

# AGAINST ALL ODDS

Local Economic Development Policies  
and Local Government Autonomy  
in Sweden and Britain

CHRISTINE HUDSON





## **AGAINST ALL ODDS**

**Local Economic Development Policies  
and Local Government Autonomy in Sweden and Britain**

### **AKADEMISK AVHANDLING**

**Som med vederbörligt tillstånd av rektorsämbetet vid Umeå universitet  
för vinnande av filosofie doktorsexamen framlägges till offentlig  
granskning vid statsvetenskapliga institutionen**

**Hörsal C, Samhällsvetarhuset  
Fredagen den 29 oktober 1993, kl 13.15**

**av  
Christine Hudson  
MSocSc**

AGAINST ALL ODDS - Local Economic Development Policies and Local Government Autonomy in Sweden and Britain. Christine Hudson, Department of Political Science, University of Umeå, S-901 87 Umeå, Sweden.

ISSN 0349-0831, Research Report 1993:3

Distribution: Department of Political Science, University of Umeå, S-901 87 Umeå, Sweden.

## ABSTRACT

This thesis makes a comparative study of local government autonomy in Britain and Sweden within the local economic development policy area. It argues for local government autonomy to be viewed in terms of both a vertical dimension concerning local government's autonomy vis-à-vis national government (national context) and a horizontal dimension relating to its autonomy vis-à-vis local social and economic forces (local context). A policy area approach is advocated as the strength of, and the balance between, factors influencing local government autonomy, both vertically and horizontally, may be modified by the particular characteristics of the policy area. For example, the local economic development policy area is characterized as a grey zone respecting the intergovernmental relationship and a "mixed-economy" concerning the public-private sector relationship.

The concept of autonomy is distinguished into policy-making independence (measured as local authority cooperation with other actors in economic development policies) and capacity for action (measured in terms of four local authority roles in the local economy). These are tested empirically regarding the influence of the local context and the relationship between them examined. The dominant trend in both countries is that the more local authorities intervene in the local economy (extend their capacity for action), the greater their cooperation with other actors (the more restricted their policy-making independence).

**Key words:** Local government, autonomy, local economic development policies, comparative perspective, policy area approach.

# **AGAINST ALL ODDS**

Local Economic Development Policies  
and Local Government Autonomy  
in Sweden and Britain

CHRISTINE HUDSON

Department of Political Science  
University of Umeå, Sweden

Research Report 1993:3  
ISSN 0349-0831

© Chris Hudson

Printed at the University of Umeå

AGAINST ALL ODDS - Local Economic Development Policies and Local Government Autonomy in Sweden and Britain. Christine Hudson, Department of Political Science, University of Umeå, S-901 87 Umeå, Sweden.

ISSN 0349-0831, Research Report 1993:3

Distribution: Department of Political Science, University of Umeå, S-901 87 Umeå, Sweden.

## ABSTRACT

This thesis makes a comparative study of local government autonomy in Britain and Sweden within the local economic development policy area. It argues for local government autonomy to be viewed in terms of both a vertical dimension concerning local government's autonomy vis-à-vis national government (national context) and a horizontal dimension relating to its autonomy vis-à-vis local social and economic forces (local context). A policy area approach is advocated as the strength of, and the balance between, factors influencing local government autonomy, both vertically and horizontally, may be modified by the particular characteristics of the policy area. For example, the local economic development policy area is characterized as a grey zone respecting the intergovernmental relationship and a "mixed-economy" concerning the public-private sector relationship.

The concept of autonomy is distinguished into policy-making independence (measured as local authority cooperation with other actors in economic development policies) and capacity for action (measured in terms of four local authority roles in the local economy). These are tested empirically regarding the influence of the local context and the relationship between them examined. The dominant trend in both countries is that the more local authorities intervene in the local economy (extend their capacity for action), the greater their cooperation with other actors (the more restricted their policy-making independence).

**Key words:** Local government, autonomy, local economic development policies, comparative perspective, policy area approach.



## CONTENTS

<b>PREFACE</b>	iii
<b>1 INTRODUCTION</b>	1
Introducing the Study	1
A Comparative Approach	7
Framework for Analysis	10
Operationalization and Methodology	21
<b>2 THE NATIONAL CONTEXT AND LOCAL GOVERNMENT AUTONOMY</b>	27
Introduction	27
Approaching Intergovernmental Relations	29
General Vertical Autonomy in Britain and Sweden	39
Conclusions	75
<b>3 THE LOCAL AUTONOMY - TWO ELEMENTS</b>	79
Introduction	79
The Two Elements of Autonomy	80
Capacity for Action - An Initial Analysis	82
Local Authority Roles in the Local Economy	85
Policy-Making Independence - An Initial Analysis	101
Conclusions	112
<b>4 CAPACITY FOR ACTION IN THE LOCAL CONTEXT</b>	113
Introduction	113
The Local Context	114
The Local Context and Capacity for Action	118
The Socio-Economic Component or Unemployment	
Rules OK?	119
The Political Component or Does Politics Matter?	131
The Spatial Component or Bringing the Region Back In?	137
Conclusions	145

<b>5</b>	<b>POLICY-MAKING INDEPENDENCE IN THE LOCAL CONTEXT</b>	149
	Introduction	149
	The Local Context and Policy-Making Independence	149
	The Actors Involved	150
	The Socio-Economic Component	152
	The Political Component	164
	The Spatial Component	170
	Conclusions	178
<b>6</b>	<b>PATTERNS OF AUTONOMY</b>	181
	Introduction	181
	The Relationship	181
	An Alternative Model	183
	Testing the Relationship	185
	Patterns of Autonomy - the Role of the Local Context	192
	The Regional Profiles	196
	Conclusions	200
<b>7</b>	<b>LOCAL GOVERNMENT AUTONOMY - JUST ANOTHER FAIRY-TALE?</b>	203
	Introduction	203
	Local Government Economic Development Policies	205
	Local Government Autonomy	209
	Postscript	211
	<b>REFERENCES</b>	215
	<b>APPENDICES:</b>	
	Appendix 1: Measuring the Independent Variables	231
	Appendix 2: Measure of Association	234
	Appendix 3: Characteristics of Municipalities According to Autonomy Pattern	235

## PREFACE

*'The History of every major Galactic Civilization tends to pass through three distinct and recognizable phases, those of Survival, Inquiry and Sophistication, otherwise known as the How, Why and Where phases.*

*For instance, the first phase is characterized by the question How can we eat? the second by the question Why do we eat? and the third by the question Where shall we have lunch?'*

(Hitch-Hikers Guide to the Galaxy, Douglas Adams (1979) Pan Books Ltd: London, page 159).

The process of writing my thesis has been like a journey through the phases of survival (How can I live through this study?), inquiry (Why on earth am I doing this to myself?) and sophistication (Where am I? What does it all mean? Is this the end? Where do I go from here?). It has been a tough road with many ups and downs and there have been times when the words of Stevie Smith have been very appropriate:

*'I was much further out than you thought  
And not waving but drowning.'*

(Not Waving But Drowning by Stevie Smith, published in Selected Poems, Penguin: Harmondsworth 1978)

Nevertheless, the end is now in view and I would like to express my thanks to all those who have helped me along the way. I am grateful to Professors Benny Hjern and Gunnel Gustafsson at the Department of Political Science, Umeå University. The former for giving me the chance to begin the first phase of this process and the latter for giving me the opportunity to reach the final one!

I would like to thank Stina Lindström and Arne Carlsson without whose help the question: How can this manuscript be made fit to print? would never have been answered; Professor Janerik Gidlund, Department of Political Science, Umeå University and Lars Carlsson, Department of Business Administration & Social Science, Luleå University, for valuable comments and advice on dealing with the questions: What does it all mean? and Where do I go from here? Dr Liz Mills, Department of City & Regional Planning, University of Wales, College of Cardiff and Dr Andrew Coulsson, Institute of Local Government Studies, Birmingham University not only for their generosity in letting me use their data on British local government, but also for their invaluable help in dealing with the above questions comparatively! Dr Kerstin Kolam not only for academic help, but also for solving the problem: Where shall we eat? My fellow doctoral students and

friends at the Department of Political Science, especially Ann-Sofi Rönnbäck, Carina Lundmark, Cindy Kite, Viveca Jonsson and Ulla Fränstam, who have helped me cope with the dark moments of the soul when the questions of: How shall I live through this study? and Why am I doing this to myself? have raised their ugly heads.

Last, but by no means least, the biggest thanks must go to my family - to Anders for his loving support and to my sons Anton and Stefan who prove that the best things in life have nothing to do with writing theses! and for answering the question: What does it all mean?

Umeå, September 1993

Christine Hudson

# 1

## INTRODUCTION

### Introducing the Study

#### Local Government Autonomy and Economic Development Policies

A local authority does not exist in a vacuum and, like any other organization, it can not be considered in isolation from the political, social and economic context in which it is situated and with which it interacts. As a political institution, local government seeks to shape and influence its operational environment. At the same time, however, it can come under pressure as values in society change, different problems are posed and different forces, not least economic and political, in its environment come to bear. These forces may impose restraints on local government limiting its scope for independent action or they may work to facilitate its capacity to act independently. In other words, they have implications for local government autonomy. The main concern of this thesis is to examine local government autonomy in Britain and Sweden in relation to a particular policy area, namely local economic development policy.<sup>1</sup>

This immediately raises the question: What is local government autonomy? There is, however, no simple answer to this question. The term

---

<sup>1</sup> This can broadly be described as the measures local governments take to try to safeguard employment and to create better possibilities for choice in the local labour market and to stimulate or maintain business activity. This study focuses on traditional local authority activities in this field. These include building up internal organizational structures and processes geared towards enabling the municipality to develop its capacity to assist the local economy as well as measures aimed at combating specific problems relating to unemployment, declining economic base, structural changes in the local economy such as building factory units, advertising and other forms of industrial promotion, providing loans and grants, business advice etc. They do not include those with an unintentional impact on local economic circumstances.

is frequently ill-defined and can encompass a variety of meanings. Nevertheless, it is possible to identify two main ways in which the concept is interpreted. According to one body of literature (see for example, Davey 1971, Greenwood & Stewart 1986, Smith & Stanyer 1976, Wolman 1982) it is largely defined as being synonymous with the discretion or freedom of action available to local government to act independently of superior levels of government. Thus it can be seen as relating to the concept of local self-government. On the other hand, there is another body of literature (see, for example, Castells 1979, Dahl 1961, Gottdienier 1987, Molotch 1976, Peterson 1981) which is concerned with the influence of local elites or urban social movements on local government policies. This focuses more on the extent to which local government can act separately from the surrounding society i.e. whether it is an independent actor or simply reflects local social and economic forces. However, both approaches have in common a concern with local government's relationship with its environment, albeit different aspects of that environment.

In the case of local authority measures to assist the local economy both these aspects come into play. It is an area in which the conflict between the national state's role as a regulator and local government's right of local self-government makes itself felt. The national state not only needs to be able to manage and control its local territories (Page & Goldsmith 1987), it also has an interest in being able to regulate economic life, at least to some extent (Durkheim 1984). Indeed, the problems faced by many advanced industrial nations, particularly since the 1970s, with high levels of unemployment, inflation, firm closures and so forth have increased the pressures on the State in this respect. However, the State has difficulty in responding, except at a very general coordination and planning level. It can secure competent legislation only on general principles and its massive and slow-moving machinery is very ill adapted to dealing with the highly specialized industrial activities and relations of the present day (Barnes 1920, Duncan 1989, Durkheim 1984).

The increasingly large scale, internally differentiated and changing societies typical of capitalism mean that state institutions can play an invaluable part in their organization and management. However, at the same time, the complexity of these societies makes state intervention a problem (see Duncan 1989). To be effective, state institutions need to be developed at local, sub-national levels. In many countries, the State has been unable to fine-tune its measures to meet the particular needs or problems of

different areas or businesses. One remedy, put forward already at the end of the last century, was to have intermediary organizations (secondary institutions) between the remote world of the state's powers and the concrete everyday world of the individual firm (Durkheim 1984). In relation to some aspects of labour market and industrial policy, local government has been seen as being able to fulfil such a role, acting as a mediator of state policies and adapting them to particular local circumstances and needs.

At the same time, however, local government is a democratically elected body in its own right. It is charged with a responsibility for the well being of its area (territory) and subject to particular problems, pressures, influences etc., inherent in that local area and to which it must respond as a democratically elected body. In many countries there has been dissatisfaction with the ability of national policies aimed at stimulating overall economic recovery to address the specific problems of particular localities. National economic interests and the motivations of multinational firms do not always coincide with the needs or interests of local communities. At the same time as national economic and industrial policies have been failing to meet particular problems, some of the changes taking place in the international economy have opened up or increased the possibility for significant action at the local level. For example, shifts towards more flexible and specialist modes of production may be better able to be capitalized on by sensitive local initiatives than by blanket national programmes (Harding 1990). Indeed, recent years have seen the advent of transnational-local cooperation which ignores the national level. Localities do not have to be the mere recipients of fate or fortune from above, they can be actively involved in their own transformations. They can mobilize in various ways to cope with change. In particular, local policy has become more sensitive to the dependency of local effectiveness on the extent to which footholds can be formed to link the local to the global (Cooke 1989).

Thus local government can be conceived as both an agent of and an obstacle to the state as regulator (see Duncan & Goodwin 1982, Miliband 1969, Stewart 1983). On the one hand, local government is of value to the centre in that it is a convenient and effective means of service delivery, it permits the centre a degree of responsiveness to local circumstances and can provide a buffer between national government and expressed discontent by distracting attention from the centre. On the other hand, local government can also claim its own legitimacy in that it is a democratically

elected authority and as such can provide an opportunity for local choice.

A municipality has a responsibility to meet the particular needs of its area. Even if the national state seeks to control local government's role in relation to industrial and labour market policy, local actors may well exert pressures on the municipality to develop its own initiatives to combat specific problems arising locally such as increasing unemployment and firm closures. Thereby encouraging it to try to establish control over its own economic destiny and to attempt to develop its capacity for action. Local governments' attempts to themselves acquire economic power may, in part, also be a consequence of the process of decentralization from national to local government that has been taking place in many Western societies. However, how far local government is able to pursue its local economic policies and in the way it chooses, will, to some extent, depend on its autonomy vis-à-vis superior levels of government.

Local government's relationship with the local context is also important. The development of measures to assist the local economy are a way for local authorities to attempt to influence the well-being of their citizens by trying to ensure the vitality of the local economy. Their ability to do so will, however, be facilitated or constrained by factors pertaining to the local context. There are differences between places relating to the specific relationship each has had to the national and international disposition of capital, labour, control and resources through time. Each locality has had a special occupational history and there are wide variations in the conditions of existence, in experience, and in culture (Mellor 1977). This is not to argue that these specific influences are themselves unaffected by or separate from the wider political, social and economic context, but rather there may be particular local configurations which mediate the wider forces.<sup>2</sup> For example, some areas may be advantaged by, or may be able to take advantage of, the changes taking place in the national or international economy and have growing industrial sectors, whereas others may be disadvantaged by them and instead experience various forms of industrial decline and unemployment.

---

<sup>2</sup> The view of the local context adopted here is more in line with Cox & Mair's (1991) concept of locality as agent. People interpret localized social structures in explicitly territorial terms and view their interests and identities as 'local' and mobilize locally defined organizations to further their interests in a way not possible if they acted individually.

Local social, political and economic conditions which may have a constraining or facilitating influence on local government autonomy can derive from a variety of sources. For example, the health of the local economy is considered to be important here as this has implications for the local authority's ability to raise revenue locally. However, it is important to note that a buoyant local economy is not seen as meaning that a local authority is necessarily autonomous from it, but rather without a sound economic base the latter issue does not even arise (see Gurr & King 1987). Further, a declining or stagnating local economy can lead to high social welfare costs for the municipality e.g. as a consequence of rising unemployment.

The local economic policy area is also characterized by a process of interchange between the municipality and actors in its environment. Many of the initiatives undertaken by local government to assist the local economy are a response to local problems and/or preferences. At the same time, in order to develop and/or implement many of these measures, the local authority needs to influence or work with local economic and social actors, who in turn are concerned to influence the type of activities undertaken. The ability of these actors to impose themselves on the local political decision-making process is a further potential constraint. Accordingly, how far a municipality is able to pursue the economic policies of its choice, in the way it chooses, will also depend on its ability to act independently of dominant local political, economic and social forces.

In short, the local economic policy area can be seen as a grey zone in the relationship between national and local government in terms of who should do what. The national government needs both to regulate local government's activities in this field and to encourage local government to act as a mediator of national policies adapting them to local requirements. At the same time, local government faces particular local problems to which national policies may have failed to provide a solution. Consequently, it is under pressure to develop its own measures which may not accord with national government's role for local government in this sphere. Another problem is that the national state's prescription of a role for local government in relation to the local economy is not necessarily fixed. It may vary over time as national government's policies alter in response to changes in the national or international economy or to ideological shifts concerning the role of government in the economy (see Young 1986).

Further, this policy area can also be characterized as a "mixed economy"

in terms of the relationship between the municipal and private sectors. Public-private partnerships and other forms of cooperation are a feature of local economic policy which fudge the boundary between these two sectors, often making it difficult to say what is a concern for the municipality and what is a concern for the local business sector. Other actors are being integrated into the local economic development policy process. This can perhaps be seen as part of a wider ideological change taking place concerning the public sector in general and the public-private distinction in particular (see, for example, Bennett 1990). This interconnectedness may mean that the policy-making process is more open to outside influences and raises the issue of whether it may foster the development of some form of "municipal" or "local corporatism".

