

Falk Ebinger, Stephan Grohs, Renate Reiter

Does Decentralization make a difference?

National policies of institutional decentralization and their impact on local government performance: France, England and Germany compared.

– Report from an ongoing research project –

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Falk Ebinger, Dipl.-Verw.-Wiss.
Ruhr-Universität Bochum
Fakultät für Sozialwissenschaft
LS Vergleichende Stadt- und Regionalpolitik
Universitätsstraße 150, Gebäude GC
05/704
D-44801 Bochum

Tel: +49(0)234 32-22398
Fax: +49(0)234 32-14487
E-Mail: falk.ebinger@ruhr-uni-bochum.de

<http://homepage.ruhr-uni-bochum.de/joerg.bogumil>

Stephan Grohs, Dipl.-Soz.
Ruhr-Universität Bochum
Fakultät für Sozialwissenschaft
LS Vergleichende Stadt- und Regionalpolitik
Universitätsstraße 150, Gebäude GC
05/702
D-44801 Bochum

Tel: +49(0)234 32-27029
Fax: +49(0)234 32-14487
E-Mail: stephan.grohs@ruhr-uni-bochum.de

<http://homepage.ruhr-uni-bochum.de/joerg.bogumil>

Renate Reiter, Dipl.-Pol.
Universität Potsdam
LS Politik und Regieren in Deutschland & Europa
August-Bebel-Straße 89
D-14482 Potsdam

Tel: +49 (0)331 977-4470
Fax: +49 (0)331 977-4531
Email: reiter@uni-potsdam.de

http://www.uni-potsdam.de/ul-is_regierungssystem_brd

Abstract:

The decentralization of public functions as a global trend in national public administration reform has recently attracted much scholarly attention.

The paper delivers an insight into an ongoing research project of the two German universities of Potsdam and Bochum, which, adjacent to the broad academic interest in decentralization, focuses on the following question: What is the impact of national policies of institutional decentralization on the functional profiles and the performance of local governments as providers of public goods and services in France, England and Germany compared?

The paper is subdivided into two parts: First, the research project will be introduced with the aim to bring forward related theoretical and methodological questions. Second, leadoff results regarding the research interest in decentralization-related performance effects on the local level of government shall be presented in the form of a tentative charting of effects in a chosen policy-field in each of the three countries under comparison.

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1. Introduction

This paper contains a twofold aim. First and foremost, the authors will deliver an insight into the conceptual and methodological foundations of an actually ongoing research project which is carried out by the two German universities of Potsdam and Bochum and which focuses on the local effects of national decentralization policies in France, England and Germany.¹ Second, leadoff results based on intensive secondary analysis shall be presented and tentatively discussed.

Since the beginning of the 1990s, scholars in the fields of both comparative administrative analysis and comparative local government have been observing a global trend towards a decentralization of public functions and services from the state to the local levels of government (Pollitt/Bouckaert 2004; Denters/Rose 2005). Albeit the widespread research activities aiming at the comparative analysis of decentralization reforms in different Western European countries, the question of how decentralization and the restructuring of intergovernmental relations impacts upon the performance of local governments regarding the fulfilment of their respective functions (*Does decentralization make a difference?*) remains an underexposed topic. It is the interest in the measurement and cross-country comparison of the change of performance on the local level of government as related to national decentralization reforms which guides our research project. More exactly, we intend to answer the following question: What is the impact of national policies of institutional decentralization on the functional profiles and the performance of local governments as providers of public goods and services in France, England and Germany compared?

Keeping in mind the two aims of this contribution exposed above, the paper is subdivided in two main parts. The first part is dedicated to the presentation of our project, while in the second part, we give a first tentative overview on some results regarding the study of decentralization effects on local governments' performance in selected policy-fields in France, England and Germany respectively. The findings presented are based on an intensive analysis of official studies and reports from the three countries under observation.

2. The research project: Does decentralization make a difference?

2.1 Research question, concepts, premises

As has been shown by many scholars on comparative local government, the intention to measure and internationally compare local government performance brings up a number of analytical and methodological difficulties (Pollitt/Bouckaert 2003 und 2004; Wollmann 2003; Hudalla/Lakina/Wollmann 2007). These are related to the highly variant traditions of national statehood (i.e. dominating ideas about the state; traditional organization of national administrative systems; prevailing 'philosophies' about the scope and the instrumentation of state intervention in social interaction) and to the according variance in the degree of local governments' autonomy to decide and act (Hesse/Sharpe 1991; Page/Goldsmith 1987; Goldsmith/Newton 1988; Wollmann 2006).

¹ The project „European Local Systems under Change: Institutional Decentralization and its Effects“ is funded by the Deutsche Forschungsgemeinschaft for the period 2007 – 2009. The research is jointly headed by Jörg Bogumil and Sabine Kuhlmann and conducted by the authors at the University of Potsdam (Renate Reiter) and the Ruhr-University Bochum (Falk Ebinger, Stephan Grohs). Further information is available under <http://homepage.rub.de/Joerg.Bogumil/Lokalsysteme.htm>.

Methodologically, a first step towards overcoming the analytical challenges connected to the measurement and comparison of local government performance is a clear containment of the research interest. We are not primarily interested in analyzing and explaining variance in the reshaped intergovernmental settings in different countries resulting from national decentralization policies. Instead, we focus on the action-related consequences of decentralization on the local level of government (*Does decentralization make a difference?*). Accordingly, we subdivide our research question into three core fields of interest:

- (1) What follows from the nationally-specific form of decentralization for the subnational governments' functional profiles.
- (2) What influence have these measures on the local systems' capacity to act as democratically accountable, efficient and effective providers of public goods and services ('performance')?
- (3) What impact have pre-existing institutional arrangements on performance in pre-selected policy fields under conditions of a reshaped intergovernmental setting?
- (4) How can we explain cross-national differences and similarities in local government performance?

In order to give an answer to the first question, we start from a rather wide, but not uncommon understanding of the concept of decentralization. Following the literature on state and local government reform, we distinguish between three ideal-typical forms of decentralization, namely *political decentralization*, *administrative decentralization* and *administrative deconcentration* (Benz 2002: 209-214; Wollmann 2006).

The first form of decentralization, *political decentralization*, can be defined as the transfer of state functions that have either been located on the central level of government and administration (i.e. functions realised by a central government office) or on a sub-central level of state administration (i.e. functions realised by one of the states' deconcentrated authorities on the ground) into the sphere of local self-government. Following the conventional understanding, political decentralization to us means that locally legitimised bodies become competent to decide autonomously on the planning, financing and administration of their newly acquired executive functions. Local authorities or authorised local bodies are – when fulfilling these functions – primarily exposed to an *ex-post* state control of the legality of their action. Amendatory to the conventional understanding, we argue that political decentralization does not only concern traditional local governments but also other kinds of locally legitimised bodies not directly responsible to the state. This understanding comprises as well directly elected local councils with a high degree of local legitimacy as well as e.g. the most often only indirectly legitimised representative organs of formally institutionalised inter-communal cooperations or partnerships (Borraz/Le Galès 2003).

