



## **Place, Metropolitan Inequality and Governance:**

### **A Framework for Comparative Analysis**

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**Seminar: Metropolis and Inequalities**

**São Paulo, Brazil, 24<sup>th</sup> -26<sup>th</sup> March**

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Paper presented at Center for Metropolitan Studies Seminar on Metropolis and  
Inequalities, University of São Paulo, March 24-26, 2010

A previous version of this paper was prepared for presentation at the American Political Science Association Annual Meeting, Toronto, Ontario, September 2-5, 2009. The author would like to thank Vincent Hoffmann-Martinot, Toshiya Kitayama, Daniel Kuebler, Marta Arretche, and participants in the ECPR Joint Workshops in Rennes in April 2007 and the International Metropolitan Observatory Workshop in January 2008 for contributions to the analytical framework and hypotheses in this paper.

### *Abstract*

As socioeconomic inequalities have grown in many countries, and metropolitanization has absorbed growing proportions of population and territory, metropolitan inequality has become central to territorial politics and policy in many countries. Social and economic disparities among metropolitan places reinforce the disadvantages of the poor and compound the advantages of the affluent. In seeking to address these disparities, policymakers face a dilemma. Policies and institutional arrangements can reduce or even compensate for disparities among places. Yet governance of metropolitan inequality often entails constraints on local political and market choices. To analyze the ways governmental institutions and policies can affect these metropolitan patterns, I introduce the concept of *regimes of place equality*. In part, these regimes reflect national differences in welfare states, capitalist institutions and systems of central-local relations. They can also be a product of nested arrangements at regional or metropolitan levels, or embedded in specific sectors of policy. Local outcomes for citizens have been a result of the interaction between local choices and the wider regimes of place equality with a region. In recent decades, the evolution of these regimes has subject to competing pressures toward convergence. Neoliberal agendas have emphasized more local political and market choices. At the same time, reform movements in a number of countries have enacted mechanisms for greater place equality.

*(NOTE to participants: This paper presents an analytical framework for an ongoing ten-country study on metropolitan inequality and public policies. My presentation will also discuss initial findings from the study.)*

By many accounts, growing social inequality over the last several decades has increased social disparities worldwide. In developed countries, these tendencies have been linked to the growth of value-added production and services. In developing countries, the spread of global manufacturing and resource exploitation have created rising incomes for some portions of society even as others have remained poor. This inequality and efforts to address it have also played a central role in the politics of countries in both the developed and the developing world. This paper focuses on the territorial disparities that comprise an important and often underanalyzed element of wider patterns of inequalities. I argue that the growth of new forms of territorial disparities centered in metropolitan regions requires a reconceptualization of established approaches to territorial policy and politics.

In the last few years, humanity has crossed an epochal threshold. A majority of the world's population now lives in urban regions. Across the developed world, and increasingly in developing regions like Latin America, the urban proportion of the population now approaches two-thirds or even four-fifths. At least as important as the growth of urbanization has been the new shape that urban regions have acquired. Increasingly, sprawling, diverse metropolitan regions have replaced the dense city centers and rural borders of early industrial civilization. The growth of metropolitan areas has given rise to sorting among places by different types of metropolitan residents and firms, along lines of income, ethnicity, and preferences. In many metropolitan regions, new spatial concentrations of disadvantage have emerged. This spatial separation has often reinforced social exclusion and disadvantages. At the same time, affluent and middle

class residents have often sorted into metropolitan enclaves. Sorting can reinforce the advantages of these groups with additional, enhanced services or lower taxes in the places where they live. The global trend toward metropolitanization has profoundly influenced the form and consequences of inequality as well as the efforts that governments and policymakers have undertaken to address it.

Analytical approaches to territorial politics have generally focused on regional differences, or a distinction between urban and rural areas. The growing territorial complexity and interdependence of economies have increasingly called these approaches into question (World Bank, 2009). Yet divisions among places within metropolitan areas now supplement or even have replaced regional territorial divisions as the main spatial dimensions of inequality. Metropolitanization not only represents a spatial expression of social inequality, but can reinforce that inequality with the spatial dynamics characteristic of metropolitan regions. Commuting, residential mobility, consumption, market dynamics and functional interdependence make metropolitan regions a distinctive type of context for territorial inequality and efforts to address it. Governance structures and policies comprise one of the most crucial elements in these spatial effects. This analysis will focus on how policies and governance have in some respects reinforced spatial inequalities and in other cases reduced them.