The adoption of a local economic development role by local government involves the notion of a recognized decentralization of authority, whereby the municipality is seen as having legitimate authority to use its fiscal and regulatory resources to achieve broad economic purposes (Blakely 1989). The adoption of measures to assist the local economy is a way for a municipality to attempt to increase its ability to have an independent impact on the well-being of its citizens (cf. Goldsmith's 1990, Wolman & Goldsmith's 1989 definition of local government autonomy). However, its potential to influence the well-being of its citizens will not necessarily be translated into reality as it is subject to a variety of constraints or barriers relating to the intrinsic powers and role of local government. These concern both its dependency on other local social and economic actors in order to carry out its initiatives and the reality of local economic and social conditions; and legal and political limits imposed by superior levels of government. Thus, important factors in the development of local economic policies are: the amount of choice or scope for decision-making available to the local authority, i.e. its policy-making independence; and the resources it possesses in terms of human, financial, physical and other assets, i.e. its capacity for action. These affect its ability to adopt, adapt or implement its policies and activities to meet particular local needs.

### Aims of the Study

From the perspective of this study, it becomes important to examine these two aspects of local government autonomy (policy-making independence and capacity for action) within a framework relating to local government

as occupying two contexts: a local and a national. The national context is seen as providing the broad delimitation for local government autonomy in a country i.e. what is common for all local authorities. This is considered in terms of the general vertical intergovernmental relationship i.e. local government's autonomy vis-à-vis superior levels of government. The local context is regarded as shaping the particular local authority autonomy i.e. that which is specific to the individual municipality. This embraces both a local authority's autonomy vis-à-vis local social and economic conditions (horizontal autonomy) and also its specific vertical relationship with the particular national and regional government bodies active in its local area.

The aim is, firstly, using secondary material from Britain and Sweden, to examine the way the national context sets the broad framework for local government autonomy in a country. Factors which affect all local authorities such as legislation, the system of finance for local government, national government administration etc. are considered with regard to the way in which they may shape the general relationship between national and local government. Vertical autonomy is then discussed with reference to a particular policy area, namely local economic development policies. However, whilst the intergovernmental relationship may set the broad framework for local government autonomy in the policy area, it is suggested that there may be differences between municipalities generated by the local context. This leads on to the second aim. With the help of primary material from both Britain and Sweden covering the specific policy area, i.e. local economic development policies, the intention is to examine whether and how the local context affects both capacity for action and policy-making independence. The final aim is to bring together these two aspects of autonomy (policy-making independence and capacity for action) and to examine the relationship between them and the form(s) it may take in relation to local economic development policy.

## A Comparative Approach

### Why a Comparative Approach in this Study?

Britain and Sweden are seen as representing two different concepts of local government with differing intergovernmental relationships and hence differing prerequisites for local government autonomy in general. For

example, the political culture surrounding local government is very different in the two countries. In Britain there is a tendency to view local government as almost exclusively an instrument for the delivery of services (Blair 1991), whereas Sweden adheres to the idea of local government as part of the political system with a status and position as the first level of government of the community. It has a role aimed at identifying public concerns and fears, reconciling conflicting issues and identifying priorities in resource allocation and policy (Stoker 1991). Similarly, with regard to the legal/constitutional basis for local government's general vertical autonomy, Britain and Sweden have been described as lying at opposite ends of a continuum (see Pierre 1990).

However, in both countries national government has seen local government as having some part to play with regard to economic development, albeit a limited one which it has sought to regulate. The use of two countries representing different traditions of local government and potential for autonomy in general will, it is hoped, enable the relationship between the national and local contexts to be explored in relation to a particular policy area. And, for example, facilitate the answering of questions such as: if local government in a particular country has considerable potential for autonomy with regard to the national context, is it more open to influences in the local context i.e. is its potential for horizontal autonomy likely to be more constrained? Conversely, in a country where local government has only limited potential for autonomy with regard to superior levels of government, is its potential for horizontal autonomy likely to be greater as it has less scope to respond to local demands i.e. is it less open to influences from the local context?

### The Advantages and Disadvantages of Comparison

A number of reasons can be given as to why a comparative approach can be of value. Obviously it is difficult to provide coherent and satisfactory generalizations which explain the differences between countries. Historical and other factors give nations characteristics which are unique and which cannot be duplicated. However, unless it is known what are general characteristics i.e. features which are common to many systems, it is impossible to specify what is unique, let alone account for distinctions. Macridis and Brown (1964) suggest that comparisons are necessary in order to discover the conditions under which certain phenomena take place. By

studying the circumstances related to a phenomenon it is possible to enrich and enlarge the stock of knowledge about the factors which account for a given occurrence. Further, comparison not only enables an examination of the extent and circumstances under which hypothetically comparable cross-national phenomena are similar, but also ways in which they differ.

Therefore, at the very least, comparative analysis can be used to identify and possibly explain uniqueness. At the simplest level parallel descriptions can highlight contrasts between systems and point out distinctive features of each. In this context, the comment made by Lagroye & Wright (1979) concerning a comparison of British and French local government, can also be apposite in the case of British and Swedish local government:

... in spite of the enormous difficulties involved, it is useful to compare the two systems of local government since even a comparison illuminates aspects of each system. After all, it is interesting to know not only what a system is, but also what it is not, and why it is not (Lagroye & Wright 1979:1).

It has been pointed out (Ashford 1975, Batley 1991) that comparison has been a neglected area of research in relation to local government. Such studies as have been undertaken have largely been restricted to comparative investigations within a single country. This has resulted in explanatory statements which, although extremely valuable, are confined to comments about particular systems and are not related to any wider framework of international experience. The generalities produced about local government within an individual country are, therefore, rarely tested in a cross-national context. This is the only way of testing their explanatory claims according to Ashford.

Further, comparative studies can have a significant role to play in improving the study of local government and adding to its theoretical importance (many writers have commented on the lack of theory relating to local government e.g. Hampton 1987, Hill 1974, Sharpe 1970). Such research can play a vital part in identifying and separating out, on one hand, those features of local government that are acquired through its being enmeshed in a specific social, economic and political context i.e. country-specific characteristics. And, on the other, the more general aspects which are accumulated as a consequence of its position as sub-national government and which are, therefore, possibly more widely applicable and relevant to other systems of local government. It may also lead to new ways

of thinking. Comparing local government in two countries with respect to a particular policy area may give rise to new knowledge on how problems are approached and solved in different cultures. It can open one's mind to alternative approaches and provide a critical backcloth against which to assess the strengthens and weaknesses of one's own system (Stoker 1991).

Having outlined some of the reasons why a comparative study is worthwhile, this is not to ignore the difficulties or dangers involved in such a study. Indeed, the differences between local government units in each country may be such that:

... comparative local government may be thought a foolhardy venture, or more properly conducted within rather than between separate countries (Bowman & Hampton 1983:185).

Comparative analysis is fraught with difficulties. Language, for example, can be a barrier. However, even when one is fluent in both languages there still remains the problem of whether one has sufficiently grasped the political culture of a country to be sure that the meaning given to a particular phenomenon or concept is the same although it may have the same name. Thus one is left with the problem of knowing whether the unit of analysis is, in reality, the same in both countries. This would seem to necessitate the development of a broader understanding of the range of meanings contained in our descriptions of local government. In this way comparative studies can make us more aware of our unspoken values and assumptions and the intrinsic meanings we give to words.

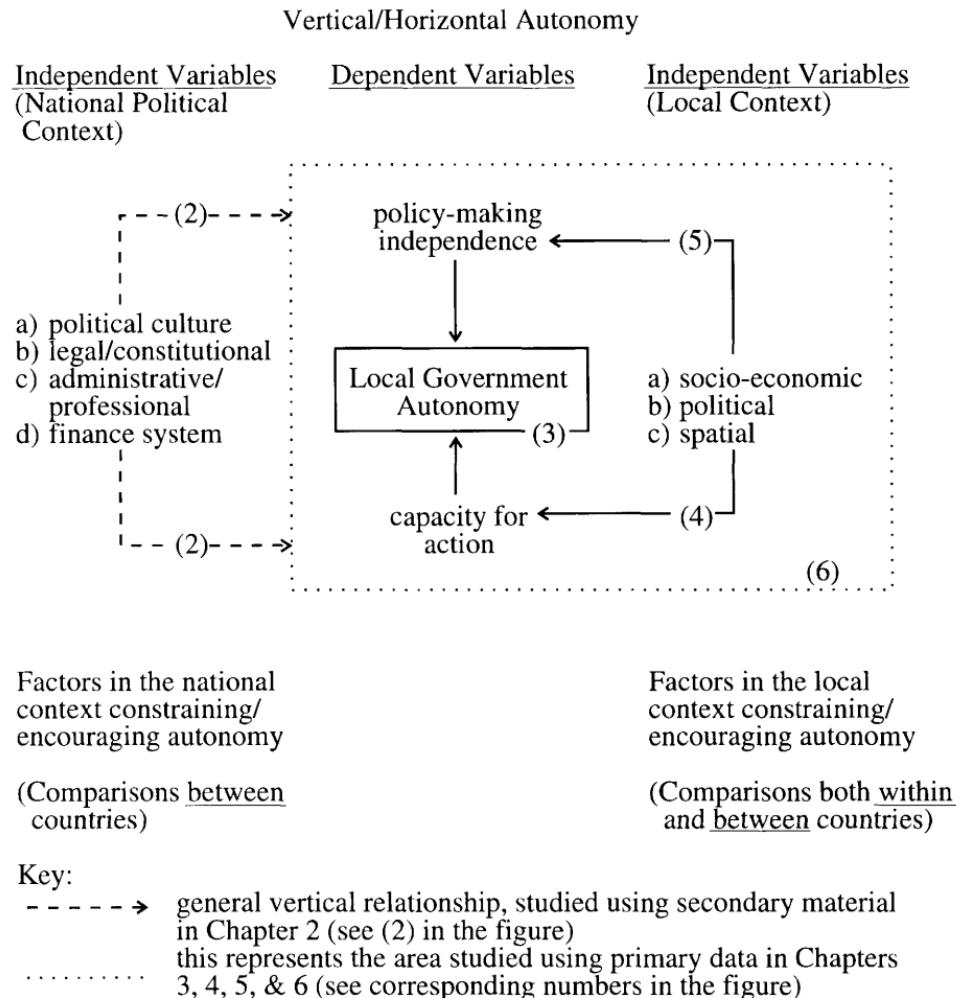
Nevertheless, despite all the difficulties involved and the reservations made, it is considered that the comparison of local government autonomy in Britain and Sweden with regard to local economic development policy, attempted in this study will provide a useful contribution to understanding the varying potential for local government autonomy.

## Framework for Analysis

In this section, the framework used to analyze the different aspects of local government autonomy is developed. Figure 1 below summarizes its main features. It shows the areas studied theoretically and empirically and the expected relationships between the variables. The numbers in the figure

represent the chapters in which the different aspects are considered.

**Figure 1 Local Government Autonomy**



### Policy-Making Independence and Capacity for Action

This section begins by specifying the meaning of the dependent variable. It is not a sufficient definition of local government autonomy that a local authority possesses the ability to develop and undertake its policies and activities in accordance with its own preferences and aims (here referred to as its independence with respect to its policy-making). In addition to the scope for independent action vis-à-vis actors and bodies both at local and

national level, the local authority must also be vested with the necessary resources to enable it to put this capacity into action (cf. Lindley 1986, Lundquist 1987). Thus local government autonomy can be seen as not simply concerning scope for action, which is here referred to as its **policy-making independence**, but also as embracing a **capacity for action** (see centre of Figure 1). Capacity for action is related to the municipality's possession of a variety of resources (such as people, land, buildings, knowledge, expertise etc.); and its policy-making independence to its decision-making freedom and its ability to manipulate its resources in a way consistent with its preferred priorities (cf. Rhodes 1988). To the extent that the particular package of resources needed to achieve any given local government aim, in the way it chooses and in accordance with its own standards of implementation, is controlled by the local authority itself, then autonomous action will be possible. In other words, local government autonomy encompasses both independence of decision-making (scope for local choice) and the possession of sufficient resources to enable the local authority to meet and carry out its responsibilities as it chooses, in the manner of its choice.

This raises the question of whether there is a relationship between policy-making independence and capacity for action and if so, what form it takes. For example, does an increase/decrease in one mean a corresponding increase/decrease in the other? Or is it a zero-sum game i.e. an increase in one will lead to a decrease in the other? Those writers who distinguish two aspects of autonomy tend not to elaborate the relationship between them. Possibly there is no single fixed relationship between policy-making independence and capacity for action, but rather that it can vary both over time and from policy area to policy area.

It may be particularly relevant to consider this relationship with regard to policy areas where the boundary between public and private is more diffuse. The debate that has taken place in advanced Western societies concerning the "crisis" of the welfare state, has concerned the need, amongst other things, for decentralization, deregulation, privatization and partnerships between the public and the private sector. In areas such as child care, care of the elderly and economic policies, municipalities are cooperating with or being encouraged to cooperate with the private sector in the provision of services. Whilst this may be a way for them to extend their physical capacity for action in a time of shrinking resources, it may have consequences for their ability to take decisions and pursue their policies

independently of others.

This study considers the relationship between the capacity for action and policy-making independence aspects of local autonomy in the case of local economic development policies. It explores whether these many combine in various ways within a particular policy area to produce different patterns of autonomy.

### The National Context

Turning to the left hand side of Figure 1, as part of a common *national context* and performing certain tasks on behalf of the state, local government is subject to pressures from social, economic and political restructuring taking place in society as a whole. In this context, its autonomy is related to its ability to pursue its interests independently of national government's restrictions and preferences or independently of professional and other groups capable of nationalizing policy options irrespective of a locality's distinctive nature. Local government's autonomy with respect to this dimension is called its **vertical autonomy** and the limits imposed on it relate to the constraints imposed by superior levels of government (cf. Pierre 1991, and Gurr & King's 1987 and King & Pierre's 1990 Type II autonomy).

The national context is seen as setting the general framework for local government autonomy in a country. The factors influencing autonomy in this context relate to the intergovernmental relationship. These include:

- i) Factors relating to the nature of the *political culture* concerning intergovernmental relations may play a role in either facilitating or constraining local government autonomy. There may be substantial differences in the value or emphasis placed on local government autonomy within different national political cultures. Factors such as the strength of the commitment to local government; whether the relationship can be characterized in terms of a synthesis (consensus) or an antithesis (conflict); whether there is a tradition of centralized or decentralized government may be important here. For example, it could be expected that a consensual relationship would offer greater scope for local government autonomy than a conflictual one. Likewise, a more decentralized tradition could be expected to provide more room for independent decision-making (local choice) than a more centralized tradition.

ii) *legal/constitutional factors* concerning the legal framework (constitutional and statutory) which is formally stated and embodied in explicit institutional arrangements. These structure and channel political forces and greatly affect local government activity (Wolman & Goldsmith 1992). Thus, it is important for the position of local government whether it possesses direct or delegated powers, whether its competencies are specific or general and whether the functions it performs are mandatory (obligatory) or permissive. For example, direct powers, general authority and permissive functions are seen as permitting greater scope for independent decision and policy-making.

iii) *Administrative/professional factors* such as the strength and scope of rules used by national government to control local government, and the ability of professional and other groups to "nationalize" policy options. Administrative advice and guidelines such as circulars or directives can be another way for national government to influence local government autonomy. Depending upon the "status" of such advice, for example, whether there are "sanctions" attached to it so that it may, in effect, acquire the "force of law" and municipalities feel obliged to conform to it, or whether it is simply regarded as informal opinions which can safely be ignored, it may exert an important or an insignificant influence on the local authority policy-making process. Similarly, the position or strength of professional institutions and other bodies, such as the local government associations, capable of "nationalizing" policies (i.e. the existence of a national local government system) may also have implications for the independence of the local government decision-making process.

iv) The *system of finance* may also be important in relation to local government autonomy. Local government must not only possess independence of decision-making, it must have sufficient resources, including finance, to enable it to meet its responsibilities as it sees fit (cf. Davey 1971). Thus factors such as whether local government has the right to levy taxes locally; whether there are limits set on the amount or type of tax it can raise; whether intergovernmental transfers are in the form of specific grants with conditions attached stipulating their use or whether they are in the form of block or general grants with much greater discretion attached their use may have implications for the capacity for action aspect of local government autonomy in a country.

The constraining or facilitating effect of these factors can vary from country to country. Thus, for example, in one country, local government may possess a general power according to the constitution and can thus, undertake measures to assist the local economy if it so wishes; in another it may be given a statutory duty (a mandatory responsibility) to carry out specific measures to assist the local economy; and in yet another it can be ascribed permissive powers to enable it to carry out certain measures, if it so chooses. It should be noted that, these factors are not regarded as constituting a scale along which local governments can be classified as ranging from the mere agents of the national state at one extreme to nearly autonomous sovereignties at the other. Rather they are considered in terms of whether they accord local government greater or lesser potential for autonomy in relation to national government.

It is also suggested that there is not one single intergovernmental relationship, but rather local government autonomy vis-à-vis national government may also be influenced by the nature of the particular policy area. The adoption of this view opens up the possibility of exploring whether the strength of the autonomy components may be mediated by the characteristics of the policy area. Such an approach permits a better reflection of the complex reality of intergovernmental relations.

However, even if there are variations in local government general vertical autonomy between countries, do these matter with regard to local government economic development policies in practice? Whilst the broader process may be important in shaping what local government does and is, can they explain fully what happens in specific places? A local authority is also part of a particular local context, with its own history and configuration of social, political and economic forces. This leads on to a consideration of the local context and its influence, if any, on local economic development policy.

