American literature points to such policies as limited land use regulation, fragmented metropolitan jurisdictions, tax and other encouragements to single-family homes, and encouragements to automobile use as sources of uncontrollable sprawl in the U.S. (Jackson; Downs 1993; Nivola 1999). In addition, as the Tiebout model has stressed, dependence on the property tax for 58 to 75 percent of local revenues furnished municipalities further incentives to pursue property development. In all three settings, staffing for planning remained comparatively

modest (Sellers 2002: 249n. 140). Yet the example of Madison demonstrates that at least one U.S. urban region besides the more famous case of Portland had controlled this dimension of sprawl up to the late 1980s with success that approached those of the German cities.<sup>8</sup> Through regional planning within surrounding Dane County, regulatory control of peripheral land within the city, exercise of annexation powers and the threat of withdrawal of municipal infrastructure services, local planners there had carried out concerted efforts since the 1970s to control sprawl. Statutory authorizations and tax incentives for farmland preservation at the state level backed up but by no means dictated these local efforts. Over time, a strong local environmental movement with connections to local professional and university communities had anchored an urban coalition that secured significantly greater collective environmental amenities than in the other U.S. or most of the French settings.<sup>9</sup> In this instance metropolitan markets among jurisdictions did not thwart, and may even have reinforced preferences for these amenities in the central city. In New Haven, where the density of existing settlement patterns and zoning restrictions in the wealthiest outlying towns served as the only brakes on sprawl, no region-wide efforts of this sort had materialized. In the county and surrounding area around Durham, efforts at control only emerged in the late 1980s and even by the mid-1990s had not extended to the wider metropolitan area.

In both the U.S. and in France, much stronger efforts at subnational and particularly local levels accompanied and helped to account for one case of greater success at control of sprawl. In Germany, despite the implications of federalism, these local efforts grew into part of a national system of control and produced increasingly consistent local results.

*Place-based social and economic disadvantage.* Policies addressed to inequality also have major place-based dimensions within metropolitan areas. Once again, a top-down view that ignored local governance would lead to the conclusion that the centralized, unitary state of France would limit the emergence of neighborhood pockets of disadvantage most consistently if not most effectively. The cooperative federalism of Germany might be expected to perform better or at least more consistently than the competitive federalism of the United States. Once again, however, local policy results in two of the three countries correspond more closely to what infrastructures of localized governance would suggest.

Even the most prosperous service centers retained portions of the most disadvantaged citizens. Spatial separation from the remainder of society could directly frustrate equal access to basic goods like a healthy environment, schools, or jobs, and reinforce the difficulties of joining the wider society.<sup>10</sup> In the U.S. cities, regardless of the size of local minorities, spatial segregation confronted sizeable proportions of the most disadvantaged groups with compounded disadvantage. Much like the biggest cities, albeit on a smaller scale, mid-size service centers harbored relative concentrations of the most disadvantaged. In parts of both New Haven and Durham, however, as in the most deprived neighborhoods of metropolises like New York, compounded ethnoracial and economic disadvantage took perhaps the strongest form. Economic and social marginality predominated throughout much of downtown Durham and New Haven. Segregation indexes point to a growing residential exclusion of the poor as well as the persistent segregation of the most disadvantaged minorities (Table 4). If the dissimilarity indexes for Blacks fell short of the 80s or 90s that Massey and Denton found in the biggest U.S. metropolitan areas, the levels still verged toward the limit of 60 that these authors took as one criterion of “hypersegregation.” Increasingly, segregation along economic lines accompanied generally

persistent residential separation by race.<sup>11</sup> Even as the poverty rates in Madison and Durham had fallen slightly over this period, while increasing in New Haven, the concentration of poverty had grown in all three settings.<sup>12</sup> A predominance of poor minorities helped single out the most disadvantaged neighborhoods. Worse schools, fewer shopping opportunities and lower environmental quality followed these concentrations.<sup>13</sup> The unusually favorable social and economic conditions of Madison might have been expected to alter these outcomes. The overall numbers of minorities, unemployed workers and single-parent families remained significantly smaller than even in the other U.S. service centers. As a consequence, one might expect less cumulative concentration of these groups. Instead, the segregative tendencies here remained nearly as strong as in the other U.S. cities. In one neighborhood of South Madison, blacks made up nearly ten times more of the population than in the larger metropolitan area. Well over half of the black families there remained below the poverty line.