Compared to the rather far-reaching form of the restructuring of the central-local-relationship through political decentralization, *administrative decentralization* marks a more moderate form of reordering intergovernmental relations. This form of state restructuring is defined as the concession of executive functions from the state to local administrative authorities without the assignment of local elected bodies to decide autonomously on the local conditions of action. Local administration may decide on its own how to organize the fulfilment of the new functions. Yet, acting as agents of national governments or governmental offices local authorities remain at least formally under the states' full control not only of the legality but also

of the functionality and the professional quality of the respective action (Wollmann 1997: 106).

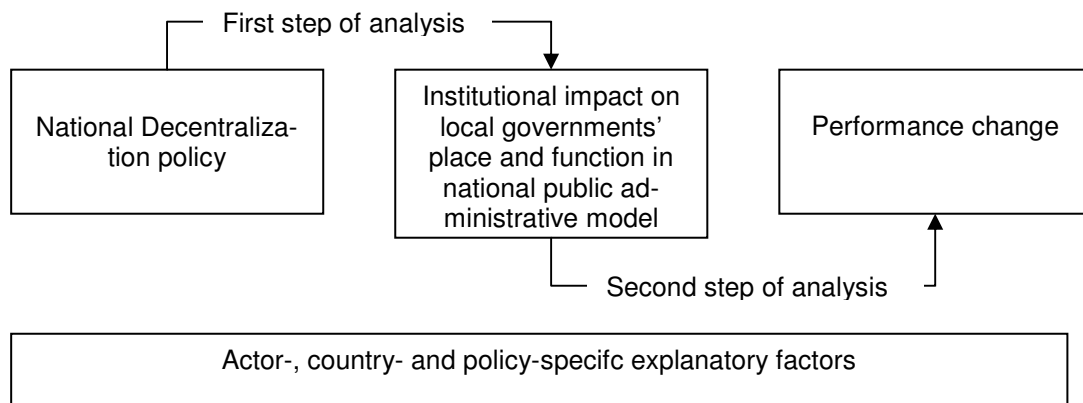
Finally third, *administrative deconcentration* is defined in our project as the delegation of central state functions to administrative bodies which are located on the sub-central levels of government but which are part of the states' own administration. Again following the conventional understanding, we first subsume the 'classic' phenomenon of a delegation of central state functions to governmental bodies and services traditionally located on the ground (examples are the French *services extérieurs* or the German *Untere Sonderbehörden*) to our definition of administrative deconcentration. Additionally, we also subsume new forms of inner-administrative functional reform, such as the creation of locally based (semi-autonomous) state agencies (Benz 1996: 177ff.) to our understanding of the term of administrative deconcentration. Finally, paying attention to the widespread "talk" on state modernization and new forms of governance (Jann 2005: 22), we argue that administrative deconcentration not only comprises the delegation of executive functions from the central state level of government onto administrative bodies on the sub-central levels which remain under the direct control of the state. Instead, we also add the phenomenon of an assignment of functions from national governments to so called Quangos (Quasi-non-governmental-Organizations, Skelcher 1998) – a kind of decentralization typical for state restructuring in the Anglo-Saxon countries – to our understanding of the term of administrative deconcentration, given the fact that the state in this case keeps its rights to a direct control of the decentral fulfilment of functions.

Against the background of these basic definitional reflections, our argumentation is founded on the premise that the performance of local governments in one state or another, i.e. their capacity to decide and act autonomously in a certain field of state action is a function of the specific organisational model underlying public administration and the intergovernmental setting in the respective state (Pollitt/Bouckaert 2004; Wollmann/Bouckaert 2006). We therefore presume that a shift in the organisation of public administration and the intergovernmental setting as instigated e.g. by national decentralization reforms should accordingly lead to a change in local governments' performance in different public policy fields. For a classification of public administrative and intergovernmental organisation in our three country cases before the beginning and in the course of the respective national decentralization reforms, we utilize Wollmann's (2006) distinction between two ideal typical models of the inter-organisational and intergovernmental setting, the *multi purpose model* and the *single purpose model*.

According to Wollmann the primary criteria for the organisation of public administration and intergovernmental relations based on the multi purpose model is territoriality whereas it is functionality when based on the single purpose model. The term '*multi purpose model* of local public administration' thus refers to the (ideal) organisational case whereby local governments of any type (e.g. municipal governments, county governments) that are subject to the direct control of a locally elected body are charged with several interrelated or unrelated different purposes and therefore dispose of an open portfolio of functions. Territorial government in this case is based on a multi-purposive or even universalistic functionality within a given, territorially defined jurisdiction. The *single purpose model* of local public administration accordingly refers to the (ideal) organisational case whereby different types of administrative bodies are respectively charged with one main purpose and therefore dispose of a limited portfolio of most often interrelated functions (Wollmann/Bouckaert 2006: 12-14; Wollmann 2006).

In the light of these basic reflections, we adopt the following two-step framework for our analysis of the performance-related impact of national decentralization reforms in France, England and Germany (chart 1):

Chart 1: A two-step framework for the analysis of performance-related decentralization impact on local governments



Source: Bogumil/Kuhlmann 2005: 13.

In a first step, we assess the institutional impact of national decentralization reforms on the respective national model of public administrative organization. In this context, we put the emphasis on the change of local governments' place and function within the model. In a second step, we ask for the performance effects on the local levels of government resulting from the decentralization reforms in selected fields of public policy making. For the assessment of the institutional impact we can draw on the wide range of secondary analysis already at hand on the restructuring of intergovernmental relations in different West-European countries since the beginning of the 1980s.

2.2 Institutional impact of decentralization reforms in France, England and Germany: major developments and basic hypothesis

2.2.1 France

Due to its unitary *jacobine* state tradition, the French state has traditionally been characterised as an example for a highly centralised model of public administrative organisation with local authorities on the different levels of sub-national government (until 1982: municipalities/communes; departments) being in a rather weak position (Hoffmann-Martinot 2006: 231f.; Wollmann 2006: 15f.). Even though the municipalities and communes have already by 1884 been finally guaranteed democratic self-government and a universal competency for the regulation of every duty falling within their jurisdiction, they could not, up until the 1980s, deploy their multi-functional profile and their highly developed fiscal autonomy which are both guaranteed by the constitutional and the administrative law of the V. Republic. This situation resulted from the very presence of the states' own administrative bodies on the ground: the single purposive *services exterieurs* of different ministries, charged with local fulfilment of state functions; the *prefect* as the states' representative in the department endowed with a generalized control function), the prefects' extensive rights to legal and functional control of local executive action (*tutelle*)², and the weak capacity of most local authori-

² In fact, before 1982, the prefect acted as the only executive authority within the Departement.

ties for own executive action resulting from the extreme fragmentation of the French local landscape and the smallness of most of the 36.600 French communes (Le Galès/Borraz 2006). The states' dominance was only "tamed" (Mabileau 1996: 25) by the traditionally established practice of an accumulation of offices (*cumul de mandats*) which enabled locally elected office holders (*notables*), especially the mayors, to gain political influence on the national level of government through adding a national mandate to their local one.