### The Local Context

Moving to the right hand side of Figure 1, local government is, at the same time, also part of a particular *local context*. It operates within a restricted geographical area over which it has certain responsibilities. Each locality has its own special occupational history and conditions of existence, experience and culture. Thus a local authority is subject to particular pressures and problems inherent in the local area and to which, as a

democratically elected unit of government, it must respond. There are differences between places which result, for example, in their being affected differently by the national and international processes of economic restructuring and technological change. In this context, local government autonomy relates to the municipality's ability to pursue its interests independently of local social and economic conditions and is referred to as its **horizontal autonomy** (cf. Pierre 1991, and Gurr & King's 1987 and King & Pierre's 1990 Type I autonomy).

However, the local context is also seen as having implications for the specific vertical relationship between the individual local authority and the national government bodies operative within the particular local area. On the one hand, these bodies are part of the national context and are charged with executing national government policies and are thus part of the general inter-governmental relationship. On the other, they are also responsible for adapting these policies to meet the needs and problems of a particular area. Thus they have an identification and a particular relationship with the locality. The nature and form of this specific relationship will be influenced by the local context. In other words, there is a specific vertical relation which will differ according to variations in the local context.

This study is concerned with local government autonomy in relation to a particular policy area. Thus it becomes important to define the local context in relation to local economic development policy. There would appear to be a number of ways of approaching this task. There has been much debate concerning the forces shaping local policy-making. On the one hand, there is a body of literature arguing for the predominance of structural factors in understanding local policies (see, for example, Dye 1966, Fried 1972, Peterson 1981, Tiebout 1956). Whereas, there is another which argues that structural constraints alone are not sufficient and that actors are also important (see, for example, the "does politics matter?" debate led by, amongst others, Sharpe & Newton 1984, and the "political choice" model put forward by Wong 1988). Further, it has been suggested that the particular local configuration of the actor-structure relationship may also play a role in influencing the form of local policies (see, for example, Duncan & Goodwin 1988). Each of these different approaches provides some contribution to identifying the forces shaping local policies, however, the influence of, or the balance between, these forces may vary depending on the nature of the particular policy area. In relation to the local economic policy area, they are utilized to conceptualize the local context in terms of

three broad components: a socio-economic; a political; and a spatial.

i) *the socio-economic component* relates to the health of the local economy. For example, factors such as a declining or stagnating economic base which may limit the tax base available for locally raised taxes, or high unemployment which may lead to greater social welfare costs for the municipality may have a constraining effect on a local authority's capacity for action. Characteristics relating to the structure of local government, such as population size, which may have implications for the resources available to the municipality, may affect its ability to develop its capacity for action. Population size and degree of urbanization might also have implications for the municipality's policy-making independence. Increases in population size, density and social interaction tend to generate social and cultural differentiation (Durkheim 1984). This might mean that there will be a great number of interests seeking to exert their influence on the local policy-making process i.e. it may be more common for larger, more urbanized local authorities to be involved in cooperation with other bodies.

ii) *the political component* concerns the propensity of local politicians to intervene in the local economy and the power position of dominant local interests. Local governments operate in a political environment where public opinion, electoral imperatives and so forth may encourage or constrain their actions (Wolman & Goldsmith 1992). Such factors may operate to constrain or facilitate the independence of local government's policy-making. Local politicians' own views of the municipality's role in relation to, for example, the local economy might also affect the municipality's capacity for action in relation to this policy area. In other words, political ideologies, beliefs, values etc. might influence whether the municipality builds up its own resources, in terms of people, skills, land, knowledge and so forth, to enable it to undertake measures to assist the local economy. Further, such values may be influential in whether a local authority is involved in cooperation with other interests and, if it is, which ones.

iii) *the spatial component* relates to the geographically uneven distribution of advantage and disadvantage, leading to wide variations in the conditions of existence, in experience and in culture between places. The wider social, economic and political processes may be constituted in particular ways to produce a varying mesh of interlocking, complex, heterogeneous social and

economic relationships influencing local policy-making (Duncan & Goodwin 1988). For example, the power of specific groups and the relationships between them may be influenced by particular local norms and traditions (Stone 1987). There may be a local political culture defining the "proper" role of local government and thus influencing the range of policy options open to the municipality (Williams & Adrian 1963). For example, does the existence of an "entrepreneurial culture" such as is associated with the "knowledge" or metropolitan regions (Andersson 1985, 1988) lead to the policy-making process being more open to influence from business interests? Do regions which have long suffered from problems of economic decline and unemployment develop a "dependency culture" i.e. become reliant on solutions from "above" (national government help)?

Accordingly, this study is concerned with the question of whether social and economic conditions and political arrangements, in the context of time and space, might also play a role in shaping local government autonomy in relation to local economic development policy. And, if this is the case, the way in which they are important in relation to local authority measures to assist the local economy (capacity for action) and in cooperation with other actors with regard to these measures (policy-making independence).

Local government's autonomy, at any particular point in time in any particular policy area, is regarded as a function of its relationship with both the national and local contexts i.e. its autonomy vis-à-vis local social and economic forces and vis-à-vis national government. The two dimensions are seen as separate but related and it falls to the municipality to formulate an effective set of public policies within the constraints each impose. Obviously, the amount of autonomy available to a local authority is not a fixed sum, but rather will vary from policy area to policy area, from municipality to municipality, over time and between the vertical and the horizontal relationships. In other words, it is conceptualized as a contested power which is dynamic rather than static in nature.

The national and local dimensions can be seen as functioning, to a certain extent, as **ideal types** specifying the nature and limitations of local government autonomy, and which can be used to guide empirical analysis. Whilst the national dimension can be seen as setting the general conditions for local government autonomy in a country and can be used to capture **between** country differences, the local dimension can be seen as a way of capturing the variation in local government autonomy both **within** (e.g.

regional differences) and **between** countries .

## Layout of the Thesis

The layout of the thesis is as follows: Chapter 1 presents the framework for analysis, and introduces the main concepts utilized in the study. It concludes with a method and material section. Chapter 2 presents a discussion, based largely on secondary material, concerning local government autonomy vis-à-vis national government in Britain and Sweden. The influences on the intergovernmental relationship are conceptualized in terms of: the political culture surrounding local government; the constitutional and legal framework; the role of the administration; and the system of financing local government. The idea that the characteristics of the particular policy area may mediate the effects of these components is introduced. Accordingly, the implications of differences in these components are discussed both for local government autonomy vis-à-vis national government in general in the respective countries and for the particular policy area of local government measures to assist the local economy.

Chapter 3 contains an initial analysis of both the capacity for action and policy-making independence aspects of local government autonomy in relation to the local economic development policy area. Capacity for action is considered in terms of local government measures to assist the local economy. These are grouped into four roles: facilitation; stimulation; activation; and intervention, implying varying degrees of regulation of the local economy. These roles are then operationalized and analyzed using empirical material from Britain and Sweden. Policy-making independence is treated in terms of a local authority's reliance on other organizations or actors in its environment to evolve and carry out its policies and activities. These contacts are divided into horizontal and vertical relationships and indexes of cooperation created using empirical data from Britain and Sweden.

Chapter 4 defines the local context and considers its influence on the capacity for action aspect of autonomy empirically. The local context, in relation to the local economic policy area, is conceptualized in terms of three components. These are seen as containing forces which are important with regard to local government autonomy. The four roles comprising capacity for action developed in Chapter 3 are then tested empirically with

respect to variables representing the local context. An attempt is made to assess how closely certain factors relating to local socio-economic, political and spatial conditions seem to be associated with the adoption of measures to assist the local economy. Two comparisons are made: one between countries; and one (in the case of Sweden) over time.

Chapter 5 examines empirically the relationship between the local context and local government's ability to undertake its policies independently of others. The horizontal and vertical networks of actors in the economic policy area, introduced in Chapter 3, are utilized. The chapter explores whether certain factors in the local context relating to socio-economic, political and spatial conditions, appear to facilitate or inhibit local government cooperation with other actors in both the vertical and horizontal networks. Comparisons are made both between Britain and Sweden and, for Sweden alone, over time.

Chapter 6 considers the relationship between policy-making independence and capacity for action with regard to the local economic development policy area. Local government's development of a capacity for action with regard to measures to assist the local economy is juxtaposed with its use of joint working. Four patterns of behaviour are identified which local authorities may exhibit with regard to local autonomy in the local economic development policy area: "do-nothing"<sup>3</sup>; low local autonomy; high local autonomy; and local coalition formation. A comparison is made between the countries and over time (Sweden). Finally, an attempt is made to assess the relationship between the local context and the form local autonomy takes in the particular policy area.

Chapter 7 concludes the thesis and draws together the discussion concerning local government autonomy both horizontally and vertically. It considers the wider changes taking place with respect to the welfare state and what these may mean for local government's role in the local economy. It discusses the similarities found between the countries at the end of the 1980s with regard to many features of this policy area and indicates the trend in the 1990s.

---

<sup>3</sup> This refers only to non-action in terms of the traditional measures to assist the local economy considered in this study.

# **Operationalization and Methodology**

## Operationalization of Key Concepts

Local authorities in both Britain and Sweden undertake an extensive range of activities relating to economic development. These can be seen as forming a development strategy (Hill 1984) enabling the municipality to build up its capacity to support and develop its local economy directly rather than through the mediation of others (Elander 1991). They can be viewed as a way for a local authority to extend its ability to act. Accordingly, in this study, the measures taken by local authorities to assist the local economy are used to operationalize **capacity for action**. These activities are grouped into four roles reflecting the degree of regulation they attempt to exercise with regard to the local economy.<sup>4</sup> Ranging from the lowest to highest degree of involvement, they are: facilitation; stimulation; activation; and intervention.<sup>5</sup> These are represented by indexes in the analysis (see Chapter 3).

However, even when a municipality has evolved a development strategy, the resources at its disposal may be very limited in comparison with the scale and/or intensity of the problems it faces. One way for a local authority to extend its resources is to enter into partnerships with other actors, both public and private. These and other forms of cooperation are used to represent the "mixed economy" nature of this policy area. There is considerable evidence in both countries of a growth in contacts and/or partnerships between local authorities and other agencies, particularly private sector concerns. These contacts are used as a way of approximating the potential for local social and economic forces to influence the municipality's policy making process i.e. its **policy-making independence**. Whilst cooperation with other bodies may increase its access to resources and thereby its capacity for action, it does not necessarily control these resources. Working with other actors in order to realize certain measures to assist the local economy may open up or even institutionalize channels

---

<sup>4</sup> Use is also made of previous classifications found in the literature in both countries of local government and economic development.

<sup>5</sup> A more detailed description of the way in which these roles are operationalized is given in Chapter 3.

through which these actors are able to exert a direct influence on a local authority's policies, processes and activities. Local authority contacts are considered in terms of three main types of organization: private bodies and other local authorities (a local authority's horizontal network); and public bodies (a local authority's specific vertical network).<sup>6</sup> Local authorities who to a large extent "go it alone" i.e. undertake their policies and/or activities without recourse to joint working with other bodies are considered to possess a considerable degree of policy-making independence. Whereas, municipalities who are highly engaged in cooperation with other actors are regarded as having limited independence.

### Method and Materials

There are two strands to the approach adopted in this study. The first concerns a largely theoretical discussion concerning the national context and its influence on local government's general vertical autonomy in a country. This is developed particularly with regard to the policy area, local government measures to assist the local economy. The discussion is located within a comparative perspective and utilizes secondary material from the two countries focused upon in the study, Britain and Sweden. The second strand relates to the local context and the empirical examination of capacity for action in terms of measures to assist the local economy and of policy-making independence with regard to local social and economic actors (the horizontal network and the specific vertical network).

In order to obtain as wide as possible picture of local government autonomy, the empirical study is based on mail questionnaires sent to all municipalities in both countries and on official statistics on local government characteristics. In the Swedish case the questionnaires were addressed to the chairman of the policy committee in the respective municipalities, with the intention that they should then be forwarded to those, both politicians and officers, responsible for economic development. In the British case the questionnaires were sent to the officer responsible for economic development.

The advantage of carrying out a questionnaire survey is that it permits a more extensive coverage of municipalities than otherwise would have been

---

<sup>6</sup> A more detailed description of these vertical and horizontal networks is provided in Chapter 3.

possible, given the limitations of time and resources. The disadvantages are that it is not possible to be sure that the right person completes the questionnaire, there is no opportunity to supplement the respondent's answers by observational data, nor is there any opportunity to probe beyond the given answer, to clarify an ambiguous one, to appraise the validity of what a respondent said in the light of how he/she said it. (See Moser & Kalton 1975, for a more detailed discussion of mail questionnaires.)

The Swedish material used in the study is taken from three questionnaire surveys carried out of municipalities<sup>7</sup> in Sweden in 1982, 1985, and 1988, concerning their measures to assist the local economy. The first survey was undertaken by the Swedish Association of Municipalities alone, whereas the second and third were carried out in conjunction with the Department of Political Science, Umeå University in Sweden. The 1982 questionnaire was sent out to 277 municipalities<sup>8</sup> of which 276 replied (i.e. the response rate was 99.6%). The 1985 and 1988 questionnaires were sent out to 281 municipalities<sup>9</sup> and 281 replies were received in 1985 and 276 in 1988 (a response rate of 98.2%).

The three questionnaires are not completely identical. A number of questions concerning the political and administrative organizational structures for economic development (such as the existence of an economic development or employment committee); personnel resources; overall economic strategy/programme; enterprise boards; and the provision of industrial premises are the same at each time point. In other cases, such as with regard to promotional activities, the questions are asked in a more disaggregated way in 1985 as compared with 1982 and 1988. Occasionally, as in the case of joint working, the questions are phrased in a slightly different manner. Finally, new questions have been added in both 1985 and 1988.

---

<sup>7</sup> This is the primary level of local government in Sweden, the county councils were excluded from the survey as their responsibilities are largely to do with health care.

<sup>8</sup> At that time there were 279 municipalities in Sweden. However, Stockholm and Gothenburg were excluded from the survey as they were considered to be in a class of their own. They were regarded as having an organization, level of resources, measures, problems and so forth which were so unlike those of the other municipalities that they required separate study.

<sup>9</sup> The number of municipalities had increased to 284. However, Stockholm, Gothenburg and in addition Malmö were excluded for the reasons stated above.

The information in the surveys is used to operationalize the four roles or strategies for local government involvement in the local economy which is described in Chapter 3. Given the availability of a time series data base for the Swedish municipalities, it was decided to take advantage of this to try to trace changes and developments in the roles over the years. However, this sets limits on the material which can be used from the questionnaires to operationalize the roles. The questions can be divided into 4 categories:

- i) those questions which have been set, in the same form, at all three time points;
- ii) those questions which have been set in a more disaggregated way for some years than others;
- iii) those questions which have been posed in a slightly different way at the different time points; and
- iv) those questions which have only been asked at one of the time-points.

The first category will not be discussed further as it does not present any problems in its use. The second category presents some difficulties, but it has been possible, in some cases, to aggregate the questions to make them comparable for the different time points. The third category is more problematic, nevertheless, it has been considered justifiable, in a number of cases, to include in the analysis part of the information contained in the answers. For example, in the case of contacts or joint working with other bodies or organizations, it is possible to use the quantitative information i.e. the numbers of local authorities having such contacts. On the other hand, it is not possible to use the qualitative information relating to the nature of these contacts as this measures slightly different things at the different time points. The fourth category have been omitted from the analysis relating to the comparison of economic development roles because, although they might be considered useful in capturing the dynamics of local government involvement in measures to assist the local economy, they can not be compared over time. It is recognized that in adopting this approach some information is lost. Nevertheless, it is considered that the advantages of being able to take a perspective over time outweigh these disadvantages. In some cases, it has however been possible to use information which is only available for one time point to serve as a reinforcement of a trend or

tendency discernable from the other data.

The British survey of local authorities and economic development is based on a questionnaire sent out to all local authorities in England, Wales and Scotland in 1988, 514 in total by the Institute of Local Government Studies, Birmingham University, England. 391 of these responded, a response rate of 76%. For reasons of differences in structure and the legal system coupled with difficulties in obtaining background information on the Scottish local authorities, these were omitted from the study. This left a total of 340 municipalities in England and Wales. The questionnaires were directed to the "officer responsible for economic development". Whilst not identical with the Swedish questionnaires, many very similar questions were asked concerning organizational structures and processes, policies, programmes, types of activities and joint working with other bodies. It was possible to extract information which complied with the criteria used to operationalize the dependent variable. Obviously there are problems associated with using questionnaires developed independently of each other. Nevertheless, the same phenomenon was being investigated in a basically similar way. This enabled data from a number of questions in both the British and Swedish surveys to be utilized.



# 2

## THE NATIONAL CONTEXT AND LOCAL GOVERNMENT AUTONOMY

### Introduction

As John Donne<sup>1</sup> once said, no man is an island, and this would also seem to be true for local authorities. They are, as with any organization, part of a wider societal context and their role and activities can not be considered in isolation from that context, for it shapes what they are and do (see Burrel & Morgan 1979, Heydebrand 1977). In discussing local government's role within a particular policy field, it is important to consider its autonomy to develop or undertake certain activities. Such a consideration cannot avoid the part played by national government and the constraints it may place on local government (see Page & Goldsmith 1987), which may limit its independence of action. Yet, much of the literature on local government, be it normative or empirical, ignores their existence (Goldsmith 1990).