### **The normative background: Place equality versus local choice**

Equality or inequality among places is rarely the sole normative justification for policies that affect metropolitan disparities. Nor should it be. To define place equality and its

normative significance more clearly requires us to distinguish how it relates to other kinds (or dimensions) of equality, and to other normative concerns that have animated debates about the proper institutional design for local and metropolitan governance.

Philosophies of social justice focus on persons rather than places. An influential argument about urban policy in the United States contends that policies toward social advantage and disadvantage should address people regardless of where they live. However, inequalities in the conditions of places where people live, work, shop and play exert both direct and indirect effects on inequality among people. Most directly, when the conditions of schools, hospitals or the natural environment, differ, then the residents of different places face unequal opportunities to consume social services or natural amenities. Indirectly, these differences can also affect the access of residents to other, wider opportunities.

For disadvantaged groups, the compounded disadvantage that grows out of spatial concentrations has posed the most familiar problem. Reflective of more general attention among policymakers to the problems of these groups, philosophers like Rawls have given the betterment of the most disadvantaged groups priority in accounts of social justice. In countries with large socioeconomically disadvantaged populations, research has often linked the more general social disadvantages to spatial isolation, or to the institutions and social processes in neighborhoods of concentrated disadvantage.

The advantages of more privileged and affluent groups have received less attention from either social philosophy or policymakers. For these groups, inequality takes the form of greater opportunities. The concerns that have been raised about the effect of concentrated advantages for these groups revolved mainly around the additional opportunities that they acquire through metropolitan residential sorting. Self-exclusion from the rest of the population can create enclaves providing localized goods to the exclusion of goods for the remainder of society. Critiques of these practices from the standpoint of social justice have mainly focused on the most extreme forms, like the gated communities of many U.S. metropolitan areas or Latin America, or the most exclusive suburbs.

Fragmentation and sorting of metropolitan communities may after all serve other important ends. As political philosophers since Aristotle have maintained, the interpersonal relations and lesser scale of smaller communities can empower local residents and strengthen the democratic character of local decisionmaking. Across most of the developed world, local voting and other forms of political participation are consistently higher in smaller communities. (Sellers et al. forthcoming). Giving smaller localities autonomy to make decisions on their own can add to this democratic potential.

Neoliberal theories also emphasize the value of market choice from metropolitan interlocal fragmentation and sorting. Thus choice among communities with different portfolios of services, amenities and taxes gives mobile residents seeking a place to live the liberty to choose their community and ultimately their residential environment. According to this logic, choice and sorting give poor the opportunity to find more

affordable housing, and rich households the chance to pay more for the local amenities and services they desire. Tiebout (1956), in a seminal article, pointed to this sorting as a mechanism to provide for local public goods like these in a way that accommodated the preferences of residents. Fiscal federalist analyses portray this competition as a way to provide public goods more efficiently, as competition for residents constrains local governments to maximize the services and amenities provided and minimize local taxation (Ostrom 1972).

A wide array of authors have disputed how much these virtues can apply to a fragmented, spatially divided metropolitan setting. The potential distortions in democratic decision-making processes are clear. When local governments are responsible for deciding policy at the metropolitan level, fragmentation and sorting among communities can frame agendas in terms of the segmented local goods than can be provided in individual localities, rather than interlocal metropolitan public goods. One community's decision to protect itself from new transit construction can be a neighboring community's loss of access to a needed means of transportation.

Even beyond this, sorting by income and privilege compounds the social and economic disadvantages of marginalized groups with political exclusion. As critical decisions about the overall distribution of services come to be made within homogenous, privileged communities formed through sorting, minorities and those without resources will find themselves isolated by jurisdictional boundaries from an effective role in political deliberation (Briffault 1996; Frug 2002). Divisions like these may even shape the more



general political consciousness of residents in the divided metropolis, fostering neglect of disadvantaged populations among the residents of middle class and higher income communities (Hayward 2003).