[insert Table 4 about here]

This growing spatial polarization came about largely through the operation of housing markets along Tieboutian lines, but also through the many national and local policies that had reinforced residential class and ethnic sorting. Although the U.S. welfare state and its accompanying variety of capitalism generated a Gini coefficient of 40.1, much higher than that of other industrialized nations (World Bank 2000: 238-239), urban spatial polarization grew partly out of influences specific to the political economy of urban regions. Many of the encouragements to sprawl surveyed earlier in effect encouraged privileged residents to move to white, segregated outlying neighborhoods. So, despite limited efforts to desegregate schools in all three metropolitan areas, did the geography of continued differences among neighborhood schools and their student bodies. National as well as local endeavors to equilibrate the class and

ethnic distinctions among neighborhoods remained so limited by the 1980s as to make little if any difference. Not only did the smaller planning bureaucracies of these settings give at most secondary attention to equilibrating spatial polarization in overall land use policies, but financial and organizational resources to do so remained inadequate to the task. By 1990 subsidized and public housing took up five percent or less of the total housing stock, less than half the level in any of the German central cities. By the 1980s efforts to distribute these outside of the established neighborhoods for the poor had declined to a few dozen units. In this period, limited by dependence on local taxation after the virtual withdrawal of federal programs, and further constrained by local resistance to higher taxes, social expenditures in general remained modest by European standards at \$70 to \$243 per capita.

Although the more limited German neighborhood statistics offer a somewhat less precise picture of the comparable concentrations, what is available affirms the more limited patterns of residential segregation evident in other comparisons with United States cities.<sup>14</sup> If unemployment in the German service centers already tended somewhat higher than in the U.S. counterparts, three of the four German cities had kept neighborhood levels to no more than twice the overall city average for any census district. Dissimilarity indexes clearly manifest consistently stronger integration than in any of the U.S. settings (Table 4). Only in Göttingen did any of the indexes exceed 30. In comparison with the worst-off U.S. areas, moreover, residential disadvantage was less cumulative. Where more foreigners lived, more residents were usually employed; where the lowest overall proportion of workers worked, the proportion of foreigners remained somewhat lower.

Federalism in Germany had in no way prevented comparatively uniform control over segregation. Within the three different Länder of Baden-Württemberg, Niedersachsen and North

Rhein-Westphalia, all four German urban regions had engaged in practices that limited the emergence of place-based disparities for disadvantaged groups. National policies were clearly a pervasive influence in these results. The higher levels of welfare benefits under the German welfare state and the more limited wage disparities of German capitalism contributed to a significantly lower Gini coefficient of 28.1, twelve points below that of the United States (World Bank 2000: 238-239). As with the spatial isolation of the U.S. cities, however, national and local choices concerned with place itself also made a crucial difference in spatial integration. In each instance, interviews with local planners revealed an explicit, parallel commitment to carry out planning practices that assured equal living conditions in all urban places. Despite variations among Länder, national practices of social housing and welfare benefits established a baseline of support to realize these objectives. In the 1990s German central city governments, assigned explicitly to carry out welfare state administration in their communities, devoted \$409 or more per person to social expenditures averaging almost double the highest level in the U.S. cities. Interlocal fiscal equalization and reliance on standardized taxes assured German local governments more consistent funds to maintain such expenditures.

In the French cities, again belying the implications of a top-down analysis, a variety of results prevailed. Although French local statistics broke down city neighborhoods less minutely, the concentrations these figures revealed sometimes approached levels in the U.S. cities. Foreigners from outside the European Union made up the largest proportion of the foreign population and a highly disproportionate portion of the unemployed<sup>15</sup> Even before unemployment in France at large reached the levels of the mid-1990s, urban unemployment stood between a fourth and a third of all of this group. Although these averages surpassed those for U.S. blacks in even the worst inner-city neighborhoods, the spatial segregation for non-EU

foreigners varied widely. In Nancy and Montpellier, the largest proportions of both the unemployed and foreigners lived in districts of large-scale public housing like La Paillade and Hauts-du-Lièvre.<sup>16</sup> As in the outlying suburbs of bigger French cities like Paris and Lyon.<sup>17</sup> Elite groups there dominated residence in an increasingly gentrified old city, the immense housing estates of these neighborhoods contained larger proportions of both minorities and the unemployed than any single districts in any other neighborhoods of the French settings<sup>18</sup>