In Chapter 1 a concept of local government autonomy, comprising capacity for action and policy-making independence, was introduced and was seen as being influenced by two contexts: a national and a local. The national context was regarded as setting the broad framework for local government autonomy in a country and was related largely to local government autonomy vis-à-vis superior levels of government. The local context, on the other hand, was seen as shaping the specific local authority autonomy. The focus of this chapter is on the **national context** and its influence on local government's general **vertical autonomy** in terms largely of its policy-making independence (i.e. its freedom to develop and pursue its policies independently of other actors), but consideration is also given

---

<sup>1</sup> English poet lived 1572 - 1631.

to its capacity for action<sup>2</sup> (i.e. its possession of resources to enable it to take action). A comparative perspective is adopted and the implications of differences in general autonomy between Britain and Sweden are considered for a particular policy area, namely local authority measures to assist the local economy.

A number of assumptions are made. Firstly, as vertical autonomy concerns a largely internal relationship, it is expected that differences in country specific factors such as cultural and historical traditions, political, social, and economic structures will play an important role in leading to variations in vertical autonomy between countries. Secondly, as vertical autonomy concerns the relationship between national and local government, it is expected that this will provide the overall framework for local government autonomy in a country. Thirdly, it is assumed that this general autonomy likely to vary depending upon the nature of the policy area concerned (see Peterson 1981, Wong 1988). In other words there is not one single intergovernmental relationship, but rather that it is multifaceted, reflecting the complex reality of local government.

In order to develop an analytical instrument with which to consider the question of local government autonomy, classical and more radical approaches to central-local government relations and their contributions/shortcomings with regard to the concept of autonomy are discussed. Drawing on Gurr & King's (1987) and King & Pierre's (1990) concept of Type II autonomy, supplemented, to some extent by aspects of Rhodes's (1986) resource-dependency model and influenced by Benson's (1975, 1981) concept of policy sectors as interorganizational resource dependencies as well as several other writers,<sup>3</sup> an attempt is made to develop an alternative approach for analyzing vertical autonomy in relation to a particular policy area.

---

<sup>2</sup> These two aspects of local government autonomy are defined in more detail in Chapter 3.

<sup>3</sup> This discussion is based largely on British writers as there is a dearth of theories concerning central-local relations in Sweden. Swedish writers, who do discuss central-local relations, tend to use British theories.

# Approaching Intergovernmental Relations

## Conventional Approaches

This section begins by considering whether conventional approaches to central-local government relations are appropriate means of examining differences in vertical autonomy between countries. The classical approaches to central-local relations focus on whether local government is merely the agent of central government or whether it is able to exercise discretion in its choice of functions and activities it carries out (see Foster 1981, Robson 1933, 1966, Stewart 1983, Wiseman 1966). Discussion has centred around two main models: the partnership model and the principal and agency model (Thrasher 1981). According to the partnership model, local authorities and central government are seen as existing together in a largely harmonious partnership, a well-adjusted marriage with give and take on both sides and with each dependent upon cooperation with the other. In this view of central-local relations, local authorities have considerable independence to design and implement their own policies (Hartley 1971). Whereas, under the agency model, local authorities are considered as little more than an administrative convenience for the implementation of centrally determined policies. They have very little or no discretion and are subject to supervision by central departments (Dell 1960, Wiseman 1966).

A more recent alternative to these models is the idea of "stewardship" (see Chandler 1988, 1991) which argues that intergovernmental relations in Britain cannot be analyzed simply in terms of structures and sources of power, there are underlying values and traditions which also shape the system of relations. According to this view central government perceives local government as useful in some respects e.g. to undertake detailed managerial tasks to fit the principles determined by Parliament to local circumstances. National government (as the master) grants local government (its steward) a measure of discretion to make decisions. The master may consult its steward, and the steward may at times even persuade the master to adopt or modify a policy, but the steward is subordinate and can always be replaced.

However, the stewardship model has, in common with the other orthodox models, the tendency to view local autonomy as being explained by reference to the constitution, central government institutions and the actions of individuals in key administrative and political positions. They differ only

in the degree of autonomy they ascribe to local government. These approaches fail set local government within the wider context. They ignore the fact that intergovernmental relationships take place within a broader setting and are influenced, to a considerable extent, by powerful endogenous and exogenous political, economic and social forces which may vary between policy areas. The orthodox intergovernmental models are:

... confined within an analytical framework which sees the actors as boxers in a ring, insulated by thick ropes from the rest of the world (Kingdom 1991:242).

The sterility of much of the debate concerning the traditional approaches has been highlighted by writers such as Rhodes (1980a) and Dunleavy (1978). Dunleavy (1980b) has pointed out that, contrary to the premises of much administrative or management orientated work, the issues or problems embedded in alternative approaches to conceptions of central-local relations cannot be defined or identified in any theory-independent way. Rhodes (1979, 1981, 1985, 1986) has attempted to overcome some of these problems by drawing on sociological theories of organizations which focus explicitly on the question of power. His power dependency model goes beyond constitutional rules to stress that local authorities, like other organizations, are actors engaged in politics, and as such they have a number of potential resources. Using Rhodes's classification, Elander (1991) identifies five sets of resources: constitutional-legal; regulatory; financial; political; and professional. Central and local government are drawn into a series of interactions because one holds or controls resources which are valued by the other as a means of achieving its objectives. Both local and central government are seen as possessing some of these resources, but neither is regarded as having a monopoly. This distribution of resources leads to interactions between the two levels as, in the process of pursuing and achieving their goals, they are forced to exchange resources.

Local government is regarded neither as the agent of the centre nor as its partner. Instead, local authorities are reconceptualized as loci of power which are mobilized in relation to the power exerted by central government. This organizational power struggle between central and local government is sometimes waged openly, as when local authorities explicitly defy central government circulars and legislation, but more often it is carried on through

processes of negotiation, bargaining and compromise governed by implicit 'rules of the game' understood by both sides (Rhodes 1980b). It is an attempt by each side to defend and extend the degree of its autonomy and control in relation to the other (Saunders 1984).

Although criticized,<sup>4</sup> even by Rhodes himself, the model has been seen as opening up new analytical vistas. In Pierre's (1991) view all organizations have elements of autonomy as well as dependency relationships and of resource control as well as resource dependence. Accordingly, he suggests that Rhodes's classification can be used to describe different types of resources, identify constraints imposed on local policies by shortages of these resources and generate examples of strategies municipalities can employ to control their dependency. Further, whilst proving too superficial to grasp intergovernmental relationships in depth in one country, the framework is still considered to be a useful means of comparing central-local government relations in different countries in more general terms (Elander 1991). Finally, this approach would seem to admit the possibility of resources and constraints varying between policy areas.

Particularly since the end of the 1970s, there has been a growth in more radical perspectives concerning local government as part of the state apparatus. This is possibly because this period marked a change in the 'normal' style of central-local relations since the Second World War (Dunleavy & Rhodes 1984). Indeed, Rhodes (1985) argues that, after 1979, the 'rules of the game' have been altered unilaterally in the British case. However, such changes are not unique to Britain. Evers & Wollmann (1986), writing in a more general context, suggest that:

... (u)nder the onslaught of the economic and fiscal crisis that started in the mid-1970s, the central/local relations have changed, particularly because the political agenda of the central government and the local government levels appear to have drifted apart (Evers & Wollmann 1986:453).

These more radical perspectives can be divided roughly into two groups:

---

<sup>4</sup> E.g. Chandler (1991) argues that whilst local authorities can sometimes win in struggles against national government, the balance of power rests heavily in favour of the latter. National government has the power to change "the rules of the game" i.e. the ability to legislate, change statutory orders and restructure the finance of local government.

- i) marxist theories of the local state;
- ii) the 'dual state' theory building on neo-marxist/radical weberian ideas.

However, both these approaches have also been subject to criticism because, for example, they fail to define the concept of the local state (Duncan & Goodwin 1982); tend to base their treatment of the nature, role and function of the local state on fairly crude notions of central-local government relations, emphasizing broad structure rather than detail and variety (Kirby 1982); or, in the case of the dual state thesis, for still only providing a partial model of why different levels of government have different functions (Dunleavy 1984). They also tend to ignore the question of local autonomy as local government is generally seen as simply part of the state in capitalist society and as such subject to the iron will of wider economic forces beyond its control.

Much marxist writing, whilst distinguishing different functions of the state (e.g. support of capital and legitimization functions) nevertheless sees its form as unitary.<sup>5</sup> This idea is echoed in Cockburn (1977), who conceptualizes local government as a key part of the state in capitalist society. For her, it becomes (with similar local institutions) the local state which is part of a whole - the capitalist state. The activities of the local state relate primarily to reproduction, both of the labour force and, through ideology and repression, of the relations of production. Thus the local state exists for the detailed management of families and organizations locally, and so differs institutionally, but not socially, from the national state (Duncan & Goodwin 1982).

Cockburn (1977) emphasizes the lack of autonomy of the local state and interprets it very much as the state at the local level, specific only in respect of the particular state functions it discharges (Boddy 1983). She argues that local authorities are and have always been subject to central government control and sees them as aspects of the national state, sharing its work. Thus when referring to the local authority as 'local state' she states that this is:

... to say neither that it is something distinct from 'national state', nor

---

<sup>5</sup> For example, Dear (1981) argues that whilst the local state has a distinctive spacial and functional constitution, its form and function cannot be separated from those of the central state.

that it alone represents the state locally. It is to indicate that it is part of a whole (Cockburn 1977:47).

It is interesting to note that this lack of local autonomy accords with the 'agent' view of local government presented in the traditional central-local relations perspective.

However, Cockburn's theory has been questioned on a number of accounts. Firstly, she has been criticized for only differentiating the local state from the national state in terms of functions carried out locally and not in terms of processes. Secondly, it has been suggested that she confuses historical generalization (best fit descriptive summary) with the abstract analysis of processes (isolating crucial causal relationships).<sup>6</sup> Finally, her emphasis on structural determinism makes her approach very rigid, resulting in a view of local government as a static or simple instrument of capital (see Hampton 1987) and thus effectively undermining the concept of local autonomy.

Saunders (1978, 1979) presents a differing view to that put forward by Cockburn. Unlike other theories of the local state, he does not seek an explanation of the role of the local state within a unitary view of state activities. He argues instead for a concept of the local state as that part of the state concerned with collective consumption, where the consumption, production and legitimization functions of the state are institutionally separated.

As Rhodes (1986) points out the "dual-state thesis" is one of the few neo-marxist studies concerned with intergovernmental relations. Saunders (1984) constructs four, ideal-type, dimensions on which to analyze the tensions in central-local relations: an **organizational** division between different levels of government (central control versus local self-determination); a **functional** division between different areas of state intervention (social investment/expenses versus social consumption policy) based on O'Connor's (1973) taxonomy of state functions; a **political** division between different modes of interest mediation (corporatism at the national government level versus open participation at the local government level); and an **ideological** division between different principles of social and political organization (market allocation of resources versus collectivist provision to meet need). However, unlike Cockburn (1977), Saunders (1979) stresses that local

---

<sup>6</sup> See Duncan & Goodwin 1982 & 1988 for an elaboration of this discussion.

authorities have a degree of autonomy with respect to most of their functions, despite the fact that many of these are performed in conjunction with other levels of government and administration and are financed to a considerable extent through central government.

Saunders regards the dualistic framework as providing the possibility to reconcile theoretical approaches previously thought incompatible by stressing the relevance each has in different situations. He suggests:

... in over-simplified terms... that pluralistic approaches may be most relevant to the analysis of local competitive consumption processes, ... Marxist approaches may be most relevant to the analysis of corporate investment processes... (Saunders 1981:277).

The advantages of this theory are that it tackles directly the conflicts of interest between social classes and groupings which underlie functional allocations within government. It can provide a plausible rationale for the insulation of policy areas critical for business interests from control by local political institutions and thus can successfully explain some of the key limits of local government (see Dunleavy 1984). However, whilst recognising the importance of this work in highlighting the specificity of the local level and in arguing for a conceptualization of the local that is based primarily on its 'uniqueness' and its separation from the centre as an important autonomous element of the state, a number of criticisms can be made of this dual-state thesis.

A major criticism is that it rests on an a priori allocation of functions between national and local states and that these functions are then assumed to produce specific political processes and it is not clear why this should be so (see Duncan & Goodwin 1982, 1988). The associations between policy functions and tiers of government are open to interpretation in terms of different causal influences. Saunders himself admits that the system of classification is not mutually exclusive in that most state provisions perform more than one of these functions. Further, O'Connor's typology has never been successfully applied in detail which has led to the suggestion that the thesis only predicts 'tendencies' towards functional specialisations across institutional levels, and most spending will anyway be capable of multiple classification under the categories used. For example, education can be seen as a legitimisation form of social expenses, or as social investment in human capital, or as a type of collective consumption (Dunleavy 1984) and it is

possible to classify housing policy as both investment and consumption (Elander 1991). In addition, the theory appears particularly inappropriate to elucidate the area of local economic development where production and consumption issues are so clearly intertwined (see Vielba 1986). Changes taking place in the relationship between local government and industry noted by researchers in several countries (see, for example, Cochrane 1991, Evers & Wollmann 1986, Hernes & Selvik 1981) would seem to question whether corporatism is only a characteristic of national government.

The dual state theory has also been criticized for offering relatively little help in understanding why central-local relations should differ in different countries. It appears largely to suggest that some types of functions are inherently more likely to be performed by local government irrespective of the particular political system. Although, it is possible to evade the accusation that such homogeneity does not exist in cross-national allocations by arguing that the theory is simply a useful heuristic device for identifying deviations from an abstract pattern of relations (Page & Goldsmith 1987).

Nevertheless, the task of explaining differences in central-local relations still remains and, as Page & Goldsmith (1987) point out, there appears to be little in the thesis even to suggest the types of factors which might be included in the analysis. Further, as Elander (1991) indicates:

... (a)ll attempts at a more sophisticated functional division of governmental activities have to face the problem that most policy fields are multi-functional (Elander 1991:34).

### An Alternative Approach

The above discussion has highlighted some of the problems inherent in both the classical and the more radical approaches to intergovernmental relations when it comes to the concept of local government autonomy. An alternative approach is attempted here in which local government autonomy is expected to vary between policy areas, and is not seen as an either/or situation as is the tendency in the more traditional approaches. These approaches are also more limited because they do not take account of the wider social, economic, political, historical and cultural context which plays a role in shaping the autonomy available to local government in a country. It is difficult to understand what something is and what it can be, if we do

not know what it has been. By using a concept of general vertical autonomy which builds on Gurr & King's (1987) and King & Pierre's (1990) concept of Type II autonomy, supplemented by Rhodes's power-dependency model, consideration can be given to such factors. Drawing on a whole body of literature on the subject of central-local relations, the national context is conceptualized in terms of a number of factors which are regarded as influencing general vertical autonomy. This is not to argue that these function as some sort of scale, but rather that they can be used as a device for illustrating aspects relating to local government's general autonomy in both different countries and in different policy areas.

Indeed it may well be more meaningful to consider local government's general vertical autonomy in terms of specific policy sectors as the particular nature or characteristics of these sectors may mean that the conditions for autonomy are very different. Peterson (1981) argues that the effect of structural constraints may vary according to the distinctive economic character of the policy area in question. Wong (1988) has developed this idea in his "political choice" model where he argues that it is not only the economic constraints that vary between policy areas, but also the strength of political and other non-economic factors. In this view, local policy-making becomes the joint product of structural constraints and complex political variables which vary depending on the nature of the policy area in question. Obviously some caution has to be exercised in utilizing Peterson's and Wong's arguments as they are based on American local government which differs in some respects from its European counterpart in terms of its role in relation to the local economy. Nevertheless, their ideas provide a useful starting point for developing an approach which utilizes the concept of autonomy in relation to a specific policy sector.

Local authorities, like any other organization, are always part of a larger political economy, a macro-social and historical context (see, for example, Benson 1981, Heydebrand 1977). The factors inherent in this broader framework, the national context, which are regarded as influencing local government's general vertical autonomy are grouped into four components. These are:

- i) **the political culture** which encompasses: a) *the nature of the democratic tradition* i.e. whether there is a tradition of centralized or decentralized government; b) *the intergovernmental culture* i.e. whether the relationship

between tiers of government can be described in terms of a synthesis (consensus) or an antithesis (conflict); and c) *the local government culture* i.e. strength of the commitment to local government.

There may be substantial differences in the emphasis placed on local government within different national political cultures. The way the value a society places on its local government system can alter over time is a reflection of changes in the dominant political culture of a country (see Goldsmith 1990). Thus, for example, Fox Przeworski (1986) in a study of changing intergovernmental relations and urban economic development in OECD countries, argues that the role of government with regard to the economy is being redefined. She suggests that public-private partnerships are being integrated into the intergovernmental relationship, which has not only consequences for the whole intergovernmental relationship, but is also blurring the distinction between public and private functions in the process.

Thus the nature of the intergovernmental relations in a country (Stewart & Stoker 1989), the strength of the commitment to local government (Greenwood 1979, 1980), and the democratic tradition (see Andersson 1949) may play a part in relation to local autonomy. For example, a more decentralized, consensual relationship would be expected to leave greater scope for local autonomy than a more centralized, conflictual relationship. Political culture may play a role in constraining the effects of other possible limitations on local government vertical autonomy. It may function to prevent or restrain actions by central government which would reduce or constrain local government's policy-making independence and/or its capacity for action.

ii) **legal/constitutional factors** which embrace: a) *the constitutional position* of local government in a country (i.e. whether it possesses direct or delegated powers); b) *the legal principle* on which it is based and operates (i.e. whether it is a negative or a positive principle; or whether it operates under specific powers or whether it possesses a general authority); c) *the functions* (mandatory or permissive) for which it is responsible. These factors constitute the constitutional and legal framework in a country and are formally stated and embodied in explicit institutional arrangements. They structure and channel political forces and greatly affect local government activity (Wolman & Goldsmith 1992). These factors vary across systems reflecting country specific factors. Thus it is important for the position of local government whether its competencies are general or

specific and whether the functions it performs are mandatory (obligatory) or whether they are permissive (see Page & Goldsmith 1987, Rhodes 1986). For example, direct powers, general authority and permissive functions are seen as permitting greater scope for local government autonomy vis-à-vis national government with respect to its decision and policy-making processes and the activities it undertakes.