Since the launch of decentralization reforms in 1982, this state-controlled, basically single purposive setting of territorial government underwent a two-step change (*acte I* of decentralization from 1982 to 1987 (2002); *acte II* since 2003) towards a more locally-controlled, more multi-purposive form of territorial government (Kuhlmann 2007). Decentralization started in 1982 with the abolishment of the prefects' right to *tutelle* and the admission of the regions as new territorial authorities on their own. In the course of *acte I* – using the two instruments of political decentralization and administrative deconcentration – the French governments aimed at containing the single purposive character of the administrative and intergovernmental setting of the state. This had, since the Great Revolution of 1789, been seen as a basic feature of the French nation based on the 'indivisible' Republic (Hoffmann-Martinot 2006: 232). Accordingly, local authorities were assigned singular 'blocs' of different, mostly compatible functions³ and the states' deconcentrated administrative bodies as well as the prefecture not only saw a reform of their functional profile but also the strengthening of their coordinative functions and capacities.

During the second round of decentralization reforms (*acte II*) – this started in 2003 with a major constitutional reform on the basis of which the constitution of the V. Republic was amended by a clause stating that the French state is "decentralized" (Art. 1) – the idea of both upholding the single purposive nature of French territorial government and at the same time creating a decentralized state could no longer prevail. It had been counteracted since 1999 by the realisation of another major idea of state reform, namely the idea to overcome the fragmented nature of the territorial state and to strengthen the states' functional efficiency and effectiveness through boosting inter-communal cooperation. Since central government had systematically used the accordance of a multi-purposive spectre of functions to the different inter-communal authorities (*établissements publics de coopération intercommunale, EPCI*)⁴ created by the law Chevènement in 1999 as an instrument to impulse voluntary intergovernmental cooperation amongst the communes and municipalities, the basically single purposive administrative and intergovernmental setting of the French state is complemented more and more by multi purposive forms of territorial government (Thoenig 2005). Additionally, the states' dominant position regarding the control of territorial government is further cut back in the course of *acte II*. Indeed the prefects' autonomy (namely his financial autonomy) as an administrative actor on the ground is strengthened by various acts. Yet, as political decentralization remains the major characteristic form of the French decentralization reforms, the 'localisation' of state functions is further developed. As has been the case already in 1982/83, it is again the department which, in 2003, takes most profit from the decentralization of functions, namely in the field of social policy. At the actual stage and namely contrasting the effects of state reform in the English case, the administrative and intergovernmental setting of

³ Roughly the distribution of functions between the different types of local authorities looks as follows. Municipalities: local planning, local infrastructure; departements: social policy functions; regions: regional planning, economic policy functions.

⁴ Three types of EPCI have been created or confirmed by the law and can voluntarily be established by cooperating communes and municipalities, depending on the bigness of the newly erected territorial unit: *communautés urbaines* (already existent before 1999) counting 500.000 inhabitants and more, *communautés d'agglomération* (new) counting between 50.000 and 500.000 inhabitants and *communautés de communes* (already existent before 1999) with up to 50.000 inhabitants.

the French state is thus being characterized by the coexistence of the mostly locally-run single purposive form of territorial government and an inter-communally-run, multi-purposive form of territorial government that gains in prominence (Borraz/Le Galès: 2005).

2.2.2 England

England's reform record differs substantially from the Continental European countries regarding the central-local-nexus. Against the decentralisation trend the ongoing weakening of local governments' functional profile as well as a tightening of supervision, regulation and intervention by the central government can be observed since the early 1980s. Despite their lacking constitutional status and the prevailing ultra-vires-doctrine⁵ England's local governments traditionally were functionally strong and had a substantial local autonomy due to their fiscal strength (local rates) and their territorial scope (cf. Stewart 2000). According to the principal of dual-polity (cf. Bulpitt 1983) traditionally the central government was not present on the local level. This changed after 1948 with the expansion of the welfare state and the centralization of the National Health Service and Social Security. None the less British local governments remained strong players in the post-war-era. They gained further ground through territorial reform in the 1970s which created the largest local entities regarding the number of inhabitants in European comparison (cf. Page 1991; Hesse/Sharpe 1991).

The formerly strong and multifunctional localities in England were object of an obviously anti-localist policy of the conservative governments of Thatcher and Major imposing financial constraints on local governments through the capping of local rates and finally replacing them first by the poll tax and subsequently by the so called Council tax. Local governments were considerably weakened in their functional profile by compulsory competitive tendering (CCT) which exposed traditional local tasks to market forces. Equally menacing to local government was the option granted to certain institutions to opt out of local control into quasi-autonomous bodies (or "Quangos") financially dependent on the central government (e.g. grant maintained schools, Housing Associations etc). Additionally in certain fields "agencies" as deconcentrated parts of central government's administrative apparatus were installed at the local level displacing the traditional local government. The total amount of Quangos at the local level is estimated – depending on the definition of Quango – to have reached around 5.000 bodies (cf. House of Commons 2001). Finally the conservative government imposed a tight control regime on the local governments by audits and performance targets (cf. Stoker 2004; Wilson/Game 2006).

The change in government to New Labour did not change these policies in their substance, but added certain new features which can be subsumed under the headers of *democratic renewal*, *joint up governance* and *performance management* (cf. Stoker 2004; Wilson/Game 2006). Under the catch word "democratic renewal" the Blair government pursued several measures to promote local democracy and the strengthening of leadership in local government. Concerning functional arrangements most important was the breaking-up of the traditional ultra-vires-doctrine by expanding competences of the municipalities. This step was meant "to promote the social, economic and environmental well-being of localities" (Local Government Act 2000, Sect. 2. Actually the right of the central government to intervene remains intact and allows counteracting local actions. Suspending the rigid regime of CCT, New Labour introduced an expansive system of performance management labelled first "Best Value" and later "Comprehensive Performance Assessment" which introduced more qualitative aspects and claimed to avoid "privatisation at any price". The aim of a comparison of

⁵ According to the ultra-vires-doctrine local authorities may perform only such functions as are assigned to them by central government. All other tasks are "beyond their powers" (ultra vires in latin).

localities in relation with incentives for good performance (“earned autonomy”) together with a dense control and inspection regime bears a strong potential for centralising tendencies (cf. Vincent-Jones 2000: 103). The coordination-problems which developed from the fragmentation of local policy-making between the council, appointed bodies (quangos) and third-party providers were tackled by “joined up governance” programmes (cf. Leach/Percy-Smith 2001; Pollitt 2003). A further policy with impact on the central-local-relations was the attempt to create an additional administrative layer in the regions. As the attempt to install an elected regional assembly failed, the transfer of public tasks to the eight English regions is so far limited to economic development and regional planning.

Recapitulating the English case, we can – in contrast to the development in Continental European countries – observe a general centralising trend since the 1980s. We can identify a trajectory from a strong multi-purpose-model to a more and more single-purpose model. Similar to the Thatcher era, New Labour treats local governments as one “partner” amongst others in local service delivery which may create the impression of a retrenchment from centralization. Yet, regarding the German case, the persistence of ‘English exception’ becomes clear.

2.2.3 Germany

Going back in to history, far reaching rights regarding local self-government were already formally granted within certain German territories, following the Prussian example of 1808. Before being cut back in the aftermath of the 1848/1849 revolt, the concept had been introduced throughout many other German territories. Already in these short-lived beginnings, the idea of a universal competency of the municipalities for all aspects of local life was realised to great extend. This multi-functional profile was re-established and constitutionally guaranteed after the Second World War when territorial and administrative structures were prepared for an enduring democratic future. The politically and functionally strong local level is since then formally designed as the residual administrative level delivering all necessities to local citizens otherwise not catered for. This traditionally includes many aspects of basic social welfare and the handling of newly arising tasks. A “continental” feature also present in the German local administration is the entanglement of state and local level in a so called “integration model” (Wollmann 1999). Local functions and tasks must be split in those which can be derived from the autonomous rights granted to the local level and those duties delegated to them merely for execution by the federation and the state (*Länder*).