As in the control of sprawl, local or localized choices about policy clearly account for much of the difference. Divergent logics of interlocal fiscal competition played less obvious roles in the local divergences than did implementation of national policies. In Rennes and Clermont-Ferrand, local governments of both the Center-Right and the Left had acted in concert with territorial administrators of the state, and later increasingly in independent fashion, to avoid the emergence of larger concentrations of foreigners or the unemployed in the worst-off neighborhoods. By contrast, local administrations as well as local territorial officials in Montpellier and Nancy had maintained long-term emphases on downtown gentrification that contributed decisively to spatial exclusion. Even after Socialist-led coalitions won control of local governments in Montpellier as well as Rennes in 1977, this contrast in local paths largely persisted. By 1990, Rennes and Clermont retained 22 percent and 17 percent of local housing stock in public hands, compared to 14 percent in Nancy and 12 percent in Montpellier.

Decisions of local territorial administrators and local administrations in the 1960s and 1970s had an even more crucial impact. While planners in Rennes and Clermont-Ferrand had sought to mix public and other forms of housing, in Nancy and Montpellier local elites to concentrate new publicly sponsored housing in the two massive “New Towns” at a distance from the downtowns. Even in the 1990s, local administrations in Nancy and Montpellier continued to privilege

downtown development that left these peripheral estates to absorb growing concentrations of unemployed and minority residents. After nearly two decades of a Left administration in Montpellier as well as long-term Right domination in Nancy, social expenditures in both settings also continued to fall short of levels in Rennes and Clermont-Ferrand (Sellers 2002: p. 227n.94).

In the German settings, due to combination of national institutional influences as well as common local choices, spatial inequalities remained the most muted despite federal arrangements. Just as consistently, the U.S. cities had evolved and maintained strikingly parallel systems of spatial inequalities to compound aggravated social disparities. In France, despite the strong influence of a unitary, centralized state, local spatial polarization varied most with individual urban political economies.

[insert Table 5 about here]

Several conclusions emerge clearly from a comparison of the case study results with expectations from the patterns of governance at both higher and lower levels (Table 5). Especially outside the United States, the federal-unitary distinction itself accounts less convincingly for these processes, and for the defects of “market preservation,” than do arrangements for governance at smaller scales than the vast majority of federal governmental units. Despite the contrary implications from German federalism, the German cities had succeeded consistently both in controlling sprawl and limiting spatial segregation. Despite the consistency that the unitary, centralized French state might seem from the top to provide, French patterns of local governance as well as local outcomes varied considerably with local implementation and local choices. In the United States alone, the implications from federalism and from the market-centered model of local governance parallel each other to the point that the

effects from different levels remain difficult to distinguish. If the comparative success of local control over sprawl in and around Madison points to the need for greater attention to local political mobilization within the market-centered infrastructure than the Tiebout model explicitly prescribes, the market constraints this model imposes on local social policy remain uniform.

## **Conclusion**

These results have far-reaching implications not just for advanced industrial societies, but for the same developing countries to which the argument for “market preservation” has been addressed. In the developing world, urban regions and the accompanying metropolitan markets are rapidly becoming the predominant mode of settlement that they already are in the developed world (United Nations Conference on Human Settlement 1996). In these fast-growing agglomerations, markets among jurisdictions have the potential to exacerbate precisely the spatial polarization and environmental degradation that present the greatest difficulties for governance. Clearly the political economy of multilevel governance requires greater comparative scrutiny than has so far been given to the actual territorial dimensions of these markets and their interface with policy. More analysis remains necessary to sort out fully the relative influence of markets among places both within urban regions and among the wider jurisdictions of most federal or intermediate subnational units of government. For social and environmental policy in particular, however, the analysis here suggests that Tiebout sorting within metropolitan markets often exerts the most decisive influence. So long as these markets remain the most decisive form of interlocal markets, then local and urban governance and the accompanying infrastructures will

affect these policies and their consequences more than differences in federalism or centralization at the heights of states.