In metropolitan areas where sorting takes place amid an increasingly unequal distribution of resources, this place inequality also leads to inequality in market opportunities. . Communities with greater capacities to raise local funds for services or amenities will be able to offer residents more than others, or lower levels of taxation. Those with lesser fiscal capacities will be able to provide less. The higher prices of access to the most privileged enclaves that form may exclude even middle class residents. Poor residents will remain confined to the lower-service localities they can afford.

This paper aims to set out a framework for the first systematic cross-national comparison of the policies and institutional arrangements that different contemporary societies have adopted toward these tensions between metropolitan inequality and choice. In doing so, we hope to contribute to a broader and deeper empirical understanding of these problems, and how they can better be addressed.

### **Regimes of place equality: definition and alternatives**

Clearly any cross-national comparative examination of metropolitan inequality and efforts to address it must devote much of its attention to the ways that national and other governments above the level of metropolitan regions themselves have affected local and metropolitan governance. Analyzing this array of interrelated policies for their effects at

the metropolitan level opens up a new perspective on the consequences of much of what states and economic systems do (cf. Pierson 2006).

a. This analysis focuses on what we term *regimes of place equality*, and their consequences for spatial inequalities in services. These consist of several types of policies, governance strategies and institutions. They share

- 1) Elements of national or regional (e.g., federal or intermediate-level) legislation or administrative decision-making, although most contain elements of implementation at the metropolitan and local levels;'
- 2) A territorial dimension (intended or unintended) within metropolitan regions.

Regimes of place equality consist of a variety of different types of public policies.<sup>1</sup> Some are policies that have a direct impact on equality in the provision of services. For others, the effects can be indirect, through incentives and pricing in locational markets.

- 1) Redistributive services, such as education, health, and welfare
- 2) Allocational services (cultural and environmental amenities, security, general government)
- 3) Developmental policies: Transportation and infrastructure
- 4) Revenue-raising for services

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<sup>1</sup> This conceptualization draws on Razin (2007). For a helpful summary of fiscal equalization arrangements in 18 developed and transitional countries (including Canada, France, Germany, Italy, Mexico, Spain, and Switzerland) see Blochinger (2007).

- 5) Governmental infrastructure for territorial administration of policy, including territorial jurisdictions and assignments of responsibility and capacities to local governments
- 6) Spatial distribution of regulatory and other activities with an impact on local social composition, such as regulation of housing and land use.

Regimes of metropolitan place equality can be classified broadly along a single dimension (Table 1). On the one side this metric captures how much local service provision and revenue raising for a community are determined solely by local choice. On the other hand, it reflects how far the array of policies and institutions of the place equality regime have compensated for or equalized disadvantages, and constrained the advantages of the most privileged places.

**Table 1. Regimes of place equality and implications for poorest and most affluent localities**

Type	Equalization / choice	Effects on poorest communities	Effects on most affluent communities
<b>1) Tieboutian</b>	Variety of local revenues and services, local choices drive sorting	Provision of services constrained by local tax capacity	Choice of privatized provision or high revenues with little tax effort
<b>2) Partial equalization of revenue capacities or services</b>	Limited equalization, elements of choice	Low but supplemented tax capacity or service mandates	Limitation of advantages in tax capacities
<b>3) Full equalization of revenues or services</b>	Assurance of equal services, taxation or conditions regardless of place	Equal fiscal capacity or standardized service provision	Mandated provision of similar services/revenues to less affluent places
<b>4) Compensatory services or revenues</b>	Redistribution of revenues among places constrains local choices	Disproportionate funding/or services to address special needs	Limitations on services or revenues due to redistribution to other places

At one end of the spectrum, a Tieboutian regime would be based on the market model Tiebout elaborated for the determination of local taxation and service provision (1956). Under this regime, residential choice among different packages of local public goods and taxation substitutes for collective provision of public goods throughout a region. Affluent households buy into localities with whatever level and type of services and taxes they choose, from high levels of publicly provided services to privatized systems of provision. Poor households face more limited choices, restricted by the tax and resources of the places where they can afford to live.

At the other end of the spectrum is a compensatory regime. Here the distribution of revenues is structured to the advantage of poor communities over others. Revenues redistributed from affluent communities go to support services for poor localities with the greatest needs. Wealthier communities thus provide not only for their own services, but for those of needier communities.