During the seventies most German states conducted territorial reforms. In the course of these reforms the number of municipalities decreased from 24.000 to merely 8.800 (in the territory of West Germany). By the different reform paths of the states the heterogeneity in size and tasks of local entities rose considerably. In some states the position of the then bigger and more capable municipalities was strengthened by assigning them additional responsibilities. The structures found at that time proved extraordinarily stable for some three decades. Despite the occasional delegation of single tasks to the local level the overall territorial and functional pattern remained constant. Only the consolidation of the partly inadequate structures established in the East-German states after the German unification in 1990 brought some new approaches and hence expanded responsibilities to the local level. This situation changed fundamentally with the beginning of the new millennium. Faced with immense financial pressures the states of Baden-Wuerttemberg and Lower Saxony implemented far reaching administrative reforms. In both states hundreds of state agencies were reorganised or dissolved entirely. One trait of these reforms was the delegation of considerable packages of administrative responsibilities on the local level while maintaining political decision-making and control in the hands of the state. The intention behind this step was to empower the municipalities and

reduce costs by cutting red tape – simply by pulling tasks out of the highly specialised sectoral state administration onto the less differentiated and politically more responsive local level. A wave of reforms imitating this approach actually roles over Germany as it proved to be at least politically successful.

In sum it can be diagnosed that the role and character of the local government level in nearly all German states is changing currently at breathtaking speed and thus opens unique possibilities to investigate the effects of institutional solutions. The traditional multi-purpose role of local governments is strengthened. Thereby its administrative apparatus often grows considerably, partly by the execution of abstract tasks far from citizens' interest. Despite this reassessment of local administrations role, administrative decentralization without formal political empowerment remains the major characteristic form of the German decentralization reforms.

On the basis of our general observations concerning the institutional effects of decentralization reforms in France, England and Germany, we can now come back to our central research interest, i.e. the performance effects of decentralization.

2.2.4 Hypotheses

As has been outlined above, it is assumed that the structure of government and the assignment of tasks influence administrative performance. Hence changes in structures and responsibilities are supposed to have an immediate impact on the exercise of functions. The mechanism which supposedly lies behind this causal relation has to be explicated yet. Referring to the already introduced two ideal types of public service organization a rough sketch of the content of this black box can be drawn: If a strong *multi-purpose local government* is seen as one pole on the continuum of possible institutional solutions, the *single purpose state administration* comprising all administrative levels would be the other. Scholars in the field share rather consistent assumption concerning the attributes of these two ideal types. Thus a set of basic hypotheses about the effects of organisational arrangements can be derived: It is presumed that multi-purpose local responsibility increases democratic control, accountability and the possibilities for inter-sectoral coordination (Wagener 1979; Wollmann 1997, 2004, 2007; Bogumil/Kuhlmann 2005; Banner 2005). Simultaneously efficiency and effectiveness might be reduced as economies of scale and scope decrease and political interference in administrative decision making rises. Vice versa single purpose state administration is seen as highly efficient and effective however associated with weak democratic control and difficult horizontal coordination (Bogumil/Reichard/Siebart 2004; Holtkamp 2006).⁶

Drawing on the empirical knowledge, these basic hypotheses for the three countries under comparison can be read in the following way: The modification of administrative structures and functional reforms in the German *Länder* supposedly strengthens the territorial organisation model and hence leads to even more comprehensive responsibilities on the local level. Consequently, mutual disruptive functions of state and local entities could be harmonised and inter-sectoral services become better integrated. However it is to be expected that local democratic accountability will stay limited for two reasons. First, many of the new responsibilities are complex administrative tasks outside the daily necessities of citizens – as e.g. complex long-term planning routines related to infrastructure maintenance or environment protection and land use. Thus scrutiny by citizens and resulting democratic control can not be exerted in a meaningful way. Secondly competencies of municipal councils are limited as functions are

⁶ Benz (2002) outlines differences between regulative, reallocative and productive administrative tasks. Picking up that argument these differences have to be considered in the further research which might contribute to differentiate the presented hypotheses.

mostly transferred in the form of an administrative decentralisation. According to the hypotheses it is to be expected that the quality, effectiveness, and efficiency of individual functions is inadequate and will diminish further. This is due to the effect of the reduced leverage of sectoral interests in multi-functional entities, as well as the obvious priority given to consolidating local government budgets.

In England, the sectoralisation and fragmentation of administration is growing with the advance of local, monofunctional agencies and quangos. If the hypotheses' assumptions are correct this is likely to do considerable damage to inter-sectoral coordination. While functional performance might improve in individual sectors, transparency of decision-making processes, accountability and control should diminish.

In France, political decentralization in conjunction with inter-communalisation should make cross-policy coordination more viable and should presumably strengthen accountability for policy outcomes. Yet, as decentralization, inter-communalisation, and administrative deconcentration are set in place simultaneously, these effects could to some extent be limited. Since actor relations in the local arena get increasingly more complex and coordination processes are complicated, transaction costs and the costs of coordination and negotiation become high and the effectiveness and efficiency of the overall system could be levelled out by these aspects (Kuhlmann 2007).

Keeping our performance interest in mind, we intend to test these hypotheses in the course of our project.

2.3 Measuring decentralization-related performance effects on local government: a framework for analysis

How can the theoretically deduced assumptions on the effects of institutional policies on the performance of local governments be approached in empirical research? In a first step we assess the different dimensions regarding the performance of local systems. The evaluation of public-sector-reforms faces numerous methodological and conceptual difficulties. One problem is that the performance of public institutions is influenced by numerous intervening factors. Consequently, it is often not possible to clearly isolate the impact of institutional changes (cf. Pollitt/Bouckaert 2004: 103ff, Boyne et al. 2003: 13ff.) Secondly, we cannot draw on an elaborated set of indicators for surveying performance improvements, which is partly because the target dimensions of modernisation are only very generally formulated, often inconsistent and even contradictory (cf. Bogumil/Kuhlmann 2006) as well as changing over time. Following Pollitt/Bouckaert (2004: 6) administrative reforms usually serve multiple ends such as savings, improvement of quality, efficiency and effectiveness of the service or product delivery. Moreover intermediate ends as improvement of political steering capacity or administrative independence as well as pure symbolic benefits might be furthered. Furthermore, the evaluation and the weighting of individual dimensions vary depending on the perspective and institutional affiliation of various stakeholder groups (cf. Connolly et al. 1980, Boyne et al. 2003: 14, Enticott 2004).⁷

⁷ For example *effectiveness* is on a first stage described as “the achievement of predefined goals”, the underlying problem becomes obvious. Which goals a public administration – and especially a local public administration – should pursue and should hence be measured against? Local governments are confronted regularly with the discrepancy of rather abstract formal laws or standards defined on a higher national level and with local interests finally articulated by local politicians. Especially the overarching goals stated in national laws would regularly require the administration to follow the advancing professional standards in the different fields such as health-care, social services or environmental protection. As detailed professional standards enforce costly measures and limit the discretion of politicians in decision-making they pose a potential threat for the interests of these local

This makes it necessary to develop a multidimensional framework which tries to cover the constitutive dimensions of performance and is oriented on the scientific discussion as well as is apt to reflect the multiple perspectives on the issues dealt with. For the deduction of these performance dimensions we are geared to the distinction of the single- and multipurpose distinction outlined out above (cf. Wollmann 2004; Benz 2002) as well as to the discussion on performance-indicators for public sector-reforms (cf. Pollitt/ Bouckaert 2004: 103-142; Bogumil/ Kuhlmann 2006).