In transforming “market preservation” into a more nuanced concept, Weingast (2000) has paved the way for application of fiscal federal analysis to alternative institutional models of the sort developed here. Other work on the urban regions in this analysis furnishes qualified confirmation for Weingast’s identification of a more market-centered institutional infrastructure with the promotion of economic development (Sellers 2002). The present analysis shows, however, that this model has simultaneous negative implications for local public goods like environmental quality as well as distributive ends like social equity. The neglect of social and environmental consequences from the market centered model in much of the thinking behind the Washington consensus corresponds to the comparative deficiencies that a localized, urban perspective reveals in U.S. domestic policy. For the United States itself, where territorial governance relies to an exceptional degree on the market-centered model (Figure 1), remedies for the deficiencies of that model are likely to require modifications or even constraints in these interlocal markets (cf. Nivola 1999).

In bridging the gap between micro-processes of policy and politics and the macro-level patterns of policy results, fiscal federal analyses of the interactions between markets and governments hold the promise of advancements in governance itself as well as understanding. Only analyses that take account of the lessons from throughout the developed world, that scrutinize the actual character of interlocal markets, that give full attention to all levels of governance, and that take multilevel patterns of politics itself into account can fully realize this potential.<sup>19</sup>

## Notes

1. This mutual interdependence poses a necessary qualification even to accounts that analyze local governance on the basis of “autonomy” in relation to other levels (cf. King et al. 1990).
2. Because all the other major taxes had already been included, the analysis in Table 2 leaves out goods and services taxes.
3. Although the Organized-Market component also correlated significantly ( $-.78, p < .01$ ) with Corporatism (as measured in Ljphart 1999), at least one country most often assigned to the corporatist category (the Netherlands) fell into the Statist category instead. Even a version of the Organized component that included none of the institutional elements attributed to corporatism maintained a virtually identical correlation. If this correspondence between corporatist arrangements and the Organized model suggests interaction between the two, one is not the same as the other.
4. For a more detailed account of the cases and the research design as well as an analysis of the parallel growth and sources of governance at the urban level in all three countries, see Sellers (2002).
5. For more explanation of the formula employed see MacCauley (1985).
6. Other, less uniformly available indicators for various types of open space partly confirm the consistent German success in limiting more general processes of conversion. See Sellers (2002: Chs. 2-3).
7. All budget figures taken from a municipal budget for each city between 1992-1995.

- 8 Portland, Oregon furnishes another example (Leo 1998).
9. Data on membership in the Sierra Club, the National Audubon Society and other civic groups demonstrated consistently higher per capita rates than in the other U.S. cities (Sellers 2002: 352).
- 10 For parallel U.S. and French overviews of these processes see Massey and Denton (1993); Boyer (2000).
- 11 In metropolitan Durham, the index of dissimilarity for African Americans had fallen from almost 9 points from 63.22 since 1970. But in metropolitan New Haven the index had remained virtually identical, and in Madison it had climbed around 6 points from 51.86.
12. In 1970, metropolitan dissimilarity indexes for persons below the poverty in the three cities had ranged between 23 and 38; by 1990, the same indexes had climbed from 11 to 20 points and exceeded 42 in each place.
- 13 (Massey and Denton 1993, Cohen and Dawson 1993).
- 14 (Marcuse and van Kempen 1998; O'Loughlin & Friedrichs 1996, Huttman Blauw, and Saltman 1991; Peach, Robinson, and Smith 1981).
15. On the difficulties of these groups see Tribalat (1996).
16. This may also be an artefact of the wider territorial breakdowns in French settings.
17. (Boyer 2000, Brun & Rhein 1994).
18. A study by the local planning agency in Nancy pointed to even more extreme concentrations in the public housing projects of a few municipalities just beyond the central city.(Agence de Développement et d'Urbanisme de l'Agglomération Nancienne 1995).

19. For instance, the relation of the Organized model to corporatism still needs further exploration (*supra* endnote 4).