Although as Elander (1991) points out a high degree of formal local autonomy with respect to these constitutional/legal factors does not necessarily correspond in practice to a high degree of general vertical autonomy as this may be restricted through a number of supervising and controlling mechanisms (such as those discussed under administrative/professional factors). Indeed it has been suggested that the importance of the possession of a general competence by local government, lies more in its symbolic and psychological value. It can serve to bolster the conception of the municipality as a general political authority able to act in its own right to foster the welfare of its inhabitants and confront problems arising in the local community (see Blair 1991). This relates to the political culture surrounding local government.

iii) **administrative/professional factors** which include: a) *administrative advice* (and other forms of regulatory resources) from superior levels of government; b) the position or strength of *professional institutions* and other groups/bodies capable of "nationalizing" policies. The administrative factors relate to the scope and strength of rules used by national government to in order to regulate and control local government (Elander 1991). These can be in the form of informal advice and/or more explicit guidelines issued by national government. Their "status" can vary, for example, there may be "sanctions" attached to them so that they acquire the "force of law" and local authorities feel obliged to take account of them or they may simply be regarded as informal opinions which can be safely ignored (see Goldsmith & Page 1987).

The professional institutions are another factor which can influence local government autonomy (see Foster et al. 1980). For example, one of their tasks may be to strive for uniformity in practice (see also Laffin 1986). However, professionals are not the only group capable of "nationalizing" policy options. Accordingly, this constraint could be extended to include reference to the "National Local Government System" (Dunleavy 1977, 1980a, Rhodes 1986, Stoker 1988, Young 1983) which would include

bodies such as the national associations of municipalities which can define the national role and the state of opinion in local government as a whole.

iv) **the system of finance** which includes: a) *the tax system*: the strength of the local authority's ability to raise its own revenues locally; b) whether *national government grants* are general or specific. Local government must not only possess independence of decision-making, it must have sufficient resources, including finance, to enable it to meet its responsibilities as it sees fit (cf. Davey 1971). There may be limits set on the amount or type of tax local government can raise, intergovernmental transfers can be in the form of specific grants with conditions attached for their use or they can be in the form of general or block grants permitting greater freedom in the way in which they are used (see, for example, Goldsmith 1990, Rhodes 1986). Although, as Fox Przeworski (1986) points out, the greater flexibility ascribed to block grants can be undercut both by reductions in intergovernmental transfers and national government mandating of local government activities.

## General Vertical Autonomy in Britain and Sweden

### Introduction

From the above discussion it becomes clear that the relationship between local and national government plays an important role in determining local government's general vertical autonomy. The components identified in the previous section form a common context for all local authorities in a country. This is not to say that there is one single, simple inter-governmental relationship, rather it is complex and multi-faceted, pulling in different directions dependent on the policy area and the aspects considered, reflecting the conflict between the demands for control or central steering and for local self-government. This is particularly relevant in relation to local government measures to assist the local economy.

The local economic policy represents an area in which neither national or local government can isolate itself from wider changes taking place in society and the economy. The interests of national and local government can shift over time from, for example, congruence to conflict depending upon the form such developments take and the responses adopted to them.

Changes in the national and international economy impact not only directly on local government through their effect on the local economy, but also via national government policies. If, for example, national government pursues interventionist policies, it may need someone to mediate its policies. For, as Durkheim (1984) points out, the state is only able to regulate economic life at a very general level, it requires intermediary organizations to fine tune them to match the varying needs and problems of different localities. Thus local government may be given a role in some areas of labour market and industrial policy adapting state policies to particular local circumstances (see, for example, Jørgensen & Lind 1987). If, on the other hand, national government pursues a neo-liberal economic strategy which promotes disengagement and a "hands-off" approach to the economy and refrains from intervention through active labour market policies, local government may be left facing the individual needs and miseries that come with long-term unemployment on a mass scale. As a democratically elected body, local government has a responsibility for the well-being of its community, this may lead it to pursue policies which conflict with national government goals as it tries to cope with the consequences of economic restructuring in its particular area.

Local government economic policy can be defined in a very wide sense. Almost all local government activities have implications for the local economy. Local authorities are not only themselves major employers (sometimes the largest in their areas), they can also create employment opportunities through their purchase of goods and supplies. They can utilize both direct and more indirect measures to help the local economy. More indirect measures include developing an attractive environment for industry (and, in particular, the highly qualified workers associated with the new technologies) through the provision of leisure facilities and cultural amenities. Local authorities can also adopt more direct measures such as the provision of industrial land and buildings, small factory units, loans and grants to small businesses, industrial promotion, training/retraining schemes, tourist facilities and so forth.<sup>7</sup> It is these latter measures that are defined as local economic development in this study.<sup>8</sup>

---

<sup>7</sup> These are described in detail in Chapter 3.

<sup>8</sup> Obviously, no policy area is static and the nature of the local economic policy area is changing. Local economic policy in the 1990s appears to be being reformulated away

However, it is suggested that the extent to which local government will be able to develop and pursue the local economic policies of its choice in the way it chooses will depend, in part, on its autonomy vis-à-vis national government. The components representing the national context are now used as the basis for analyzing local government general autonomy in Britain and Sweden. They are then considered in relation to the local economic policy area to see whether the characteristics of the particular policy area may modify or mediate these constraints. The analysis is based on secondary material, such as previous studies from the two countries and published comparative statistics.

### Political Culture

#### *The Nature of the Democratic Tradition - Centralization versus Decentralization*

Local government has a long but diverging tradition in Britain and Sweden. It has played a rather different role both in the development of democracy and in the democratic system that emerged in the two countries.

Britain and Sweden have in common that, in contrast to many other European countries, the absolute power of the monarchy was contained fairly early in the respective country's history. For example, in the middle of the 14th century the Swedish constitution was codified by Magnus Eriksson in a law in which the king's, his advisors' and the people's mutual duties in the matter of ruling the kingdom were carefully specified. Thus it was not only the royal councillors who served as a counterweight to the monarchy but also the people, although only as represented by the kingdom's most eminent magnates (see Andersson & Weibull 1985).<sup>9</sup> It was the formulation of such constitutional regulations that prevented royal absolutism.

---

from the localization of industry towards the recruitment of highly qualified personnel.

<sup>9</sup> However, it is important not to get carried away by this idea, and to bear in mind that to the extent that a Nordic 'peasant democracy' (bondefolkvärde) existed, it was exercised by only part of the people. The numerous thralls (slaves) lacked any sort of personal freedom and, in the law, were classified as equal to their master's other possessions.

Similarly the British parliament had already acquired a crucial influence over the rule of the state by the beginning of the 14th century. The Glorious Revolution of 1688 meant that the king no longer ruled by divine right but according to popular consent, and it followed that his prerogative could be limited by Acts of Parliament. The 1832 Reform Act made the electorate the ultimate deciding power, and the king was forced to act in accordance with the developing party system, upon the advice of Ministers commanding a majority in Parliament (see Jones & Kavanagh 1987).

However, where the two countries diverge is in the role played by local self-government in this process. In Sweden it has been a star performer, whereas in Britain it has been relegated to the side-lines. For example, the people's assemblies (*ting*), dating from the 9th century or earlier, are considered to form the most important pre-democratic feature in Nordic history (Andersson 1949). Indeed it has been argued that of the factors that have interacted to shape the Swedish administration, the oldest is local self-government (see Birgersson & Westerståhl 1987). The self-government exercised by the village assemblies (*byalag*), the administrative county districts (*härad*) and the provinces (*landskap*) was the earliest and, at first, the only public administration to exist in Sweden (see Herlitz 1924).

On the other hand, local government in Britain, whilst receiving obligatory nods of approval, failed to be regarded as integral to democratic government. And:

... history never presented the British people with a situation where its value as a reservoir of democratic faith might be demonstrated (Ashford 1989:79).

Indeed, Ashford goes on to argue that having staked its future on aristocratic abilities to contain absolute monarchy, the British problem was how to subordinate local government to landed interests.

In order to understand this difference it may be helpful to consider the tendencies towards centralization contra decentralization in both countries.<sup>10</sup> Traditionally, there has been a much stronger tendency

---

<sup>10</sup> N.B. Gustafsson, G (1987a) has warned of the danger of conceptualizing intergovernmental relations as centralization versus decentralization, pointing out that strong central government and strong local self-government are not necessarily antipoles. Instead, they can exist side by side, constituting two complementary elements in both the formal decision-making and the political-administrative processes. I.e. it is possible

towards decentralization in Sweden than in Britain. This is not to say that there have not been periods of centralization in Sweden's history. However, the idea of local self-government has influenced the State administration (both the ecclesiastical and the Crown administrations) in a way that is absent in the British tradition. It has been suggested that it was of crucial importance that, when the task of nation building began in Sweden, the Crown was not confronted by some type of feudal system, as was the case in Britain, but rather by institutions which had their origins in ancient self-government and fetched their vitality from these ideas (see Herlitz 1921). However, even the Swedish administration was considered to be highly centralized by the middle of the 19th century and local government to have gradually and systematically weakened (Lundquist 1972).

It has been argued that the municipal reform in 1862<sup>11</sup>, must be seen against this background (see Birgersson & Westerståhl 1987) and that the reassertion of local self-government was an attempt to decentralize the highly centralized society of the mid 19th century. Although, Gustafsson, H (1987) has raised the question of whether the reorganization of local government in the 1860s really was an attempt to "emancipate" the local level from the State or whether it was, on the contrary, an attempt to make the national government's steering of local government more effective. His examination of parliamentary reports and Bills from this period shows that there was both a strong emphasis on the independence of local government and at the same time the need for State control. Nevertheless, he concludes that national government's ability to directly steer local government, according to the 1862 Act, was very small and that there was much to indicate that the parishes had long been able to adopt a highly independent position vis-à-vis the State.

Britain, on the other hand, has had a very long history of administrative centralization since the foundation of the national state. The Members of Parliament belonged to the same social class, the gentry, that exercised

---

to have increased centralization of some areas at the same time as there is increased decentralization in others. Thus the 'power games' played between national and local government are not necessarily of a zero-sum kind. They may be of a positive-sum kind, whereby an increase in national government resources does not necessarily imply a corresponding decrease in local government resources (Elander 1991).

<sup>11</sup> This is regarded as providing the foundation for modern local government in Sweden.

local rule in the counties and towns. Thus the local government of towns, counties and districts did not grow up in opposition to the "state" of the sovereign, but was from the start included in the administration of the country in the same way as national government. The important background to the local administration of justice and the poor law, of the roads and bridges, was the national law. Land use and changes in land use were regulated by Acts of Parliament. Almost all legislation of a national kind applied throughout the British Isles. The principles applied were uniform, national ones, and less and less was left to local initiative (Eversley 1974). Indeed:

... (i)t sometimes seems as if the British system is designed to weaken the autonomy and effectiveness of local government, and still further strengthen the function of London (Eversley 1974:238).

To take a specific example, the Local Government Bill 1888 was, like its Swedish equivalent of 1862, introduced as a great decentralizing Bill. Provision was made for the extensive devolution of functions from central government to the new county councils (see Keith-Lucas & Richards 1978). However, in contrast to what happened in Sweden, this decentralization never took place.

Turning to modern times, during the 1980s and into the 1990s, Britain has adopted a centralizing strategy to deal with the economic crisis and problem of the expansion of the public sector and public sector spending, whereas most other Western countries have tended to favour a decentralizing solution (See Crouch & Marquand 1989, Duncan 1989, Goldsmith 1986b).<sup>12</sup> This centralization trend in Britain cannot be explained only in terms of the implementation of a general new-right agenda, even in the United States where Presidents Regan and Bush have shared this ideology, there has been a trend towards decentralization (see Wolman 1988). Rather it can be simply interpreted as a return to an earlier tradition:

... (t)his is another attempt to get central-local relations back to the 1930s, when the two levels of government new their respective places. Local government becomes, once again, limited government - respectable

---

<sup>12</sup> For a comparison in terms of a particular service, see Floderus 1989, on the decentralization of physical planning in Sweden and Herington 1989, on the centralization of physical planning in Britain.

and prudent within its own confines and respectful to the central government (Bulpitt 1989:73)

Indeed Jones (1991) has been moved to argue that never since the days of the seventeenth century Stuart kings has there been such a period of centralization as Great Britain has experienced since 1979. It is considered that local government has been progressively stripped of power during the 1980s because it had a different set of priorities from those of Westminster (Beetham 1993).

On the other hand, the Swedish response to criticisms of the public sector has been in the direction of greater decentralization (see Elander & Montin 1990), and more powers and responsibilities have been devolved to local government. There have been various moves to reduce the amount of detailed control over local authorities and extend their ability to organize their tasks themselves. For example, the trend has been for national policy prescriptions to become less detailed generally leaving room for varying local responses, likewise the recommendations made by Riksdag are often vague. Legislation has become more and more general in character taking the form of **frame-laws** setting the broad outlines. These have replaced previous Acts which regulated activities in detail. Another important development in this process is the '**free-communes**' experiment. A number of county councils and municipalities were selected to be allowed to organize their activities themselves and to use state grants with a greater degree of freedom. The idea was that they should be able to develop a pattern of goods and services adapted to meet local needs and to bring to light any state rules that limit local government autonomy (see Gustafsson, L 1987).

However, it has been suggested that these developments have not meant that the national state has given away powers to local government, but rather that it has lost a 'control' it never had (see Gustafsson, G 1987b). In other words, it has been a question of adaptation to developments that have been taking place over a long period (see Montin 1989, Rose 1989).

### *Intergovernmental Culture - Antithesis versus Synthesis*

It seems to be possible to denote a further fundamental difference in the character of the relationships between national and local governments in Britain and Sweden. On the one hand, intergovernmental relationships in

Sweden have been described in terms of a synthesis (consensus) whereas, on the other, those in Britain have been conceptualized in terms of an antithesis (conflict).

Starting with the British situation, it has been asserted that the antithesis between a *central* function of the State and a *local* activity of citizens prescribed and ruled by laws is the distinctive characteristic of English local government. Thus:

A fundamental antithesis between centralisation and "autonomous" decentralisation runs through the whole history of English government and its organisation. It is an antithesis that underlies every polity, but especially that of England, where the origin and building up of the nation give it an unparalleled importance (Redlich & Hirst 1903:10).

Local self-government in Britain is frequently described as being based on the concept of 'dual polity' (see, for example, Bulpitt 1983, Goldsmith & Page 1987), which refers to the separation of national and local government. Local government has never occupied an important place in the hearts and minds of British leaders (Ashford 1989). In order for them to avoid the more mundane activity of local government ('low politics'), local authorities were given responsibility for fulfilling a wide range of state functions and allowed a high degree of discretion in delivering local services. In turn, central elites became relatively unencumbered by demands for central intervention in local services and could devote their attention to 'high politics' such as foreign affairs, defence and taxation (Goldsmith & Page 1987). Consequently, this desire to remain independent of local political pressures limited the degree of access between local and national political elites, as there are virtually impenetrable barriers between national and local government (Ashford 1989). Thus in Britain there is a separation between the world of local government and the world of national government which does not exist in Sweden. In Britain there are two cultures: a local government and a central government, whereas Swedish political culture is not marked by such a divide (Stewart & Stoker 1989).

In the same way, local councillors play a greater role in the national parties in Sweden than they do in Britain. The political party organizations in Britain rarely depend on local council organization for electoral purposes, largely because only about a third of the parliamentary constituencies conform to local government boundaries. Plus:

A winner-take-all national electoral system means that considerations of local democracy have little weight when parliamentary survival is at stake (Ashford 1989:81).

In addition, the Westminster model of parliamentary democracy is replete with disincentives to encourage British MPs who have held local government office (and this is the case with about half of them) from drawing on their experience. In other words, the British Parliament is remote from the concerns of local government.

In contrast, the Swedish system of intergovernmental relations appears to be characterized by a synthesis. There is a living relationship between the different forms of Swedish self-government - the national State's (rikets) and the localities' (orternas), which is not based on antagonism:

From one viewpoint all the municipality's tasks - in the government of the state and in the local administration - could appear, as it were, to be their own concerns, yet from another viewpoint could one perceive the municipal administration in its entirety as a link in the State's administration (Herlitz 1924:70, my translation).

Thus in Sweden, it was difficult to distinguish, in the local administration, between what was a national government concern and what was a local government responsibility as the nation's self-government was interwoven with the self-government applied in the localities (Herlitz 1924). Gustafsson, A (1988b) points out that it has become more difficult than ever to distinguish between questions of national and local government because they are parts of the same whole. He quotes a Government Commission as characterizing the relationship between national and local government in the following way:

The relationship between State and local authorities is no longer characterized by fundamentally different interests but by a common endeavour to promote the best interests of citizens, by constant shifts in the mutual division of labour, by continuous co-operation in a variety of forms and by mutual dependence (Gustafsson, A 1988b:58).

In other words, Swedish intergovernmental relations can be characterized as an "inter-active system", with its operation more determined by patterns of influence than by patterns of authority (see Stewart & Stoker 1989).