The five distinct performance dimensions underlying our measurement of performance cover as well procedural (democratic control/accountability; coordination) as well as output-oriented (efficiency; effectiveness) aspects of local government performance and, last but not least a more general interest in the homogeneity or heterogeneity of the fulfilment of public functions. As far as the procedural aspects are concerned, we are interested both in decision-making procedures and in the coordination-capabilities on the vertical dimension between local administrative bodies and the central state as on the horizontal dimension between different administrative bodies on the local level. For the analyses of these two dimensions we can draw on research strategies developed in implementation research. It comprises case studies in which real processes of interaction and communication will be scrutinized. For the analyses of the output-oriented dimensions we draw on the approaches used in evaluation research and mostly applied to the evaluation of public management reforms (cf. Pollitt/Bouckaert 2004, Bogumil et al. 2007). We distinguish between an input-dimension which comprises changes in the charges of resources (personnel, finance, and time) and an output-dimension (number of treated cases; duration of case-treatment, effectiveness and quality of the services). Finally, we focus on the changes of the heterogeneity in service delivery between different local entities. Chart 2 as well contains several indicators for the measurement of changes on these dimensions. Besides available quantitative data we also draw on case studies and on the assessments of the interviewed actors.

Chart 2: Dimensions and indicators for the measurement of local government performance consecutive to national decentralization reforms

| Dimensions of Performance | Performance indicators in different dimensions |
|--|--|
| Democratic control of decision making / accountability | <ul style="list-style-type: none"> ○ Local council in charge of decision making and political control of implementation of the new competence? ○ Integration of user groups/organised interests into local decision making? ○ Partizipation of citizens? ○ Transparency of Decisionmaking ○ Responsiveness |
| Horizontal and vertical coordination | Institutional integration in the forms of: <ul style="list-style-type: none"> ○ Issue- and problem-oriented coordination within local administration (informal)? ○ Regular, formalised meetings/rounds for internal coordination? ○ Creation of new administrative services/bodies in charge of the coordination task? Inter-communal coordination: <ul style="list-style-type: none"> ○ Change in intensity in issue-/problem-oriented inter-communal coordination? Vertical coordination |

actors. It becomes obvious that two definitions of effectiveness – an often implicit political and a rather abstract professional – have to be considered. Both perspectives tend to negate external effects related to their point of view: professional administration in one policy field often ignores the financial effects of its decisions while politicians at times deny the sense behind professionally set standards. Objective effectiveness should be found somewhere in between this two extremes.

| | |
|---|--|
| Efficiency | <ul style="list-style-type: none"> ○ Changes in 'resource-input' (financial costs and personal)? ○ Changes in administrative output ('rate of public service production': number of treated cases; duration of case-treatment) ○ Ratio input-output |
| Effectiveness | <ul style="list-style-type: none"> ○ Legal quality, formal correctness of public service production ○ Professional quality of public service production ○ Proximity to citizens: spatial closeness of administration, electronic accessibility of administration ○ Cutback of vertical policy-merge? ○ Improvement of local capacity to decide and act autonomously |
| Heterogeneity in local service delivery | <ul style="list-style-type: none"> ○ Amplification of 'unequal' service fulfilment in an inter-communal perspective? |

For “testing” the applicability of these heuristics, we started with secondary analyses of decentralization-effects in different policy-fields in the three countries. Rationale for the selection of different policy-fields was their relevance regarding changes in central-local relations: Each field in each country stands for “paradigmatic” shifts between the central and local levels of government. In the course of our project we intend to expand our analysis to further and also to corresponding fields in the different countries.

3. First results

Drawing on secondary analyses of existing research and official evaluation reports, we – at the actual stage of our project – come to the following tentative results concerning the performance-effects of decentralization in France, England and Germany.

3.1 France: Decentralization-related performance-effects in the fields of active employment policy

In France, the field of social policy and more specifically the field of active employment policy delivers a somewhat “paradigmatic” insight into the effects of national decentralization reforms.

It was already during the 1980s that French local authorities, namely those municipalities and communes most strongly hit by the general rise of unemployment, became active on their own in the field of active employment policy. In this context, they could use *inter alia* the European Union's Social Fund (ESF) and the specific support schemes offered by the EU to fight unemployment on the local level of government (Le Galès/Harding 1996; Berthet 2005). In 1988, the Socialist French government created a minimum wage for insertion, the so called *RMI (revenue minimum d'insertion)*. This, since then, has become the major instrument of French active employment policy.

When it was created in 1988, the RMI in terms of its execution was put under a regime of local co-governance (Borgetto 2004). The prefect as the states' representative in the department and the department itself, represented by the president of the conseil général as its locally elected body were charged with the cooperative programming and supervision of the departments' insertion plan (*Plan départemental d'insertion, PDI*) as the regular basis for the implementation of the RMI⁸. In practice, cooperation was assured through the installation of departmental insertion boards (*Conseils départementaux d'insertion, CDI*) competent for decision-taking and whose members were appointed by the prefect. Thus, it was in fact the state

⁸ As a matter of fact, the PDI is the key document underlying all public activities in a respective department in the field of social insertion.

that kept the final say on the local execution of the RMI and its related functions, irrespective of the fact, that most of the other of the states' functions in the field of social aid and social integration had been assigned to the departments already in 1983 in an act of political decentralization.

The situation changed in 2003. As one of the first measures of *acte II* of the French decentralization reforms, the administration of the RMI was completely transferred to the departments by the end of 2003 and, at the same time, the national government carried out a reform of the RMI.⁹ Since the beginning of the year 2004, the members of the CDI which has been transformed into a consultative body, are to be appointed by the department (*conseil général*) itself and the president of the *conseil général* is now fully competent for the programming, the decision and the execution of the departments' insertion plan. In the fulfilment of his new functions, the president of the *conseil* has to draw on the consultative contribution of the prefect and the other local actors in the field of active employment policy gathered in the CDI¹⁰, but he is only directly responsible to the *conseil général* itself. Added to the political decentralization of the RMI, the national government took the opportunity to reform the instrument and to create a new insertion scheme, the so called RMA (*revenue minimum d'activité*). The RMA falls under the umbrella of the RMI and serves as a special instrument for the re-integration of long term unemployed into professional life through the accordance of a wage grant to local employers willing to recruit RMI/RMA-recipients.¹¹

Being accorded the competence for the administration, financing and implementation of the RMI/RMA in the year 2003, the departments are now in full control of the following related functions (incomplete listing): admission of the individual RMI/RMA-applications, administrative and financial management (contracting, control, re-admission or denegation etc.) of the individual 'cases' of RMI/RMA-recipients, offer and fulfilment of specific RMI/RMA-related service functions (e.g. organisation of vocational training and training on the job, signing of conventions with firms willing to employ RMI/RMA-recipients, additional service and consultative functions etc.). In 2005, this functional spectre has been amended by the competence to create local employment houses (*maison de l'emploi*), i.e. local one-stop service agencies charged with the job placement on the ground. Each department may decide whether to fulfil the listed functions on its own (rather uncommon) or whether to delegate them onto third parties (common practice) like e.g. the CAF, the states' social insurance carrier, which may act as the departments agent for the financial management of the individual RMI/RMA-cases.