Regimes that aim for full or partial equalization of services lie between these two ends of the spectrum. Both provide for some cross-subsidization from rich communities to others, and from others to poor communities. Under full equalization, the aim is to provide the same level of service regardless of need or ability to pay. Under partial equalization, the regime partly mitigates inequalities but continues to permit different levels in different communities.

These alternative regimes provide a way to categorize an entire array of policies in terms of their significance at the level of metropolitan outputs. For any given community, the actual provision of services is the result of local political choices as well as the regime of place equality. Policies and institutions at various scales can contribute to these regimes. National, sectoral, regional and even metropolitan-level governance can each place some part.

### **National institutions and regimes of place equality**

The comparative literature on national policymaking and political economy has rarely addressed territorial governance within countries or subnational markets for place, and hardly ever refers specifically to the territorial dimensions of place equality regimes. Yet several of the most prominent characterizations of the differences between national political institutions have unmistakable implications for place equality.

(1) First, comparative national political economy points to differences between forms of capitalism embedded at the level of firms as well as in national institutions (Hall and Soskice 2001). This literature focuses on developed countries, and outlines two primary types, a liberal and a coordinated market economy.

Although the literature on varieties of capitalism has rarely addressed the territorial dimensions of this analysis, broad parallels to the spectrum of place equality should be obvious. Comparative case studies of urban political economy point to important affinities between liberal market economies and more Tieboutian regimes of place

equality, and between coordinated market economies and regimes that emphasize equalization (Sellers 2002).

Coordinated capitalism includes a variety of collective decisionmaking mechanisms that substitute for markets, including institutions of firm governance, capitalization, industrial relations and worker training, and often public or quasi-public services. These mechanisms, and the collective interest representation that governs them, provide institutional means to assure equalization of services by places.

By contrast, liberal market capitalism relies on individual firm choices, markets, and individual worker or household choices to allocate jobs, wages, training and investment. Tieboutian or partly Tieboutian markets among places can be considered one dimension of these arrangements, and in this sense play a critical role in the liberal market capitalist model.

Developing country economies fit neither of these types especially well, and may indeed be too disorganized to fit any consistently defined type. One distinctive aspect of these economies as capitalist arrangements is the high degree of informality in the economy, both in jobs and in markets for territorial development. A second is the dominant emphasis on economic development of the “developmental” state model (Sellers and Hoffmann-Martinot 2007). Both of these attributes would be consistent with a regime that enables a significant amount of equalization among places.

(2) Comparative analyses of welfare states in developed countries point to overall national differences in a wide array of social policies. Following Gosta Esping-Andersen (1990), this literature began with three main types: a) Liberal, based on private welfare provision except for means-tested services for the poor; b) Christian democratic or conservative, including more generous welfare provision but often through private or quasi public provision and with only limited egalitarian elements; and c) Social-democratic, based on egalitarian welfare provision through public means.

Work on welfare states has also not focused on the territorial dimension of inequality. However, types of welfare states bear clear affinities with the different regimes of place equality. The liberal and egalitarian welfare states each share clear elective affinities not only with the two main varieties of capitalism (e.g., Iversen 2005), but also with different patterns of place inequality. Links of a similar sort may apply in the case of conservative or residual welfare states.

The links are clearest for the egalitarian Social Democratic welfare state and its liberal counterpart. Equality among places comprises one component of the more general personal equality an egalitarian welfare state aims provide. By the same token, the liberal welfare state privileges markets for pensions and other services. This preference can extend to markets among places offering different levels and kinds of local services. A conservative welfare state can be placed in between these two preferences. Joined to a coordinated form of capitalism, it can work to equalize conditions among metropolitan places in the same manner as the Social Democratic welfare state.