In contrast, the last decade has witnessed an increasing conflict between

national and local government in Britain (Dunleavy & Rhodes 1984). Much of this has been blamed on the economic crisis. Yet, Britain is not alone in facing such a crisis, most other countries in Western Europe, Scandinavia and North America have also been affected. However in few other countries has there been such prolonged and bitter conflict between the two levels of government over the way in which the crisis is to be resolved (Goldsmith 1986a). This is also reflected in the ways in which the problems of economic restructuring have led to changes in how local economic development policies are designed and implemented through the intergovernmental system (see Fox Przeworski 1986). The impact of the wider economic changes are mediated by the particular institutional and political character of a country. Political and economic processes are not independent of each other, but the relationship between them is influenced by the specific political history of each society (see Pickvance & Preteceille 1991). Thus in many countries, including Sweden, the increased decentralization of responsibilities for economic development and unemployment measures has been to local government. Whereas in Britain there have been moves to bypass local authorities by, for example, setting up centrally funded urban development corporations.<sup>13</sup> These developments need to be understood in terms of the differences in the underlying nature of the intergovernmental relationship and the democratic tradition surrounding local government.

However, the rise of neo-liberalism with its concomitant transformation of the role of government in relation to the economy, is also leading to changes in the relationship between the public and private sectors in both countries. The boundary between these sectors is becoming less clear-cut, with many 'public' functions being provided by ostensibly 'private' associations or by partnerships between public and private agencies (see King 1985). This is particularly evident in the sphere of local economic

---

<sup>13</sup> Such as the Urban Development Corporations set up in 1981 for the London Docklands and Merseyside and subsequently for other areas. These are creations of national government and are non-elected bodies which control and manage development in the area. They are not directly accountable to local citizens for their actions nor is the public granted any direct insight into their activities. Another example is partnerships between national government and the local private sector, such as the Training and Enterprise Councils (TECs). These are non-elected, business dominated bodies responsible for allocating public funds budgeted for business and industrial training policy.

development policies. Cooke (1987) relates these changes to the development of the postmodernization paradigm with its appeal to, amongst other things, unadorned market principles, the rolling back of the 'nanny-state' and the superiority of the private over the public.

### *Strong versus Weak Local Government Culture*

The status of local government is also related to the esteem and support given to local government by the public, thus the culture surrounding local government can also function as an influence on local government vertical autonomy. There appears to be a very basic difference in British and Swedish attitudes to local government's standing in the political system. This is also reflected in the writings of academics. It is interesting to note that whereas Swedish writers almost exclusively talk about local government autonomy, their British counterparts very frequently qualify the term and refer to local government's relative autonomy, its qualified autonomy, its constrained autonomy and so forth.

Further, while Swedish writers stress the reality of the link between ancient forms of local self-government and the modern system of local government in Sweden, British writers tend instead to emphasize that British local government possesses no original powers despite the romantic titles and images retained from its Saxon or medieval antecedents (see Hampton 1987) and that it is a political invention of the late nineteenth century (Hanson & Walles 1970). Although this is not to deny that history and tradition have played a role in shaping modern local government (see, for example, writers such as Keith-Lucas & Richards 1978).

This may partly explain why there appears to be a much weaker commitment to local government in Britain than in Sweden. For example, turnout in local government elections is much lower. Only about 30 - 40% of those entitled to vote do so in local government elections in Britain compared with around 90% in Swedish local elections. In Sweden there was a higher turnout in local elections than in national elections prior to polling days being synchronized i.e. held on the same day. Surveys carried out in Britain have revealed widespread ignorance of functions, personnel and processes of local government. Analyses of voting behaviour in Britain suggest that local elections are determined essentially by national trends (see Dunleavy 1980a, Newton 1976). Indeed Dunleavy (1980b) has gone so far as to suggest that the Schumpeterian model of representative

democracy is inappropriate to British local government elections because local parties or elites fundamentally do not compete.

This idea of cultural commitment to local government has been expressed by Greenwood (1979, 1980) which, he argues is certainly not mirrored in countries such as Britain. In Sweden there is a deeply entrenched belief that local government should be strong and this has important implications for local government autonomy from national government. This:

... holds back the State in its dealings with local government. Local authorities in Sweden have the local income tax because of this cultural belief. It is not the income tax itself that protects the local authority but the cultural context (Greenwood 1980:165).

This would appear to echo the argument put forward many years earlier by Herlitz (1924). He suggests that in Sweden there existed a deep rooted belief that the towns, regardless of how they had come into being, had built their existence through their own powers and not as a result of the will of the State and those tasks they should carry out and interests they should serve where not just the State's, but also at the same time, their own.

Local government in Britain and Sweden can perhaps be understood best with reference to two contrasting concepts. These are: i) "state" local government (statskommunal); and ii) "free" local government (kommunalfrihetlig) (Gustafsson, H 1987). In the first view local government is seen as part of the State or at least as an establishment which should be at the service of national government, a service organ for the State's steering of society. This corresponds with the Benthamite or Chadwickian tradition in England which sees local government primarily as a series of agencies for providing national services as efficiently as possible to national minimum standards. Whereas, according to the second model, local government is emphasized as something which, in principle, is independent of the authority of the State. Protagonists of this view, such as de Tocqueville and Toulmin Smith, see local government primarily as a series of representative institutions with a high degree of autonomy. These exist in their own right irrespective of what services they happen to be providing at any particular point in time (Sharpe 1970).

Whilst these two predominant concepts of municipal self-government have been influential in both Britain and Sweden, it would seem possible to suggest that the underlying ancient tradition of strong local self-

determination has played an important role in Sweden,<sup>14</sup> strengthening the emphasis on the second model of local government. On the other hand, the more centralist tradition in Britain has meant that the first model has been the more dominant.

The discussion so far indicates that the political culture in Sweden provides much greater support for local government autonomy in general than in Britain. Turning to the particular field of local economic development policy, whilst national governments have been adopting similar policies concerning the role of the state in the economy, the differences in terms of centralization-decentralization, antithesis-synthesis, and the strength of the commitment to local government provide local government in the respective countries with a greater or lesser degree of protection from the effects of these policies. Swedish local authorities appear to be much less vulnerable in terms of their policy-making independence vis-à-vis national government than their British counterparts. Thus permitting them greater scope to intervene in the local economy, if they so choose. However, a common influence in both countries is the ideological changing taking place concerning the public/private distinction, which is leading to the boundaries between these two sectors becoming less clear cut. It is suggested that the "mixed economy" nature of the local economic development policy area will reinforce the effect of this change, encouraging closer contacts between local government and "business" in this field in both Britain and Sweden.

### Legal/Constitutional Factors

#### *Constitutional Position - Direct vs Delegated Powers*

With regard to their constitutional position, Swedish and British local governments lie at opposite ends of the spectrum. Local government in Sweden is awarded its powers directly in the Constitution, whereas British local government has no powers other than those inferred on it by Parliament.

In Sweden, local self-government is regarded as one of the corner stones

---

<sup>14</sup> Andersson (1949) argues that there has been a tendency to ignore the Nordic countries' older societal and constitutional forms (i.e. pre-democratic traditions) and their significance in shaping the democratic system in Scandinavia with its emphasis on the importance of strong local self-government.

of the Constitution (Gustafsson G, 1980). Indeed the new Swedish constitution of 1974 states that:

The Swedish democracy is founded on freedom of opinion and on universal and equal suffrage and shall be realised through a representative and parliamentary polity and through *local self-government* (The Swedish Constitution 1 Para.1, my emphasis).

However, it is only its general authority which is safeguarded in the Constitution and in which national government may not intervene to circumscribe local initiatives. Local government also carries out a number of functions on behalf of the State which are regulated in Special Acts and the State may interfere in these sectors . Accordingly:

... (t)he overall framework of legislation - most prominently the Constitution - defines the sources of local autonomy, while sectoral legislation defines the restrictions on this autonomy (Pierre 1990:39).

There are, therefore, some Swedish writers who regard local government, from a legal point of view, as a creature of the State as many of its most important tasks such as education, social services and health care are regulated in Special Acts.<sup>15</sup>

The lack of a written constitution in Britain makes the position of local government more tenuous. The absence of a single constitutive document means that there is not the same clear statement of principles that exists in Sweden. Further, and possibly even more significant, early 'constitutions' such as the Instrument of Government or statutes such as the Bill of Rights, Act of Settlement or Parliament Acts, which can intelligibly be thought of as constitutive, do not suggest that territorial divisions of government are constitutionally protected (see Elliott 1983). This leads to the argument that local government is formally subordinate, and its power is and has always been, derived from that of national government (Foster et al. 1980). It is the creature of Westminster which retains a constitutional sovereignty enabling it to change or revoke previously enacted legislation. Thus local authorities are obliged to promote certain services and allowed to provide others and can do nothing else which costs money (Hampton 1987, Redcliffe-Maud &

---

<sup>15</sup> See Stjernquist & Magnusson (1988) for a more detailed discussion of this viewpoint.

Wood 1974). In other words:

... there exists a constitutional history and tradition of local government and... shared assumptions as to its nature, values and incidents. One of those incidents is that, like all manifestations of government, local government is subject to the sovereign will of parliament expressed through legislation (Elliott 1983:41).

In this context, it is interesting to note that Redlich & Hirst (1903) suggest that local government in England may be defined generally as the carrying out, by local inhabitants or their elected representatives, of the duties and powers with which they have been invested by the Legislature, or which devolve upon them at common law. Thus, they argue, it is not *self-government* (*Selbstverwaltung*) but *local government* which is the right technical term for describing English local government. This contrasts sharply with the situation in Sweden with its long history of local self-government (*lokal självstyrelse*) rather than local government.

### *Legal Principle - Negative versus Positive*

An important point in a comparison of local government in Britain and Sweden is the very different basic principles on which the two systems are built and operate. Put simply, local government in Sweden can be said to be based on a **positive** principle whereby local authorities are able, under their general authority, to undertake activities, provide services and so forth, as long as they are not against the law. Whereas in Britain a **negative** principle applies, the legal rule of **ultra vires**<sup>16</sup>, local authorities are not only prevented from doing things which are expressly prohibited by law, they are not allowed to undertake functions, provide services or carry out activities which the law does not prescribe. In other words, they may only act (with certain limited exceptions) if they can find positive authority for their actions in a specific law. They have no equivalent of the Swedish municipalities' general competence to act in the interests of the people in their local area. Silence on the part of the law is not enough: specific authorization must be given. If no legal authority exists then the actions of a local council will be overruled by the courts even though councillors may claim their policies have been supported through the ballot box.

---

<sup>16</sup> This is a latin term meaning beyond one's power or authority.

Nevertheless, British history has seen great variations in the relative authority of central and local government. For example, from the Glorious Revolution of 1688 until the 1835 Municipal Corporations Act, the activities of local government were not only immune from central control and interest but domestic government was almost synonymous with local government (see, for example, Foster et al. 1980, Redlich & Hirst 1903). However, there have also been periods, for example, in the middle ages, under the Tudors and at times under the early Stuarts and in a rising curve after 1835, when the power of central government has been strongly asserted.

Until the early 19th century, British local authorities bore some similarity to their Swedish counterparts in that they had the power to do whatever the law did not expressly disallow. However, the mid 19th century appears to have marked a parting of the ways, with moves in Sweden, from this period onwards, towards extending the meaning of local government's general authority, whereas in Britain local authorities became limited to a specific authority controlled by the principle of *ultra vires*. Indeed it has been suggested that the 1835 Municipal Corporations Act marked a major constitutional revolution, whereby local authorities were prevented from doing anything, except within very narrowly constrained financial limits, which was not permitted by statute (see Foster et al. 1980). This was strengthened by the application of the *ultra vires* principle to local government. This principle originally evolved in relation to the railway companies. When these became parliamentary corporations the doctrine developed that such a corporation existed merely for the purposes for which it was established by Act of Parliament and for no other purpose. This principle gradually became a major constraint on local authorities as, by the 1850s, they also came to be regarded as parliamentary corporations.

There was, however, an exception to this principle, the "royal or chartered boroughs". These were created by royal charter and, in contrast to all other types of local authorities whose corporate existence depended on Acts of Parliament<sup>17</sup>, they were not subject to the rule of *ultra vires*. Instead the

---

<sup>17</sup> The Local Government Act 1888 - created the county councils and the county borough councils.

The Local Government Act 1894 - created the urban districts, the rural districts and the parish councils.

The London Government Act 1899 - created the London boroughs.

This legislation swept away the chaos of institutions that had previously characterized

chartered boroughs were creatures of the "Royal Prerogative" and, as such, had all the powers of a natural person, except in so far as statutes might impose specific restrictions on their actions. The exact extent of their freedoms, however, was somewhat shadowy (see Keith-Lucas & Richards 1978).

Nevertheless, it has been argued that these chartered boroughs played a central role in the constitutional history of constrained local autonomy in Britain (see Elliott 1983). Even after 1835 the boroughs provided services of which central government was unaware and devised means by which these were subject to popular control. In many cases these services were organized under grants of power found in royal charters rather than by statute. However, whilst the royal boroughs may appear to have enjoyed greater autonomy than other types of local government, it must be pointed out that they were in law private bodies, normally established by private, legal instruments often similar to those used to create early companies and, it has been argued, were run as businesslike corporations (see Magnusson 1986). This "deviant" in the British system was finally removed under the Local Government Act 1972 which swept away all charters and made all the new local authorities creatures of statute and thus subject to the principle of ultra vires.

Local government in Sweden has been party to a different tradition. It has been endowed with a general authority, even if it has been argued that the importance of this has varied over time (see Johansson 1966). Turning to the 1862 Local Government Act, this empowered local authorities to take responsibility for the maintenance of law and order in their area and to administrate its common domestic concerns ("Vårda sina gemensamma ordnings- och hushållsangelägenheter" SOU 1985:07), and gave them the right to levy taxes. This Act also laid out a number of important principles concerning local authority competence in the field of industry and employment (SOU 1982:20). The definition of local government's general competence contained in the 1862 Act remained essentially unchanged until 1948, when its powers were strengthened. The municipal general authority

---

local government, the Justices of the Peace, the corporations of the ancient towns, the ad hoc, single function agencies such as the Turnpike Trusts, Highway Boards, 'Improvement' commissioners, Boards of Health and the Poor Law Commissioners. It created the local government structure which survived until the 1974 local government reorganization.

was given a wider interpretation, through a change in the Local Government Act which introduced the idea of a "general" interest (allmänintresse) to replace the "common" or "community" interest (gemensamhetsintresse). Thus it was argued that a local authority should be able to undertake an activity in the general interest of the community even if it only directly benefited part of its area or a smaller number of its inhabitants (SOU 1947:53).

Swedish local authorities continue to be endowed with a general competence or authority to conduct "their own affairs" under Chapter 1, Paragraph 4 of the Local Government Act. According to Gustafsson, A (1988a) the meaning of "their own affairs" is that any "appropriate" action which is deemed to be in the interest of the local authority's inhabitants comes within the area of its general powers. This can be seen as the discretionary field of local government administration in which the local authority is free to decide for itself. Local authorities use this general authority to enable them to do such things as provide energy supply, communications, parks, sport and leisure activities, and cultural facilities. However, it has been argued that Paragraph 4 is so generally worded that it does not provide any material guidance (Söderlind & Petersson 1988). Instead, the limits for local government authority are set partly through statements made in the preparatory work for the Local Government Acts and partly through a long series of decisions made by the Swedish Supreme Administrative Court in appeals cases, i.e. through case-law.

The 1990 Report of the Committee set up to investigate the need for a new local government act did not alter this situation and in Chapter 2, Paragraph 1, it sets out that:

Municipalities and county councils may themselves take responsibility for such matters of public interest as affect their area or inhabitants and which are not the responsibility solely of the State, another municipality, another county council or anyone else (SOU 1990:24, my translation).

However, a number of principles limiting local authority competence are contained in the legislation. These principles are:

- i) **restriction:** local authorities are prohibited from entering a sphere of activity which is traditionally the concern of the private business sector.
- ii) **equality:** local authorities are not allowed to apply special treatment to

members or groups of members of their community on anything other than objective grounds.

- iii) **location:** the interests that the local authority seeks to satisfy must be located within its own area.
- iv) **non-state responsibility:** the local government competence does not cover activities which are the province of the national state (ERU:24 1983).

Nevertheless, it is a, possibly, unique characteristic of the status of local government in the Swedish system that under their general competence local authorities can provide services and carry out activities as long as they are not prohibited by law. If a member of the local authority's population thinks that the municipality or county council is exceeding its authority, then he/she can challenge that decision or activity in an administrative court. Otherwise the decisions become legal if they are not contested within three weeks of being promulgated by being set up on the local authority's notice board.

Even if a decision is successfully challenged by one of the municipality's or county's inhabitants (i.e. the administrative court rules that the local authority has exceeded its general authority and finds in favour of the plaintiff), whether or not the decision in question is withdrawn or altered depends on the good will of the local authority. In other words, it is the municipality or county council itself which decides whether or not it will change or rescind its decision. The national state does not have at its command the means to force local authorities to change their established practice when it relates to decisions falling within their general authority (Hjern 1986b). If there is political unity in the local authority over a decision, then it is very likely that the ruling will be ignored and the decision continue to be implemented. There are examples of municipalities, especially in the field of economic development, being repeatedly found, in court, to have exceeded their general authority but, nevertheless, continuing to implement the decision in question. However, this does not apply in the case of activities coming under the specific authority. The state has the power to rescind decisions taken within the specially regulated sectors such as education, social services and environmental health protection and replace them with a new decision.

Further, even if the municipality or county council is found to be acting

unlawfully and rescinds its decision, this is not binding on other local authorities. In other words, although it has been ruled that one municipality has exceeded the general authority by taking a particular decision, this does not prevent other authorities from making or continuing to implement a similar decision. Thus, as one writer points out, this:

... means that what has been deemed to be outside the general authority in one municipality or county may be carried on perfectly legally in another simply because it has not yet been challenged in **that** locality (Gustafsson, G 1988:5).