**Table 1**

**Three Types of Institutional Infrastructures for Local Governance**

	<b>Organized</b>	<b>Statist</b>	<b>Market-centered</b>
<b>Attributes</b>			
Supralocal representation of local interests	Highly organized	Moderately organized	Unorganized
Political participation	Hierarchical organizations	Little participation	Local mobilization
Supralocal policy (F3)	Mandates carried out locally	State-led negotiation between levels	Limited
Vertical intergovernmental entrepreneurship (F3)	Limited	Strong	Limited, because of limited supralocal policy
Local budget autonomy (F2)	Limited	Somewhat limited	Wide
Local budget constraints (F4)	Weak	Moderately weak	Strong
Institutionalization of system (F5)	Strong	Contingent	Strong
<b>Expectations</b>			
Developmental policy	Limited	Somewhat limited	Strong
Environmental regulation	Effective	Contingently effective	Weak, contingent
(Re)distributive policy	Effective	Contingently effective	Ineffective

Note: F2-F5 refer to variations of types along the lines of hypotheses from Weingast (2000: 5).

**Table 2**

**Principal Components Analysis of Elements  
in National Infrastructures of Local Governance, 1990s (n=16)**

	Component 1 (Organized-Market)	Component 2 (Statist-Other)
Union participation <sup>a</sup>	<b>.801</b>	<b>.442</b>
Party participation <sup>b</sup>	-.297	<b>.630</b>
Active civic participation <sup>c</sup>	<b>-.715</b>	<b>.597</b>
Inactive civic membership as component of civic participation <sup>d</sup>	<b>.582</b>	.204
Local government expenditures as percent GDP <sup>e</sup>	<b>.775</b>	.228
Grants as percent of local expenditures <sup>f</sup>	-.250	<b>-.626</b>
Local tax autonomy index <sup>g</sup>	<b>-.575</b>	<b>.524</b>
Income tax as percent of local tax revenues <sup>h</sup>	<b>.760</b>	.368
Property tax as percent of local tax revenues <sup>i</sup>	<b>-.764</b>	.322
Business taxes as percent of local tax revenues <sup>j</sup>	<b>.715</b>	.346
<b><i>Eigenvalue</i></b>	4.19	2.07
<b><i>Percent of variance explained</i></b>	42	21
<b><i>(Cumulative variance explained)</i></b>	42	63

<sup>a</sup>Percent citing active participation in a union. Source: World Values Survey, 1995-1998.

<sup>b</sup>Percent citing active participation in a political party. Source: World Values Survey, 1995-1998.

<sup>c</sup>Rate of active civic membership (average percent citing active membership in a church, arts association, environmental association, charitable association or professional association). Source: World Values Survey, 1995-1998.

<sup>d</sup>Rate of inactive civic membership (average percent citing inactive membership in a church, arts association, environmental association, charitable association or professional association, minus percent citing active membership). Source: World Values Survey, 1995-1998.

<sup>e</sup>Source: OECD, *Revenue Statistics* (1999) (for 1995).

<sup>f</sup>Source: *ibid.*

<sup>g</sup>Source: scale based on classifications used in OECD, *Taxing Powers of State and Local Government* (1999), with original classifications according to the same scheme for the US, Canada, Australia and France (all for ca. 1995).

<sup>h</sup>Source: OECD, *Revenue Statistics* (1999) (for 1995).

<sup>i</sup>Source: *ibid.*

<sup>j</sup>Source: *ibid.*

**Table 3****Overall Density and Density Gradients, 1970-1990**

	Overall Density		Density Gradient		Change in gradient (per year)
	Persons / km <sup>2</sup> [1987]	Increase in persons / km <sup>2</sup> (per year)	Gradient [1987]	R <sup>2</sup>	
<b>GERMANY</b> (1970-1987)					
Freiburg	230	1.26	0.190	0.86	-0.0005
Münster	231	0.81	0.124	0.80	-0.0002
Bielefeld	390	0.35	0.098	0.89	-0.0006
Göttingen	219	0.04	0.174	0.75	-0.0003
<b>FRANCE</b> (1975-1990)					
Montpellier	191	3.36	0.399	0.74	-0.0047
Rennes	322	3.93	0.219	0.94	-0.0018
Clermont-Ferrand	417	2.21	0.268	0.74	-0.0025
Nancy	504	1.22	0.313	0.81	-0.0017
<b>UNITED STATES</b> (1970-1990)					
Durham	154	2.38	0.180	0.75	-0.0048
Madison	118	1.26	0.250	0.95	-0.0009
New Haven	548	1.75	0.188	0.79	-0.0017

SOURCES: (Germany) Local statistics offices; (France) I.N.S.E.E., *Évolutions démographiques 1975-1982-1990*, Departmental volumes; (United States) U.S. Bureau of the Census, SMSA Reports for 1970 and 1990.