Given the states' own interest in a due evaluation of the effects of state reform and especially of the effects of decentralization, the local fulfilment of the RMI/RMA-related duties and functions has, since 2003, become the object of a number of official evaluation studies and

⁹ Both steps find their legal foundation in the 'law on the decentralization of the RMI and the creation of an RMA' of 18th december 2003.

¹⁰ The CDI brings together the following actors: the States' services DRESS/DDESS, the prefect, representatives of the municipalities and EPCIs within in the departments jurisdiction, the regional affiliation of the states' employment agency ANPE (*Agence nationale pour l'emploi*), the national association for vocational training AFPA (*Association nationale pour la formation professionnelle des adultes*), the local affiliation of the CAF (*Caisse d'allocation familiale*), i.e. the national social insurance institution acting as financial carrier of the RMI, other potential carriers of functions, the social partners etc.

¹¹ The RMI/RMA-scheme has once again been reformed in 2005. Given the strong differentiation of the RMI/RMA-related types of insertion contracts especially during the 1990s (Arathoon et al. 2005: 23f.), the RMI/RMA-instrument underwent another revision in the year 2005. Based on the 'programmatic law on social cohesion' (*loi Borloo*) of 18th January 2005, the RMI/RMA-scheme this time was opened up for the professional insertion of specific social groups newly assigned to the labour-force potential (elderly, handicapped persons, lone mothers etc.). The administration of the RMI/RMA-contracts of these groups of recipients falls under the states' own functional ambit (*ibidem*).

reports from different governmental, local and scientific bodies such as the DREES, the ODAS, or the Minefi¹². The studies actually at hand show a rather diverse picture concerning the performance-related effects of decentralization on the local, i.e. departmental level of government (Table 1)

¹² DREES: Direction de la recherche, des études de l'évaluation et des statistiques (an evaluative agency in the services of the national ministry for employment, social cohesion and housing and the national health and social ministry); ODAS: Observatoire nationale de l'action sociale decentralise; Minefi: national ministry for the public budget and the public function: forum for performance measurement.

Table 1: Performance effects of decentralization reforms in France in the field of active employment policy (RMI/RMA)

| Dimensions of Performance | Measuring local governments' performance in the field of active employment policy by indicator |
|--|---|
| Democratic control of decision making / accountability | <ul style="list-style-type: none"> ○ Conseil general is formally competent for execution, financing and administration of RMI/RMA and all related functions since December 2003 ○ Indirect integration of organised interests/municipal authorities/ carriers of functions into local decision making via right to take position to the departments' medium-term, multi-annual social insertion plan (PDI) as members of the departmental insertion board CDI (by the beginning of 2005 two third of the departments had renewed the composition of their CDI, giving the majority in the board to the local representatives) ○ No direct function-related participation of citizens in local decision making |
| Horizontal coordination | <ul style="list-style-type: none"> ○ No official information available on actual stage of informal, issue- and problem-oriented coordination within local administration ○ Erection of regular, formalised meetings/rounds of different services in coordination of the RMI/RMA-function depends on internal administrative organisation of the department; most common: singular service unit ○ Widespread: creation of a new service exclusively charged with the management and implementation and administration of RMI/RMA ○ Generally weak but increasing inter-communal cooperation on local fulfilment of RMI/RMA-related services, due to (increasing) practice of conseils généraux to delegate RMI/RMA-related functions to municipalities or EPCI on the basis of a PLI (<i>plan local d'insertion</i>) |
| Efficiency | <ul style="list-style-type: none"> ○ Ratio of input of financial resources remains stable as compared to the states' former expenditure on RMI (yet, the departments have to face higher costs due to an increase in the number of recipients since 1988 which leads to deficits). Strong differences prevail between departments concerning the attribution of personal for the administration of RMI/RMA (at the beginning of 2005 72 per cent of the department had one or more persons in order to fulfil the administrative functions related to RMI/RMA). Common is the practice of contracting out service duties to formerly competent bodies, namely the CAF (obligatory partner) and the ANPE (at the beginning of 2005 40 per cent of the departments had service contracts with the ANPE). Due to the inflation of insertion-instruments, many departments fear an ongoing increase in administrative costs related to the execution of RMI/RMA. ○ Changes in administrative output depend on the number of cases. Some departments openly declare the aim to use new competences to effectively reduce the number of recipients of RMI (in 2005, 20 per cent of the departments have intensified controls of recipients) ○ Until now no data available on the input-output ratio. The conseil général can decide amplified controls on correctness of financial input. Service contract between the conseil général and third parties normally comprises legal clauses on objected results; creation of new posts for controlling the rationalisation of departmental offer. Competition becomes the general steering mechanism concerning the regulation of service production/allocation by non-state/non-local social actors |
| Effectiveness | <ul style="list-style-type: none"> ○ Legal quality, formal correctness of public service production is assured by the states'/prefects' right to legal control ○ Pretence to keep high professional quality of public service production. By the beginning of 2005, all departments had created the post of a special agent charged with permanent accompaniment of RMI/RMA-recipients and with the development of integration schemes for specific client-groups (e.g. lone mothers). Professional quality is afflicted with the inflation of new, not always functionally coherent posts within local public administration. ○ Proximity to citizens/users/customers (spatial closeness; electronic/telecomm. accessibility; user-/customer-friendliness of services) varies between different departments depending on the departments' general inclusion policy (self-definition as 'administrator' of RMI/RMA or as inclusion-agent). Widespread is the territorial subdivision of department in 'social action areas' ○ No cutback of politics-/policy-merge, widespread practice of delegation of functions to municipalities. Double planification on different levels of government and contractualisation between them ○ Improvement of local capacity to decide and act autonomously: depends on departmental delegation-practice. Only in some cases (4 per cent of the departments in 2005), the municipalities' capacity in the field of insertion is strengthened by a respective intergovernmental contract |
| 'Hybridisation' of local service delivery | <ul style="list-style-type: none"> ○ Hybridisation of departmental service profiles, due to possibility of departments to choose and 'invent' various modes of organisation of service delivery and due to possibility of contracting out different RMI/RMA-related services to third parties (municipalities, state services, social security services and other actors). Ongoing reform of the RMI/RMA-scheme as driver for further hybridisation |

Own compendium based on: Avenal 2005; Le Bihan et al. 2006; Les lettres de l'ODAS.