**Table 2. National welfare states, varieties of capitalism and central-local relations as predictors of place equality regimes**

	WELFARE STATE	Partial	Liberal	Conservative		Egalitarian
	CAPITALISM	Developmental /informal	Liberal	Mixed	Coordinated	Coordinated
<b>CENTRAL - LOCAL RELATIONS</b>	<b>Low supervision/ low capacity</b>	Tieboutian (India)	Tieboutian	NA	NA	
	<b>Low supervision / moderate capacity</b>	Tieboutian	Tieboutian (U.S.)	NA	NA	NA
	<b>Moderate supervision /low capacity</b>	Partial equalization (Brazil)	Partial equalization (Canada)	Partial equalization (France)	NA	NA
	<b>Moderate supervision / moderate capacity</b>	Partial equalization	Partial equalization (U.K.)	Partial equalization (Italy)	Partial equalization (Switzerland)	NA NA
	<b>Moderate supervision/ high capacity</b>	NA	NA	Equalized services	Compensatory/ equalized services (Germany, Japan*)	Compensatory/ equalized services (Nordic countries)
	<b>High supervision /low capacity</b>	NA	NA	Equalized services (Czech Republic)	Equalized services	NA
	<b>High supervision/ moderate capacity</b>	NA	NA	Equalized services	Compensatory/ equalized services	Compensatory/ equalized services

\*The Japanese welfare state is often placed into a distinctive category that partly resembles the liberal welfare state; however, much of it is administered through strong local governments in arrangements similar to the Nordic countries (Kitayama and Sellers 2007).



In Southern or perhaps eastern Europe it is possible to identify a fourth model that resembles the Christian Democratic one but is more limited in scope. Scholars have been reluctant to assign the welfare states of developing countries unambiguously to any of these types (Rudra 2002; Huber et al 2005; Haggard and Kaufman 2008). More often, limits on resources, lacking administrative capacities, and priorities favoring economic development over social welfare have resulted in welfare states that are only partial by comparison with developed countries. We classify both of these other types as *partial* welfare states. With weak provision of place equality, these welfare states share the affinity of liberal welfare states for Tieboutian or at best partly equalized local arrangements.

(3) Finally, national systems of institutional relations between the local state and higher level governments also have implications for place equality. The consequences from these national systems of institutions are linked, both functionally and historically, to the differences among welfare states and forms of capitalism. To take one example, Sellers and Lidstrom (2007) classify local government systems along two dimensions that vary separately. One measures the fiscal, legal and administrative capacities that higher level governments give to localities. The other metric captures the supervision that higher level governments exercise to varying degrees in each of these domains.

Different configurations of central-local relations not only correspond to varieties of capitalism and welfare states, but share affinities with different regimes of place equality (Table 2). In a liberal welfare state, with a liberal market form of capitalism, higher

level governments neither seek to supervise local governments intensively nor to grant them strong capacities. This combination should yield no more than partial equalization. It can foster the most Tieboutian regime of place equality, as local capacities and local priorities can vary with the resources that local firms and residents bring to a place.

By contrast, in an egalitarian or “Social Democratic” welfare state, the central government has every reason to empower local governments with fiscal and administrative capacities to pursue national aims of equality. At least as important, moderate to high supervision enables this welfare state to realize national aims. Much of the rationale for these arrangements comes from the imperative to assure equal services and conditions for households in different communities throughout the country.

Conservative welfare states stand in between these two poles, with strong to moderate supervision but varying local government capacities. In developing countries, a distinctive system of central local relations accompanies the developmentalist orientation and higher economic informality. In large portions of metropolitan regions there, limits to local administrative capacities hamper both the development of local government capacities and the exercise of supervision from above. Higher level governments may still exercise sufficient supervision over local governance to provide for partial equalization among places, but a Tieboutian result can also occur.

Welfare states, national capitalist institutions, and systems of central-local relations each encompass portions of the institutional arrangements that make up regimes of place

equality. As Table 2 shows, different ranges of central-local relations are consistent with each combination of capitalism and welfare states. Drawing on these existing typologies, however, can generate initial hypotheses about the regimes of place equality to be investigated in this book.

Nordic welfare states clearly belong to the category of strongest or compensatory equalization. In Germany and Japan, the combination of coordinated capitalism and conservative welfare states with stronger local governments and significant supervision should yield an equalized or compensatory regime as well. Conservative welfare states, strong central-local supervision and lesser local government capacities in Italy, Switzerland, France should foster a limited degree of equalization. The liberal welfare states and liberal market capitalism of North America should be most conducive to the Tieboutian regimes, but may also permit partial equalization. In the transitional or developing countries of central and eastern Europe or Latin America, strong supervision may also enable partial equalization even with more limited welfare states and different varieties of capitalism. But the informal and developmental capitalism as well as the more limited welfare states could promote more Tieboutian arrangements in these settings.