**Table 4**

**Residential Segregation of Disadvantaged Groups  
(Index of residential dissimilarity)**

	Mean population of districts	Percent Disadvantaged Minorities (Foreigners)	Disadvantaged Minorities		Lower income Groups	Mean
			Foreigners	From Outside EU	Unemployed	
<b>GERMANY (1987):</b>						
Bielefeld	3321	8.8%	29.14		11.98	20.56
Freiburg	4581	8.4%	18.99		13.01	16.00
Göttingen	1856	7.1%	34.33		16.02	25.18
Münster	5471	4.4%	24.74		11.14	17.94
<i>Average</i>			<i>26.80</i>		<i>13.04</i>	<i>19.92</i>
<b>FRANCE (1990):</b>						
		(Foreigners)	Foreigners	From Outside EU	Unemployed	
Clermont- Ferrand	9717	10.2%	23.22	33.26	11.45	22.64
Montpellier	10,396	9.6%	54.76	53.31	59.53	55.87
Nancy	8529	7.2%	53.25	51.91	55.92	53.69
Rennes	11,617	4.3%	30.93	33.80	10.96	25.23
<i>Average</i>			<i>40.54</i>	<i>43.07</i>	<i>34.46</i>	<i>39.36</i>
<b>UNITED STATES (1990):</b>						
		(African- Americans)	African-Americans		Unemployed	Below poverty line
Durham city (Metro area)	992 (1307)	47.4% (30.8%)	59.31 (57.24)		36.05 (33.41)	48.82 (45.18)
Madison city (Metro area)	1431 (1385)	4.2% (2.9%)	48.68 (51.44)		31.14 (39.44)	49.80 (53.61)
New Haven (Metro area)	1004 (1112)	36.1% (13.6%)	58.28 (68.02)		32.42 (29.18)	40.38 (49.28)
<i>Average (Metropolitan average)</i>			<i>55.42 (58.90)</i>		<i>33.20 (34.01)</i>	<i>46.33 (49.36)</i>
						<i>44.99 (47.42)</i>

NOTE: Unemployed are measured in all three countries as proportion of active civilian population. Disadvantaged minorities and U.S. poverty rates are measured as proportion of resident population. Note that different levels of aggregation limit but do not eliminate the cross-national comparability of these figures. Partly as a result of more dense settlement in particular neighborhoods, the units averaged somewhat larger in Germany and much larger in France than in the U.S. In the U.S. the calculations derive from block groups, a somewhat smaller level of aggregation than U.S. census tracts or German census districts. For the central cities in the U.S., several of these block groups include areas beyond but adjacent to the municipal jurisdiction.

SOURCES: (U.S.) U.S. Census Bureau STF files; (France) Institut National de la Statistique et des Études Économiques computer files; (Germany) local statistical offices.

**Table 5**

**Summary of Expectations and Results**

(a) Expectations from National and Intermediate Levels

	<b>Germany</b> <i>(Federal, but with arrangements for cooperation and fiscal equalization)</i>	<b>France</b> <i>(Unitary, centralized)</i>	<b>United States</b> <i>(Federal, decentralized)</i>
<b>Environmental policies</b>	Somewhat stronger (contingent by Land)	Stronger (consistent)	Weaker (only contingent by state)
<b>Distributive policies</b>	Somewhat stronger (contingent by Land)	Stronger (consistent)	Weaker (only contingent by state)

(b) Expectations from Infrastructures of Local Governance

	<b>Germany</b> <i>(Organized)</i>	<b>France</b> <i>(Statist)</i>	<b>United States</b> <i>(Market-centered)</i>
<b>Environmental policies</b>	Stronger (consistent)	Stronger (contingent)	Weaker (consistent)
<b>Distributive policies</b>	Stronger (consistent)	Stronger (contingent)	Weaker (consistent)