Without being able to go into detail, one general conclusion with regard to the listed findings would be that in the case of active employment policy, political decentralization is apt to lead to a differentiation regarding both the efficiency and the quality of public service fulfilment on the local level of government. This does not necessarily correspond to the states' expectations associated with decentralization (namely fortification of efficiency and effectiveness). As far as the efficiency of the fulfilment of public functions is concerned e.g., a general increase in financial efficiency or a reduction in public administrative personal can, up until now, not be detected as a result of decentralization. Even though the departments now being fully competent for the administration of the RMI/RMA have an increased interest in economizing, the majority of them had to recruit new personal in order to be able to manage their RMI/RMA-functions. And as far as the effectiveness of the fulfilment of public functions is concerned e.g., even though all departments document their will to uphold or even strengthen the professional quality of their services as well as their proximity to RMI/RMA-recipients (insertion agent), the departmental landscape is divided into those putting stronger emphasis on the professional quality of insertion policy from a point of view of the clients and those putting the emphasis more on the administrative quality of the fulfilment of functions (Le Bihan et al. 2005). All in all, taking the example of the political decentralization of active employment policy functions, decentralization in France has, up until now, generated rather diffuse effects on public service execution and the performance of local governments.

3.2 England: Retreat of local government in the field of education

One major example for the weakening of the role of local government in England in the process of "quangoisation" which is identified as a major shift in the functional profiles of English local governments is the field of education. State Schools were under the control of the Local Education Authorities (LEAs) since the Education Act 1944 and consisted of a three fold school system with primary schools, secondary modern respectively technical schools and grammar schools which were mostly fused to comprehensive schools in the 1970s. Under the Thatcher government this traditional system came under the critique of mismanagement and the abuse of autonomy by the LEAs, which were seen as dominated by leftwing pedagogues with "progressive" teaching methods. Measures to weaken the LEAs' power (cf. Wilson/Game 1006: 123-126; Pollitt et al. 1999; Donnelly 2004) were the practice of bind the budgets received from the state to specified projects (1984). In 1986 LEAs influence was weakened by giving more autonomy to the single schools and their boards. Under several steps induced in the 1980s most important under functional aspects was the "quangoisation" of public education through the state financed new school form of City Technologies (CTC) standing outside the LEA and the creation of "Grant Maintained Schools" in 1988. The Education Reform Act gave all state schools the opportunity to "opt out" (via referendum under the parents) of the LEA and to run the school autonomously with direct financing by central government. The remaining schools under the head of local government got a higher degree of financial autonomy and a new management system named "local management of schools" (LMS) was introduced. At the same time national curricula and a central system of benchmarking (league tables) were introduced which should make the performance of single schools transparent and open up competition between schools supported by parental choice and open enrolment. The opting-out option was only used by about 18% of the schools (cf. Pollitt et al. 1999: 104) which can be regarded as a political defeat for the Tories. Labours policy renamed the Grant Maintained schools in Foundation Schools and strengthened school autonomy further even for the schools formally under the umbrella of the LEA, so that the differences between the two models diminished. For scholars this nevertheless opens up the possibility for a direct comparison of two administrative models of school governance.

Regarding the effects¹³ of these measures (cf. table 2) some findings underline our theoretically developed assumptions: in the dimension of democratic accountability there is a clear weakening of representative democratic control on the one hand, on the other hand through the strengthening of “consumer” rights and “market” transparency, there is a strengthening of democratic self-government and participation of the persons involved. Regarding the horizontal coordination clear deficits are observable: As well between the schools as between local government and schools a weakening of cooperation and a reduction in planning capacities are reported. No clear effects are observable regarding the output-dimensions efficiency and effectivity: The main part of observable efficiency gains can be ascribed to new flexible budgets introduced as well in the LEA as the GM schools, not to the administrative attribution (cf. Levacic 1994). On the contrary there are indications for higher administrative costs in the GM schools due to lacking economies of scales.

¹³ Sources are: Fitz et al. 1993; Pollitt et al. 1999: 102-135.

Table2: Performance effects in England in the field of education

| Dimensions of Performance | Measuring performance effects of foundational schools |
|---|---|
| Democratic control of decision making / accountability | <ul style="list-style-type: none"> ○ Cutting of democratic control of schools by the local council, indirect control via central government ○ Through far reaching school autonomy stronger influence of school boards consisting of parents and representatives and local enterprises ○ Strengthened "consumer democracy" through parental choice and nationwide transparent benchmarking between schools (league tables) |
| Horizontal and vertical coordination | <ul style="list-style-type: none"> ○ Self government of schools leads to a weakening of coordination with local authorities in crosscutting issues, especially in fields like youth welfare, crime prevention, planning, leisure or sports facilities: "The local authority has cut us off" ○ Planning capacities on the local level have been weakened ○ The coordination and cooperation between schools is weakened through autonomy and competition which leads to problems in producing collective goods (e.g. rooms, sports facilities or food provision for mutual use) ○ Through national curricula and league tables the vertical coordination is strengthened |
| Efficiency | <ul style="list-style-type: none"> ○ Improved flexibility and efficiency in resource use (but also through budgetary reform for LEA-schools (cf. Levacic 1994), so it's more a result of financial management reform than organizational adherence. ○ But: Rising administrative costs through internalisation of administrative functions (e.g. personnel, building maintenance) and de-professionalisation of administrative functions through self-government |
| Effectiveness | <ul style="list-style-type: none"> ○ More investments in better equipment: IT resources ○ Regarding the pupil's results and the school performance in the "league Tables" no significant differences show up. |
| Heterogeneity of service production between local units | <ul style="list-style-type: none"> ○ Diminishing equity between schools |

3.3 Germany: decentralization-related performance-effects in the field of environmental policy

Due to the federalist structure and the described “wave” of administrative reforms including administrative decentralizations, Germany could be described as the coming Eldorado for comparative research. As most of the reform ventures are still quite recent or not even fully implemented yet, only a few states qualify currently for evaluative studies. In this showcase the effects of the executive decentralization in Baden-Württemberg shall be outlined briefly. As noted the state of Baden-Württemberg was one of the forerunners and inventors of the latest reform model pressing ahead a comprehensive reshuffling of its public service in 2005 (cp. Bogumil/Ebinger 2005). While no political decentralization was undertaken, one of the main characteristics of the reform was a massive increase of the districts administrative responsibilities. There the number of employees rose on average about 40 to 50%. One of the many administrative spheres affected by this measure was the environmental policy regime, in particular the field of pollution and trade control as well as occupational health and safety for the majority of enterprises. Excluded from decentralization were only the biggest and hazard-prone production facilities.

The focus on environmental policy in this exemplary case has special virtues as the subject can be described as especially rich of conflicts. Unlike to any “normal” state activity no consistent group of stakeholders profits noteworthy from tough environmental regulation and monitoring. On the contrary, by allegedly limiting discretion and increasing costs of entrepreneurs, most measures are highly unpopular and especially in times of economic crisis a target for political acting for the sake of acting. The evaluation of this subject should make problems and advantages of decentralizations clearly visible.