### **Nested regimes of place equality**

Although comparativists have usually focused on institutional and policies at the national level alone, other sources of institutions nested within nation-states could also influence the character of a regime of place equality at the metropolitan level. Sectoral policy

differences, regional policies and institutions and institutions and governance within metropolitan areas can make part of the difference for metropolitan level patterns. Nested differences in these arrangements may qualify or even outweigh national differences, and could yield convergence in the treatment of territorial inequality even in countries with different national policies and institutions.

(a) *Sectoral policy differences.* The common influence of sectoral differences in policy on regimes of place equality could yield similar results in otherwise different countries. Sector-specific differences have long been a prescription of public finance theories linked to fiscal federalism (Broadway and Shah, 2009; Peterson, 1993).

Place equality regimes differ not only according to national institutions, but with the type of policy that is at issue. Based upon these, we expect parallel differences in each national regime of place equality. Similar interests, institutions and norms within distinct sectors, as well as transnational diffusion of norms and ideas within each sector, could yield different convergent trends in different sectors (Table 3).

**Table 3. Sectoral types and effects on regimes of place equality**

<b>Sector</b>	<b>Tendency</b>
Developmental	Tieboutian
Allocative	Depends (Either toward Tieboutian or toward more equalization)
Redistributive	Equalized or compensatory

Sectors of developmental policy, especially economic development and infrastructure, depend more directly than others on the dynamics of interlocal competition at the core of the Tieboutian regime.

By contrast, in redistributive sectors of policy like social welfare or health, equalized provision follows from the basic justification for provision of the service. As a result, equality with respect to places is intrinsic to effective provision of these services.

For other domains of policy, these effects may depend on whether a given issue is linked to developmental or redistributive policy in a given national setting. Educational services or environmental amenities, for instance, may be considered either developmental or matters of social justice.

Sectoral differences like these could prevail over national differences as determinants of regional place equality regimes. In this event, even in systems with different welfare states and systems of central local relations, such sectors as local development policy and educational services should differ in similar ways.

(b) *Intermediate level governments*

A full view of regimes of place equality also necessitates attention to subnational levels of government and policy above the local level itself. Both wider territorial units and systems for governance at the metropolitan scale itself can be part of these arrangements.

In most larger countries, intermediate level governments undertake at least part of the actions that comprise part of regimes of place equality. Territorial governments in federal states like Canada, the United States and India are often the main source of

legislation concerning local government systems, territorial administration, land use planning and local service provision. In many instances, the policies most relevant to metropolitan governance apply beyond the metropolitan area itself to the entire territory of the subnational unit. In some instances, such as the Fiscal Disparities Program of the U.S. state of Minnesota, regional governments can also devise programs addressed specifically to metropolitan inequalities.

Increasingly, governmental units or local intergovernmental cooperation at the metropolitan level itself have been part of governance arrangements that affect metropolitan inequality. In the literature on metropolitan governance itself, these arrangements have received far more attention than the institutional arrangements in which metropolitan governance is nested (e.g., Vogel 2010). Adapting a model proposed by Denters and Sterkenburg (2007, pp. 14-15) several different types of arrangements are possible. We can order these by degrees of institutional integration, from low to high:

- a. Atomistic: a highly fragmented configuration of local governments
- b. Voluntary cooperation among local governments
- c. Binding horizontal cooperation among local governments
- d. Vertical coordination or functional policy authorities in a specific overarching areas, such as a metropolitan economic development authority
- e. Horizontal amalgamation: local governments may combine voluntarily or compulsorily into jurisdictions that encompass or approach the metropolitan scale.

The effects of metropolitan arrangements depend on which types of policies are subject to patterns of metropolitan cooperation include, and which types of communities cooperate. But equity in service provision is usually at most a secondary object of metropolitan governance arrangements, especially by comparison with provision of infrastructure and other metropolitan-level benefits for economic development. The only metropolitan arrangements that have succeed in reducing sociospatial inequality have taken the form of either amalgamated general jurisdictions, like the unified local governments in South Africa, or schemes aimed at equalizing tax revenues for commercial development, like the tax equalization schemes of greater Minneapolis.