This makes it difficult to draw an overall picture of what local authorities are able to do within the field of economic policy i.e. it becomes an empirical question. For the limits of a Swedish local government's decision-making authority are by no means clearly defined:

The interpretation of what is or is not within the scope of general authority is "decided" by citizens and their representatives (Gustafsson, G 1988:5).

Indeed, it has been pointed out that the substance of Paragraph 4 is not laid down once and for all, but rather it has been recognized that it can change in line with developments in society and technology (Stahre 1983). Thus making it difficult to draw a clear boundary between what is usually known as the local authority sector and what is commonly called the local economic sector.

#### *Functions - Mandatory versus Permissive*

It has been argued that whether the functions carried out by local government are mandatory or permissive have implications for local autonomy, with permissive functions allowing greater scope for autonomy than mandatory (Goldsmith 1990, Goldsmith & Page 1987, Gurr & King 1987). Local government in Sweden, as in Britain, is responsible for a wide range of functions some of which are mandatory and some of which are permissive.

The dominant ethos of local government in both Britain and Sweden in the post-war period has been considered to be closest to the *welfare-state model* of local government (see Goldsmith 1990). Such local governments

have not only been concerned with the regulation of land use but also with the provision of a wide range of collective consumption goods which comprise the welfare state. Although, it can be argued that Britain has been closer to a more centralized version of this model in which there has been greater central control. Whereas in Sweden there has been a higher degree of consensus around welfare values, thus permitting a more decentralized model (see Pickvance 1986). However, developments in recent years would appear to question whether this will continue to be the dominant ethos, or even whether it **is** in the British case.<sup>18</sup>

The range of services provided by local government in Sweden is greater than in Britain, for example, health care is a local government responsibility in Sweden. The Social Democratic governments in Sweden chose to implement their social welfare programmes through the municipalities. Thus post-war development in Sweden was characterized by an enormous growth in municipal functions and expenditure (see Elander & Montin 1990, Westerståhl 1970). This is in contrast to Britain, where the post-war build up of the welfare state was accompanied by a transfer of powers **away from** local government (see Reade 1989). For example, responsibility for public utilities such as gas and electricity were removed from local government control, as was health care, and were nationalized.

As mentioned in the previous section, local government in Britain possesses only a **specific authority**. In short, modern local authorities in Britain are dependent on statute. They have no powers other than those specifically given by Parliamentary Acts affecting local government. These can be divided into two main types of Acts:

- i) **General Acts** which are of two kinds:
  - a. **mandatory**: these compel local authorities to provide certain services, carry out certain activities such as the education of children between the compulsory school ages;

---

<sup>18</sup> Indeed in the British case, it may now be more correct to say that it was the dominant ethos in British local government in the post-war period. Trends towards alternative models of British local government have been put forward such as the "enabling", "post-fordist" and "corporatist" models (see Cochrane 1989, 1991, Goldsmith & Jones 1989, Stewart & Stoker 1988). And even in the Swedish case changes are taking place in this direction.

- b. **permissive:** these enable local authorities to provide certain services such as adult education or numerous recreational and cultural facilities, if they so wish.
- ii) **Local or Private Acts:** these are acts promoted by the local authorities themselves in Parliament in order to obtain powers not contained in any existing Act of Parliament.<sup>19</sup>

However, despite this dependence on statute, some writers have argued that it is, nevertheless, possible to talk of substantial local discretion (see, for example, Goldsmith & Page 1987, Saunders 1979, Stewart 1983). They suggest that a considerable degree of discretion is allowed local authorities by the definition of their actions in terms of permissive legislation or through mandates that leave much to their own interpretation. However, this assertion appears to be becoming less tenable given recent changes in the nature of legislation. For example, local authorities are obliged to provide education for children between 5 - 16, but previously, apart from religious education, there were no statutory conditions governing the school curriculum. However, this has been changed by the introduction of a national curriculum under the Education Reform Act 1988, which reduces the local authorities' discretion to set policy. Although in other cases, such as libraries and fire and civil defence services, they are mandated to provide adequate services, the criteria for adequacy are not defined. Local authorities are obliged to repair and maintain local roads, yet the standards of repair and maintenance are not statutorily defined, apart from the legal requirement to make them passable.

Even Swedish local authorities are not completely free to choose what services they provide. They also have a **specific authority** under which they are charged to carry out many of their most important tasks on behalf of the State. These duties are regulated by special legislation which includes the Education Act, the Building Act, the Fire Prevention Act, the Public Sanitation Act, the Environmental Protection Act, the Social Services Act, the Care of the Mentally Handicapped Act and the Health and Medical Care Act. Previously, much of this regulation was very detailed which led writers such as Greenwood (1980) and Stewart & Stoker (1989) to argue that, when

---

<sup>19</sup> Powers obtained under such Acts apply only to the specific local authority in question i.e. if such an act is passed by Parliament, the powers obtained do not apply to local government in general.

it came to the services demanded by law, Swedish local authorities were more constrained by central regulations than British local authorities. Although this has been contested and that, even within the very highly and closely regulated schools sector, there has been room for municipal initiative and local self-government (Stjernquist & Magnusson 1988).

However, criticism of too much bureaucracy and red tape have led in the direction of decentralization and more general legislation (see Elander & Montin 1990). Accordingly, although some legislation and derived regulations are still detailed, there has been a trend towards legislation of a more general character, merely laying down guidelines for the activities concerned ("framework legislation"). Whereas in Britain there has been a change in the opposite direction. Previously, much British legislation was drafted in broad terms leaving scope for interpretation, but there now appears to be a move towards greater detail (see Loughlin et al. 1985, Loughlin 1986b).

Thus it seems reasonable to argue that, in terms of its constitutional and legal position, local government in Britain is more constrained than in Sweden. Indeed it has been contended that even the qualified autonomy of British local government has been seriously affected by recent changes in the structure of local government, and legislation reducing discretion on specific services and the scope and scale of local authority activity.

The conception of local authorities as representative bodies, responsible for the overall economic, cultural and physical well-being of local communities has been effectively displaced by a renewed narrow emphasis on their responsibility for particular services. Moreover, this responsibility no longer necessarily involves direct council provision (Butcher et al. 1990:31).

Further, there would appear to be considerable difficulties involved in attempting to extend the competence of British local government and endow it with a general authority of the type possessed by Swedish local authorities. Loughlin (1986a) has argued that to replace the legal doctrine of ultra vires with some sort of general competence in keeping with that suggested in the Council of Europe's draft European Charter of Local Self-Government, published in 1981, would require a major reform of the legal and administrative framework of local government in Britain. It would require comprehensive changes to render British law compatible with the provisions of the Charter.

These legal/constitutional factors are now considered specifically in relation to the local economy. In Sweden, as in Britain, there is a long tradition of local government involvement in the sphere of local economic policy. However, in both countries, the relationship between national and local government with regard to who should bear the main responsibility for this policy area has varied greatly. This needs to be understood in terms of wider changes taking place in society and the economy during these periods and the way in which these are reflected in intergovernmental relations within a particular country.

During the first half of the twentieth century there was a dramatic change in the parts played by national and local government in the sphere of economic, industrial and employment policy. Prior to the First World War, in so far as there was concern for unemployment, labour market policy was a matter for local government in Britain and Sweden.<sup>20</sup> In both countries the inter-war period marked the expansion of national government's role in economic policy and the role of local government became marginalized. Furthermore, the State increasingly asserted the primacy of economic policy over other policy areas, particularly welfare (see Vielba 1986) and responsibility for industrial and employment policies came more and more to rest with national government. Local authorities became, above all, providers of social and community services. In 1934 the responsibility for unemployment pay was taken from local government in Britain when the Unemployment Assistance Board was set up. This became the National Assistance Board in 1948 and removed the concern for public assistance completely from local government. Likewise in Sweden a number of state bodies were set up, such as the Swedish Labour Market Board in 1948 which took over the main responsibility for dealing with industry and employment and local government was allocated a secondary role.

Nevertheless, although local government's role may have diminished, it did not disappear, rather it has fluctuated.<sup>21</sup> Indeed the last decade and a

---

<sup>20</sup> For example, in Britain the Unemployed Workmen's Act 1905 enabled local authorities to set up local labour bureaux and to undertake job creation through public works (see Byrne 1986). In the case of Sweden, Karlsson 1983, points out that prior to the establishment of the National Unemployment Commission in 1914, unemployment was the concern of local government.

<sup>21</sup> For Britain see Camina 1974, Chandler & Lawless 1985, Ward 1983, 1984, 1985; and for Sweden see DsA 1986:02, DsC 1986:16, Hjern 1986a, Hudson 1992, Olofsson

half have witnessed a new growth in this role as responsibility for employment policy is increasingly being pushed back towards the local level by, amongst other things, the curtailment of national government involvement in the economy (see Cox & Mair 1991, Fox Przeworski 1986). Turning to local authority current powers to assist the local economy and starting with Sweden, with very few exceptions, these come under its general competence. This enables municipalities to provide general support for the local economy. What this means in practice is a matter for the individual municipality or county council. Although a number of legal guidelines have evolved which, drawing on Söderlind & Petersson (1988), can be summarized as:

- \* Local authorities have the right to run commercial enterprises in order to produce public goods or provide services for the general public such as ports, airports, electricity boards, water boards, bus companies etc.
- \* With regard to the local economy in a narrow sense (production of goods and services) the principal rule is clear: a local authority may not subsidize individual firms. However, there are exceptions to this rule.
- \* A local authority may take measures which aim to improve the functioning or development of the local economy in general. For example, it can prepare industrial land, supply industrial premises with space for several firms etc.
- \* In emergencies, for example a serious employment crisis, the local authority can obtain extraordinary powers to take special support measures.

Thus, there are, in theory, a number of things which local government is not permitted to do such as give financial assistance to individual firms or run a business with the intention of making a profit. Nevertheless, it is often difficult to define the boundary between what is permitted general support for the local economy and what is a subsidy to an individual firm (Kaijser & Riberdahl 1983). Further, these restrictions can be revoked in exceptional circumstances, such as when a local authority faces high

unemployment (Alsén & Nilsson 1984b).

However, whilst there are certain restrictions on the legal basis for an active local government policy to assist the local economy, municipalities' and counties' measures often exceed the formal limits for their general authority (Söderlind & Petersson 1988). Indeed one writer has gone so far as to suggest that local government, in the case of the local economy, often works according to the principle that "everything is legal as long as no one challenges it" (Olofsson 1984). Thus it could be argued that, particularly in relation to this field, local authorities are in a process of continually expanding the limits of their competence, testing to see how far they can go.

There has been much debate over local government's role in relation to the local economy and it has been argued that existing local authority practice in this field should be ratified in law. However, an examination of the relevant paragraphs in the 1990 Report of the Committee set up to review the Local Government Act and the subsequent Act reveal very little suggested change in local government's formal powers in this respect.

Municipalities and county councils may carry on economic activities, if these are non-profit making and the idea behind them is to provide facilities or services of general benefit to the inhabitants of the municipality or county.

Municipalities and county councils may carry out measures to generally promote the local economy in the municipality or county council. Assistance directed towards individual firms may only be provided if there are particular grounds for so doing (Government White Paper 1990/91:117 New Local Government Act, p 231: Chapter 2, Paragraph 8, my translation).

Thus there appears to be no move to formally recognize, in law, local government's increased responsibility in this sphere. Further, the EEA Agreement has implications for local government's ability to provide assistance to individual firms. In a recent Government White Paper (Prop. 1991/92:170), it was stated that municipalities and county councils are obliged to inform the Government or an Authority decided by the Government, about all forms of assistance to individual firms that are planned and which can be the subject of scrutiny by EFTA's control authority. If these are found to run contrary to Article 61 in the EEA Agreement, the Government can rescind the municipality's or county

council's decision to provide assistance.

British authorities' powers to assist the local economy have derived from two main sources, Private Acts and permissive legislation.<sup>22</sup> Private Acts were used by some local authorities to acquire powers to enable them to carry out measures to assist the local economy such as building factories, making loans to industrialists and developing industrial estates.<sup>23</sup> Otherwise local authorities undertook their initiatives mainly under permissive Acts such as the 1963 Local Authorities (Land) Act. This gave local authorities the power to improve land, erect buildings such as advance factories, carry out site preparations and make loans and grants for various types of land development.

Further, there was, between 1972 and 1989, a small but important category of provision deriving from Section 137 in the Local Government Act 1972. This allowed local authorities to spend the product of a rate of 2p in the pound<sup>24</sup> on anything which in their opinion was in the interests of their area or any part of it or all or some of its inhabitants (see Hampton 1987). This represented a partial relaxation of the ultra vires restriction and is the nearest local government in modern times in Britain has come to having a general authority. It is interesting that among the most notable of the initiatives which developed from this were local economic development measures (see Lyons 1983). In this way, local governments in Britain and Sweden would appear to have been closer to each other during this period

---

<sup>22</sup> The Inner Urban Areas Act (1978) gave enhanced local economic powers and additional financial assistance to a limited number of designated local authorities suffering from inner city problems. The partnership local authorities were supposed to work with central government to devise and implement development strategies.

<sup>23</sup> See for example the Liverpool Corporation Act 1936, the Jarrow Corporation Act 1939, the Durham County Council Act 1963, the Leeds Corporation Act 1966 and the Tyne and Wear Act 1976. However, under section 262(9) of the 1972 Local Government Act, these Private Act powers ceased to have effect in 1980 in the metropolitan areas and 1984 elsewhere.

<sup>24</sup> Although not large the 2p rate was significant in large authorities such as the former GLC were it provided £38 million per year or the West Midlands MCC were it produced £8 million per year and even in large non-metropolitan districts such as Bristol where it gave £1.2 million per year. Most local authorities utilized at least 1.5p of this power for economic development initiatives. Its use increased dramatically after 1981, spending on such initiatives was £17 million in 1981 and £90 million in 1984 (see Bennett & Krebbs 1991).

in terms of their policy-making independence vis-à-vis national government in the field of local economic policy than might have been expected from the general intergovernmental relationship.

However, the increasing use of section 137 powers for economic development led to the setting up of the Burns Committee on Local Authority Assistance to Industry and Commerce in 1980. The findings of this Committee revealed a scale of activity which took national government by surprise. Following the report proposals were made to limit the use of this general power, but these were dropped after fierce lobbying by the local government associations (including the Conservative dominated ones). However, national government disquiet with this power led to a further review by the Widdicombe Committee in 1986. This resulted in the power being replaced in the Local Government and Housing Act 1989 by an authorization granted to local authorities to undertake, within constraints, economic development measures (see King 1990). Whilst it can be argued that part III of this Act recognizes a role for local government in economic development, it nevertheless remains a discretionary activity.

According to the Act, economic development may include participation in, and the encouragement of, and provision of financial and other assistance for:

- (a) the setting up or expansion of any commercial, industrial or public undertaking... and
- (b) the creation or protection of opportunities for employment... which have been or appear likely to be made available to persons living in that area (Paragraph 33(2) of the 1989 Local Government & Housing Act).

However, the legislation does not provide a watertight definition of what is meant by "economic development" as Regulation 2 of the Regulations accompanying Part III of the Act include powers conferred by any other enactment by virtue of which a municipality may promote the economic development of its area as economic development powers. Thus Coulson (1990) suggests that some, but not all investment in vocational training, tourism, leisure, support for the arts, and town and country planning could conceivably be undertaken to promote economic development. In his view, this will inevitably lead to problems over what legally can be considered to be economic development.

Whilst the wording concerning local government's formal powers may not

appear to be so different from that contained in the Swedish legislation, the British Act goes on to impose various restrictions on municipalities. For example, if a local authority wishes to be involved in local economic development, it must take a resolution to that effect, and then prepare a document setting out its proposals and what these are intended to achieve. This "strategy statement" must be submitted for consultation to bodies and individuals representing the private sector in the area. Certain activities are specifically prohibited and other limitations are placed on municipalities in areas of below average unemployment. Thus the Act also gives the Secretary of State sweeping powers of regulation (see Collinge 1992).

The fact that local government in Sweden has not been given a specific responsibility for economic development has in many cases been seen as something negative. It has been considered that there has been a shift in responsibility to local government to deal with problems such as unemployment, but without its being given a concomitant increase in its powers to do so (see, for example, Rudebeck 1986, Hjern & Bergendahl 1987). However, this may be an advantage in some ways as local government's role has not been limited to certain specific activities which national government considers appropriate, as is the case in Britain.

Generally in terms of its legal/constitutional position, local government in Sweden would appear to have considerably greater vertical autonomy than in Britain. However, there was a brief period in which local governments in the two countries were closer to each other with respect to policy-making independence in the local economic development policy area than the general situation would have led one to expect.

### Administrative/Professional Factors

#### *Administrative Advice - Acceptance versus Disregard*

It is difficult for statutes to specify local action in detail, however, national government has a range of administrative devices at its disposal which it can draw upon to enhance detailed control over local policy decisions. Central government departments may have powers conferred upon them to issue regulations, rules, and orders to fill out the statutory framework as well as to issue directions in the form of detailed administrative instructions on how local authorities may exercise their powers. They can seek to advise local government over the way in which services are provided, through the

use of circulars, manuals and other documents that seek to exhort, encourage and disseminate good practice, and lay down guidelines. However, it has been argued that there is no general predisposition in Britain to accept national government advice merely because it comes from national government (Goldsmith & Page 1987). Examples of government circulars seeking to influence local government practice with regard to economic development are: D.O.E. Circular 71/77 which encouraged British local government to contribute to central government's industrial strategy; and D.O.E. Circular 22/80 which recommends, amongst other things that the local authority planning system should be as helpful as possible to industry and commerce and play a part in rebuilding the economy.