Table 3: Performance effects of decentralisation policy in Germany in the field of environmental policy (pollution and trade control)

| Dimensions of Performance | Measuring local governments' performance in the field of environmental policy by indicator |
|---|--|
| Democratic control of decision making / accountability | <ul style="list-style-type: none"> ○ No direct function-related participation of citizens in local decision making ○ As the tasks transferred in pollution and trade control are mandatory the elected head of district authority/Lord Mayor is in charge of execution, financing and administration. Since no political decentralisation was undertaken, neither the council as body of local self-government is involved in decision-making nor can any statutory regulation be altered. ○ Autonomy in the allocation of resources, in recruitment and qualification as well as in the specification of preferences and at least implicit goals in administrative procedures gives the (at least indirectly) elected head of district authority/Lord Mayor – and thereby local actors and organised interests – considerable leeway in steering the output of the then local public services. |
| Horizontal and vertical coordination | <ul style="list-style-type: none"> ○ Local administration is an integrated and hierarchically organised body a high degree of coordination – mostly in terms of negative coordination – is common. ○ As state administration (and hence state politics) keeps the tasks of counselling in complex issues, supervision and – if found inevitable on professional or political grounds – the final decisional authority in every respect, an intensive vertical coordination should be expected. ○ Despite this formal aspects supervision by state authorities proved to be weak. ○ Furthermore conflicts between local and state administration due to unclear formal responsibilities are frequent. |
| Efficiency | <ul style="list-style-type: none"> ○ As cost reductions were linked to the transfer of responsibilities, efficiency in terms of total spending on pollution and trade control rose. ○ Retiring employees are generally not replaced. |
| Effectiveness | <ul style="list-style-type: none"> ○ Legal quality, formal correctness of public service production is formally assured by the state administrations' right to interfere for legal and factual reasons. ○ Furthermore citizens/enterprises can object and take legal action against administrative decisions. ○ Over all, professional quality of public service production pollution and trade control declined severely by the transfer to the districts as specialisation in personal and equipment could no longer be maintained. ○ As Enterprises were assigned to either the districts' or the state administrations' pollution and trade control depending on the relevance of its facilities, the number of administrative contact persons sunk from two to one. As reported responsibilities between district and state are often unclear – especially when production capacities or methods change. ○ Proximity to citizens/users/customers did change only marginal as the authorising agency always processed all emission-relevant requests by only one front-office. ○ Political influence on decision reportedly rose sharply after the transfer to districts and cities. |
| Heterogeneity of service production between local units | <ul style="list-style-type: none"> ○ As the head of district authority/Lord Mayor have wide ranging competencies and state supervision is weak, service production is extremely heterogenic. |
| 'Hybridisation' of local service delivery | <ul style="list-style-type: none"> ○ |

The results delivered by first empirical studies (Bauer et al. 2007; Bogumil/Ebinger 2005) reveal a rather disillusioning picture. First of all it is to note that quality and effectiveness of the transferred tasks varies considerably between local authorities. While certain heads of district authorities invest heavily to maintain public service quality others perceive the new responsibilities and the related resources as for the most part dispensable and use them as hidden reserves for successive release. Over all, professional quality of public service production pollution and trade control declined severely by the transfer to the districts. By analyzing the reasons for this diagnosis two sets of problems can be identified. By stealing a glance on decentralizations in other policy fields in Baden-Württemberg and other German states these problems appear not to be specific for environmental policy. Instead they seem to generally haunt the decentralization of responsibilities in sensible and complex policy fields: First, problems of scale arise frequently due to the transfer of competencies on inadequate administrative levels. This seems to be the main reason of inefficient and ineffective administration. In Baden-Württemberg companies complain frequently about inadequate guidance, increasing costs for external consultants and the slow processing of requests. Main reason is the lack of know-how due to the fragmentation of formerly highly specialised single purpose state agencies. Besides the resulting misallocation of capacities (specialists to generalists), long set-up times and low quality of decisions pure size effects paralyse the new structures. Sickness or leave of individual employees can grind all administrative procedures to a halt, advanced trainings becomes impossible when no replacements are available. A second problem seems to be the new closeness of political and administrative spheres. As heads of district authority and Lord Mayors are elected they have to further interests securing or improving their re-elections. This could result in intensified conflicts between professional standards pursued by bureaucrats and the political goals the principals are forced to further. Transferred employees report of restrictions or the downright directives concerning the results of professional decisions. Besides increasing the risk of environmental damage or bodily harm of citizens and employees this leads in short term to the de-motivation of the affected staff. In sum both effects seem to lead to a change in the mode of bureaucratic decision-making as due to political preferences and limited resources priorities will have to be assigned and only a certain fraction of cases can be dealt with according to professional standards. It becomes obvious that savings in public spending realised by decentralization in combination with the reduction of funds are overpaid for by the national economy.

4. Conclusion

As work is in progress no final results can be presented. However some conclusions can be drawn already. Going through the relevant empirical literature supports – not surprisingly – our basic assumption that decentralization actually makes a difference. Even though findings can not be qualified yet it became obvious that the form of decentralization and the respective decentralization-pattern in the three countries under observation influence the ‘performance’. In all three countries exercise and results of the transferred functions changed considerably. We can observe an obvious shift from centralized single purpose model in France to a more decentralized local model with a significant portion of multi-purpose-elements, in Germany the multipurpose-character of local government is partially strengthened whereas in England local governments’ functional profiles were hollowed out substantially in the last 25 years. Furthermore traditional national peculiarities and pre-existing national institutional arrangements structuring intergovernmental relations seem to determine considerably public sector modernisation – even if they can not completely foreclose fundamental breaks and changes as the French and British cases show.

From a methodological and analytical point of view three aspects seem noteworthy:

First our still rather crude set of dimensions seems to cover rather well the actual changes, as in all countries correspondent changes were observed and no residual dimension stayed unconsidered.

Second there is no consistent trend referring the performance effects of transfers to be observed. Consequences of changes seem there to be influenced by a whole host of factors - starting conditions, institutionalization, stakeholders and promoters involved, controlling and so on.

Third, the described observations confirm the triangulation of methods approach chosen for our project. As the changes can neither be described satisfactory by quantitative approaches nor by mere case studies, a combination of methods seems most promising.

In the comparison of countries und policy sectors we can observe in some dimensions rather clear confirmations for our hypotheses deducted from the single-purpose-multi-purpose-dichotomy: Especially the procedural dimensions of political control and (vertical and horizontal) coordination seems to meet the expectations as hints for a weakening of political control and a loss in horizontal coordination can be found in the case of state schools in England, whereas a politicization and partly strengthened coordination capacities in France's RMI/RMA and the German environmental administration are to report. However, no clear-cut statements can be made so far regarding the effectiveness and efficiency of the reforms under scrutiny. While in the German case declining (professional) effectiveness is observed, no clear effects can be stated for the English case. Concerning the dimension of inter-local heterogeneity the hypothesized effect of growing disparities between communities as a consequence of administrative and political decentralization seems to be confirmed.

Starting from this "mapping", in each of the three countries two case studies will be conducted comprising one major city (district/Stadt/municipalité) and one county (county/Kreis/département). The envisaged aim is to compile precise reports on the consequences of the identified policies. For each case study expert interviews will be carried out with decision makers in the policy areas under research as well as with the heads of administrations and other administrative staff. Additionally, local documents, reports and process generated data will be explored. For getting feedback from administrative practitioners intermediate results will be discussed in a broader circle of administrators in the cities and counties under concern.

To put the local case studies in a wider context, complementary interviews with actors from national and inter-local institutions and other experts will complete the analysis.

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