Metropolitan governance is rarely solely a product of initiatives at the metropolitan or local levels. Most metropolitan governance arrangements also depend partly on institutional arrangements at higher levels. As Heinelt and Kuebler (2006) have observed, different national central-local systems have tended to adopt distinctive forms of metropolitan governance. The consequences from national systems as influences on regimes of place equality may also depend in part on arrangements at the metropolitan level. In countries like Sweden, where national and local governance arrangements are tightly integrated, regular reforms to local and metropolitan arrangements have played a regular role in national efforts to further local equality in services.

### **Local choices**

Under the approach to metropolitan issues I have elaborated here, choices in the local communities of a metropolitan region can also influence metropolitan inequalities. How

much difference local choices can make depends on the wider regime of place equality. Under a Tieboutian regime, local choices and local capacities should make the most difference for local variations in services. Sorting and the consequent income heterogeneity of localities in a Tieboutian regime will also produce the most systematic disparities in spending between poor communities and others, as well as between affluent communities and others.

At the other end of the spectrum, regimes with strong equalization should provide less leeway for local choice to make a difference in local outcomes. Under regimes that impose place equality or compensatory services, residential sorting should also be limited. Local government service provision should either bear no relation to community affluence and social disadvantage, or manifest compensatory bias (i.e., more spending in poor communities to address the greater need there).

When local choice makes a difference, several types of specific local influence should influence local tax effort and the consequent level of services.

Cities providing more central services and infrastructure for surrounding towns can be expected to take on a higher burden of expenditures. As central business locations, and often central residential locations, they may also possess greater tax capacities to do so.

Local constituencies likely to demand services should make a difference in two ways, as sources of greater local needs and as influences on local median voter preferences.



Concentrations of children may foster greater support for education or cultural services. Concentrations of retirees may support more infrastructure spending on transportation, etc.. Concentrations of immigrants may lead to greater support for education, child care and other social services.

Political parties at the local level should also influence local choices, in ways that should reflect the national priorities of each political grouping. Other indications of relative power should also affect local choice. Political demobilization among groups like immigrants, for instance, may lead to lower spending than would otherwise be predicted for programs to benefit these groups.

Local political jurisdictions that encompass large portions of metropolitan regions represent a step away from the Tieboutian model. By establishing a common structure for funding and services, a unified jurisdiction furnishes equalized conditions regardless of the places within it. But this only occurs when the administration of taxes and services favors equalization or compensates for advantages among districts within a city. Local governments, supported by other elements in a regime of place equality, may instead favor some parts of a city over others. Inequalities in governmental outputs can thus reinforce inequalities in places within a jurisdiction. This process may show up in any number of areas, such as infrastructure policies, placement of new housing, planning priorities for new development, location of offices to administer local social services, location of community centers, and the location and quality of schools.

Political decisionmaking within a jurisdiction can alter these effects. Thus, political parties drawing support from different parts of the city often shift spatial priorities among their neighborhood constituencies as they go in and out of power. In a Tieboutian system, even decisionmaking within large cities may be constrained by the dynamics of markets for place regardless of the local political formation in power. In regimes with strong local planning and governance capacities, political decisions should make more of a difference for spatial patterns.

The patterns of local choices within a metropolitan region may also be a product of interactions between the national, regional or metropolitan framework and local choices themselves. The literature on fiscal federalism highlights several such relationships. One dimension of local choice that is nearly always constrained by national and intermediate level governmental constraints is the way that local governments can raise revenues. The economic literature points to a variety of effects from these mechanisms that have implications for place equality in the provision of services by local governments.

According to the *flypaper effect*, money from higher level governments “sticks where it hits”. As a general rule, this means that intergovernmental funding received from higher level governments will not substitute for other expenditures, but will raise the overall level of local expenditures by even more than the amount of the grant itself. Numerous studies have documented this effect, but there is no consensual explanation for it. Hines and Thaler (1995), assessing previous studies, suggest a general behavioral tendency for organizations to seize on additional funds in hand to make new investments or address

longstanding needs. Flypaper effects may also be expected from categorical intergovernmental grants for nonsubstitutable services, such as a grant for a specific infrastructure project.