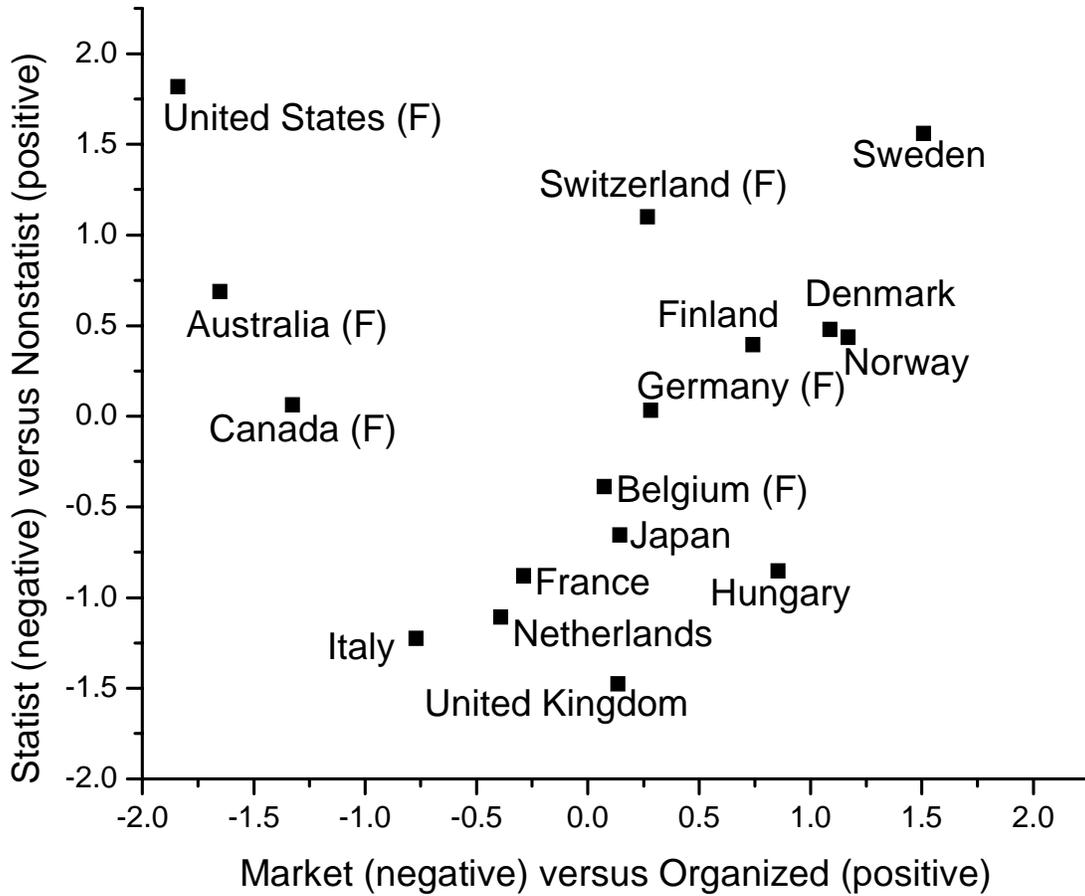
(b) Effective Local Policies

	<b>Germany</b>	<b>France</b>	<b>United States</b>
<b>Environmental policies</b>	Stronger <b>(b)</b> (consistent) <b>(b)</b>	Moderate/Weak (contingent) <b>(b)</b>	Moderate/Weak <i>(a, b)</i> (contingent) <i>(a)</i>
<b>Distributive policies</b>	Stronger <i>(b)</i> (consistent) <b>(b)</b>	Stronger/Moderate <i>(a, b)</i> (contingent) <b>(b)</b>	Weaker <i>(a, b)</i> (consistent) <b>(a,b)</b>

*(a)* = consistent with expectations from national and intermediate levels

*(b)* = consistent with expectations from infrastructures of local governance

**Figure 1**  
**National Variations in Infrastructures of Local Governance**  
**(Factor Scores by Country from Analysis in Table 2)**  
 (F=Federal Systems)



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