The kinds of sources that legislative authorizations make available for self-generated revenue also can also decisively influence patterns of local choices. Within a region like metropolitan Los Angeles, for instance, local sales or business taxes create interjurisdictional competition between local governments in search of revenues. When these taxes are decisive for levels of local services, then services may vary in ways that bear no relation, or even a negative relation, to social disparities among places. Spatial effects from one of the main alternative types of taxes, the property tax, have been disputed. Earlier views of the property tax portrayed it as an efficient, neutral means of pricing local services in the spirit of Tiebout (e.g., Hamilton 1975). Recent critics of property taxation argue that it gives communities incentives to under-investment in local public goods and services, primarily because full provision will drive mobile consumers of housing away (Zodrow 2007).

Sources of local-supralocal interplay can be informal as well as formal. Clientelistic links between local officials and members of the same political party at supralocal levels, for instance, can open up additional sources of intergovernmental finance or encouragements to other informal practices that provide greater resources for a community. Thus, in an analysis of borrowing by arrears among Chilean municipalities,

Letelier demonstrated that municipalities close to the national ruling coalition were significantly more likely to engage in this strategy to raise municipal revenues (2010).

**Conclusion: Are regimes of place equality converging?**

In most countries, current regimes of place equality are contested. In societies that have already metropolitanized, like North America and most of Western Europe, opposed constituencies rooted in different parts of metropolitan regions have dominated this contestation (e.g., Dreier, Mollenkopf and Swanstrom 2001; Sellers, Kübler, Walks and Walter-Rogg, forthcoming). In developing and transitional countries with large nonmetropolitan populations, traditional urban-rural and regional conflicts continue to shape this contestation alongside metropolitan influences. As regimes of place equality evolve, different types of analyses point to transnational convergence among them. Most such analyses predict growing transnational commonalities in regimes of place equality. In each case, the form and direction of convergence differs.

The best known analyses that convergence point to the loosely related set of policies and institutional arrangements known as “neoliberalism.” Several types of shifts are usually associated with neoliberalism are consistent with a shift from equalization toward a Tieboutian model: cutbacks in welfare services, emphasis on economic competition among localities, decentralization. Although work on developed countries has reached a mixed result on how far these trends have produced major cutbacks in welfare states

(e.g., Garrett; Swank), studies often show clearer trends of this sort in developing countries (e.g., Rudra 2006).

Although it is possible to find examples of neoliberal reforms in a wide range of countries, a better understanding of how far these shifts have altered national regimes of place equality requires a closer comparative analysis than has so far been undertaken (cf. Simmons, Dobbin and Garrett 2009). Conservative or right-wing governments at higher levels of the state have generally been regarded as the vanguard of neoliberal reforms. But a number of recent accounts have portrayed neoliberalism as a broadly structural influence on policy that has been advanced by a much wider set of actors (e.g., Peck and Tickell 2002). Brenner (2004), for instance, portrays decentralization and local mobilization around market opportunities as the object of an emerging consensus in western Europe.

A contrary cross-national trend that has garnered less attention from comparative scholars has centered on reforms at both the subnational and the national level that aim to reduce place inequalities. The range of systems where such reforms have been carried out is remarkably broad: Brazil, France, the Czech Republic, South Africa and most U.S. states have carried out reforms of this sort. The alterations these reforms have made in regimes of place equality have in some of these cases directly altered the consequences of more general national features like welfare states or varieties of capitalism. The breadth and frequency of reforms that provide for greater place equalization point to the need for

major alterations to any conclusion that neoliberal reforms are simply hollowing out states, or posing uniform challenges to welfare states at the national level.

Several conditions may contribute to place-equalizing reforms of this kind:

- Left parties in power, disproportionately representing places that are disadvantaged by the existing regime of place equality;
- Coalitions that combine representatives from nonmetropolitan places and metropolitan places disadvantaged by the existing place equality regime;
- Periods of major national institutional transition, such as democratization

One way to resolve these conflicting trends looks to divergent patterns of convergence in different sectors of policy. This sector-specific convergence has rarely been explored as an influence on local governance. But Sellers and Hoffmann-Martinot (2007) point to global convergence toward similar metropolitan institutional arrangements in specific developmental sectors of both developed and developing countries. Cross-national convergence toward more Tieboutian regimes in the developmental sector could accompany more equalization regardless of national regimes in the redistributive sectors.

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