In the Swedish case, it has been pointed out that national policy prescriptions have become less detailed and generally leave room for varying local responses. In the case of local authorities they are given considerable room for manoeuvre in the implementation of national policies.

### *Professional Institutions*

Britain and Sweden do not seem to differ greatly with regard to the role of professionals in local government. It has been argued that professionalism is a distinct feature of local government in Britain that has emerged largely under the sponsorship of national government which has seen it as a countervailing force to that of localism (see Laffin 1986). This idea is also expressed by Foster et al. (1980) who see the striving after uniformity in practice by professional institutions as, in effect, reducing the autonomy of local authorities. Dunleavy (1984) argues that professionalism undermines the effect of decentralization, as professionals promote ideas that are nationally produced and which are adopted with little variation from one authority to another.

In Britain there have been moves to "professionalize" local government officers involved in economic development. A professional body has been set up in Britain, the Institute of Economic Development Officers, which has as one of its aims to provide training for its members. In the Swedish case, there has also been an increasing professionalization of local government economic development policy (see Hjern 1992). Further, it has been argued that professionalism can influence the economic development officer's (*näringslivssekreterare*) view of the form the municipality's economic development policy should take (see Pierre 1991). Thus in both

countries local government economic development officers also often involved in professional organizations which exert an influence on their members to address policy based issues, at least partly, on professional criteria.

Other bodies forming part of the national system of local government are the local government associations. The role of such associations in Britain in spreading "national" ideas has been well documented (see for example, Isaac-Henry 1975, 1980). Specifically in relation to local economic development policies, the Association of District Councils has produced a series of 'best practice' papers covering methods of financing economic development, marketing and promotion, business enterprise agencies, training and recruitment for economic development, initiatives and innovations in economic development etc. Other local authority federations, notably the Association of Metropolitan Authorities, have been instrumental in pressing for increased local authority powers in relation to economic development.

The Association of Swedish Municipalities performs a similar function as its British counterpart. It has carried out surveys of local authority involvement in economic development in Sweden in 1975, 1982, 1985, 1988, and 1991. It also disseminates information both on the results of its studies and on the possibilities open to local authorities in the field of economic development. It has also campaigned for changes in the legislation to increase local government powers to promote the local economy.

Thus in both countries there are: bodies disseminating ideas on "appropriate" forms of action for local government with regard to the local economy; and a growing professionalization of the officers responsible for economic development. Accordingly, with regard to the administrative/professional factors, the difference between Britain and Sweden does not appear to be so great. Further, they would seem to have similar implications for a local authority's ability to assist the local economy.

### The System of Finance

In both Britain and Sweden local government expenditure is an important part of total public spending. However, from a very similar position in the 1950s, its importance has declined in the British case, whereas it has increased in the Swedish. For example, local government expenditure as a

percentage of total public expenditure was 37.1% in Sweden and 30.2% in Britain in 1950. By 1975 the figures were 52.6% for Sweden and 33.1% for Britain (Newton 1980). However, following cut-backs in public expenditure in both countries, this had declined to 42% in Sweden and 26% in Britain by 1985.

However, what is important here is local government's ability to control its financial resources. This has been seen as pivotal to vertical autonomy (King & Pierre 1990). Local government's general vertical autonomy is considered to be greater when the ratio of local to non-local resources is maximized and the more decisions about the allocation of externally provided resources are made locally.

### *Local Tax System - Local Income Tax vs Property Tax.*

Swedish local authorities have the right to raise a local income tax which supports a large proportion of their expenditure. Table 2.1 below illustrates the sources of Swedish local government income. It shows that during the 1970s and 1980s direct taxes (local income tax) have increased in importance as a proportion of all local authorities' income, accounting for 59% in 1987, whereas, during the 1980s, national government grants have decreased in importance amounting to only 22% in 1987.

**Table 2.1 Sources of Swedish Local Government Current Income 1970-1987**

	1970	1975	1980	1985	1987
Proportion of revenue from:					
Direct Taxes	49	49	52	53	59
Indirect Taxes	2	2	1	1	-
National Government Grants	26	27	27	23	22
Other Incomes	23	22	20	23	19
Total	100	100	100	100	100

Source: SCB, National Accounts, 1988

Local income tax is simply proportional to the income of the taxpayer and is non progressive, i.e. it amounts to a certain percent of income regardless of the size of the income. Previously, local authorities have decided

themselves, on the basis of forecasts, how great a percentage of income the local tax will be. In 1987, the average local income tax was 30.44%. However, a Government Bill, approved by Parliament, has placed a ban on local authorities increasing their taxes during 1991 and 1992.<sup>25</sup> This has obviously serious implications for local self-determination and local authority autonomy. Indeed the move was heralded as a 'deathblow' to local government autonomy when, at the same time, local government had been charged with new tasks and national government grants had been reduced (see Gidlund et al. 1990) and as cutting across the tradition of local government autonomy in Sweden (Gustafsson, A 1991). The Government has also set up a parliamentary committee to examine local authorities' financing in the long term, including national government grants. One of the aims of the study is that the "specially designated" grants should, as far as possible, be replaced by "general grants" (block grants). The committee is also expected to develop proposals on how municipalities and county councils can carry out their activities with a maximum tax rate of 30%.

Prior to 1989 in Scotland and 1990 in England and Wales, local authorities in Britain relied on a property tax, the 'rates', which dated back to the 16th century. This was based on a notional calculation of the annual rentable value of property upon which local authorities levied a percentage. Local authorities were not permitted to engage in general revaluation of property, the timing of revaluations was a matter for central government. However, local authorities themselves had total discretion over the level of local taxation. This principle was overridden in the 1984 Rates Act (known as the 'rate-capping' legislation). It allowed the Secretary of State for the Environment to identify individual authorities that overspent and set upper limits for their rates the following year, or to set general rate levels across the whole country. These developments are considered to have had a very damaging effect on the already qualified autonomy of British local authorities (see, for example, Bailey 1991, Butcher et al. 1990). Table 2.2. below shows the sources of British local government current income between 1975-1985. It can be seen that grants from national government form a much greater proportion of local government income than is the case in Sweden and income from the rates (the local property tax) plays a much smaller role.

---

<sup>25</sup> Proposition 1989/90:150, Appendix 4.

**Table 2.2 Sources of British Local Government Current Income  
1975-1985 %**

	1975	1980	1985
National Government Grants	54	50	52
Rates	28	31	32
Other Income Sources	18	19	16
Total	100	100	100

Source: UK National Accounts, CSO 1986.

A new financial system for local government was introduced in Scotland in April 1989 and in the rest of Britain in April 1990. The business rates were transformed into a national tax, the Uniform Business Rate, over which local government has no control. They do not set or collect the local business tax, which is imposed at a uniform rate across the country (see King & Pierre 1990). Further, the domestic rates were replaced by the Community Charge (known as the poll tax) a highly regressive tax levied equally on all adults within each local authority area. The upshot of these changes was that municipalities would raise a much smaller proportion of their own expenditure from local taxation, with 75% of all local authority spending financed from sources directly controlled by the centre (see Bulpitt 1989). This has led Butcher et al. (1990) to suggest that local authorities are now seen as:

... essentially local administrative agencies responsible for the efficient and cost-effective delivery of a range of services, and not... elected councils responsible for 'the overall economic, cultural and physical well-being' of the community (Butcher et al. 1990:29).

The highly unpopular Community Charge is to be replaced by a new Council Tax in 1993/94, which is a revised form of local domestic property tax. The proportion of income raised locally under the Council Tax is expected to be as little as 14%. This would seem to have serious implications for local government autonomy vis-à-vis national government, particularly as there have also been changes in the grants system which introduce more central control.

With regard to the provision of national government grants, an important factor relating to local autonomy is the extent to which the uses of funds are mandated by central government or are the subject of local discretion. For example grants issued for specific purposes are seen as implying less autonomy vis-à-vis the national state than general or 'block' grants.

In Sweden the process of decentralization and reform taking place during the last decade has led to the greater use of block or general grants. However, specially designated grants still form 75% of grants from national government, whereas in Britain less than 25% of transfers from national government are in the form of special grants. Some local services, such as transport, housing and police are subject to specific grants in Britain, but the bulk of such transfers come in the form of a block grant. The block grant has a long history in Britain, it was introduced in stages in 1888, 1929 and most importantly, 1958. The main characteristic of this grant is that it allows local authorities to use central finance to support any of their services, even those that are supported by specific grants from national government (see Goldsmith & Page, 1987). However, the grant system has undergone substantial changes during the 1980s. For example spending levels (Grant Related Expenditure Assessments) have been identified by the government for each local authority which are then used to penalize those regarded as overspending. Specific grants have increased as a proportion of total grants for local government from less than 15% in 1979 to 24% in 1987. In addition, the government has ended resource-equalization grants. Thus Butcher et al. (1990) argue that a new principle has emerged that:

... central government should determine what each local authority should be spending, and penalize 'overspenders' through the grant system. Previously central government had often tried to influence overall local government spending, but it had been accepted that it was up to individual local councils to determine spending within their own areas, provided that spending was lawful (Butcher et al. 1990:28).

A further change in 1990/91 was the introduction of a new system of central government grants in the form of fixed, lump-sum payments. The new Revenue Support Grant has two components: the Standard Grant which is distributed as a fixed sum per head of adult population; and the Needs Grant, which is intended to be redistributive, reflecting differing socio-

economic and demographic circumstances. However, the ability of this latter component to adequately take account of the conditions faced by the local authorities with the severest problems has been questioned (Bailey 1991).

Local government in Sweden is much less reliant on grants from the national state to finance its local expenditures than its British counterpart, see Tables 2.1 and 2.2. above. These support a much smaller proportion of local expenditure than does the local income tax. There are two types of grant: **the general grants**; and **the specially designated grants**. The general grants are dominated by the tax equalization grant (*skatteutjämningsbidraget*) which aims to even out regional differences between "rich" and "poor" local authorities. The intention is that municipalities with a low tax base or with high costs for certain given tasks e.g. roads and water, should be compensated for this. The specially designated grants comprise 75% of the national government grants and go partly to finance those duties that the State has made obligatory for local authorities to carry out and partly to fund activities that the State wishes to stimulate (see Söderlind & Petersson 1988). Attempts are being made to replace the specially designated grants with more general grants. However, they still comprise the major part of national government grants to local government. For example, in 1985 the specially designated grants accounted for 86% of national government grants to municipalities and 67% of their grants to county councils (Gustafsson, A 1988a).

To summarize, the local government system of finance in both countries has been subject to attack by the respective central governments. However, the force of the assault has been both more extensive and intensive in Britain than Sweden. From the position of an already narrow autonomous financial base, particularly in comparison with Swedish local government, the situation has become even more confined for British local authorities. This sharp reduction in the tax base makes it more difficult for local authorities to increase their spending, as a small proportionate increase in total spending requires a disproportionately large increase in the poll tax. However, the problem is not just the nature of the local tax itself, but the increased dependence on centrally controlled funds. The systems for financing local government in the two countries have differing implications for local government's general vertical autonomy in terms of its capacity for action. Swedish local authorities would appear to possess a greater ability both to raise and utilize financial resources as they chose with regard

to local economic development policy than their British counterparts.

Further, this difference would appear to be increasing as the new British system has serious consequences for local authority measures to assist the local economy. All locally determined, marginal, discretionary expenditures must be financed totally by the new local tax and thus paid solely by local residents. These changes mean that if a local authority introduces a new economic development initiative, all the costs must now be borne by the poll tax payers. Previously, local business would have contributed just over 50% of the costs through the non-domestic rate. However, this has been transformed into a fixed, national tax and is no longer subject to local control. What is more, any extra business revenues resulting from such initiatives are sucked back into a National Non-Domestic Rate pool, thus reducing the incentives for local authorities to engage in these activities.

## Conclusions

The approach developed here permits a more nuanced picture of the factors influencing local government autonomy vis-à-vis national government to be drawn. It underlines the importance of understanding the tradition of local government in a country, its place in society and how this can lead to fundamental differences in the intergovernmental relationship. Further, the value of adopting more disaggregated view of autonomy also becomes apparent. There can be variations in the strength of the components influencing autonomy in relation to a particular policy area. For example, the particular characteristics of a policy area may mediate the effects of the autonomy components so that local government may have greater or lesser autonomy than the aggregate intergovernmental relation might lead us to expect.

Starting with the general (aggregate) relationship and summarizing the findings from the different components, there is an important difference in the nature of the relationship between national and local government in Britain and Sweden. On the one hand, intergovernmental relationships in Sweden have been described in terms of a synthesis whereas, on the other hand, those in Britain have been conceptualized in terms of an antithesis. It has been argued that in the Swedish case it has become more difficult than ever to distinguish between questions of national and local government because they are parts of the same whole. In contrast, in Britain there are

two cultures: a local government culture and a national government culture. This separation of the worlds of local and national government has been conceptualized in terms of a ‘dual polity’.

This difference has its roots in the differing democratic traditions in the two countries. Local self-government has underpinned the democratic system in Sweden which has been far from the case in Britain where it has never been considered as integral to democratic government. Thus it can be argued that, in Sweden there is basically a consensual relationship between national and local government, whereas in Britain it has become increasingly conflictual. The examination of the political culture component of the national context in both countries leads to the conclusion that Swedish local government has greater general autonomy vis-à-vis national government than its British counterpart.

With regard to the legal basis for local government autonomy, Britain and Sweden would appear to lie at opposite ends of a continuum. The constitutional guarantee possessed by Swedish local governments grants them extensive autonomy which can then be circumscribed by legislation in specific sectors. Swedish local government can be seen as operating on a positive principle. Municipalities have the right under their general authority to undertake activities in the interests of their area as long as they are not forbidden in law. At the other end of the spectrum are British local governments which have no such constitutional guarantee. They are subject to the principle of parliamentary sovereignty and to the doctrine of **ultra vires**. Thus, they operate under a negative principle according to which they are not only prevented from doing things which are expressly prohibited by law, but are also prevented from undertaking functions, providing services or carrying out activities which the law does not prescribe.

Turning to local government’s freedom from national government with regard to independent powers of taxation, this also varies between the two countries. Local government in Sweden has the right to raise a local income tax which supports roughly 60% of their expenditure. They are also relatively independent of central government grants which only account for about 20% of their income. Whereas local government in Britain has only the right to levy a property tax, which following recent changes could be as little as 14% of their income by 1993/94. Local government no longer sets or receives the local business tax, which has been transformed into a national tax, imposed at a uniform rate across the country. The consequence of these changes are that over 75% of all local government spending is

financed from sources directly controlled by national government. Accordingly British local governments are heavily dependent on central government grants. These differences with regard to the systems of finance are seen as having consequences for local government's capacity for action, with local government in Sweden occupying a far more favourable position than in Britain.

Moving to the particular policy area, these differences in local government's general autonomy also appear to lead to differences in policy-making independence and capacity for action in relation to local economic development policy in Britain and Sweden. However, it was found that, at least during the end of the 1970s and the 1980s, these were mitigated to some extent by a number of similarities in the conditions for local government involvement in local economic development in the two countries. During this period, local government in Britain had access to a limited form of general authority which it could utilize in relation to economic development. Further, both countries witnessed the appearance of ideologies concerning the transformation of the role of government in relation to the economy and encouraging the development of closer links between the public and private sectors in relation to local economic development. This would seem to indicate that, with regard to this policy area, the differences in vertical autonomy during the 1980s might not have been as great as would otherwise have been expected from the general relationship. Nevertheless, it is suggested that the fundamental differences underlying the intergovernmental relationship will make themselves felt in terms of the degree of "interventionism" of policies. I.e. there will be a divergence between the countries with regard to the degree of intervention in the economy. These issues will be examined in the next chapter using empirical material on local economic development policies in Britain and Sweden.



# **3**

## **LOCAL GOVERNMENT AUTONOMY - TWO ELEMENTS**

### **Introduction**

Chapter 2 showed that there were considerable differences in local government autonomy vis-à-vis national government in Britain and Sweden. However, the idea was also introduced that these differences might vary to some extent (i.e. be greater or lesser) depending on the characteristics of the particular policy area. This idea is now pursued further using empirical material on local economic development policies in Britain and Sweden. The chapter begins by conceptualizing the two aspects of local government autonomy, capacity for action and policy-making independence introduced in Chapter 1, in relation to a particular policy area, namely local economic policies.

Firstly, capacity for action is considered in terms of local authority measures to assist the local economy, which are grouped into four roles according to the degree of regulation they imply with regard to the local economy. These roles are then operationalized and analyzed empirically using a comparative approach. This includes both a comparison between Britain and Sweden, and, in the case of Sweden, a comparison over time. Secondly, policy-making independence is treated in terms of a local authority's reliance on other organizations or actors in its environment to evolve and carry out its economic development policies and activities. Its relationships are divided into vertical contacts i.e. with national government bodies; and horizontal contacts relating to: i) those between local authorities, and ii) those between local government and the private sector. Once again a comparative approach is used to analyze these relationships empirically using data on the actors involved in local economic development policies in Britain and Sweden. A comparison over time is

also made in the case of Sweden.

## The Two Elements of Autonomy

A number of writers have distinguished between two aspects of autonomy. For example, Lindley (1986) separates autonomy into: a developed self; and a freedom from external constraints; and Lundquist (1987) into: freedom of action; and a capacity for action. Hansen & Kjellberg (1976), dealing specifically with local government, divide local authority autonomy into autonomy over i) policy goals i.e. local authorities must have independence in framing the goals to be achieved within any municipal sphere of activity; ii) the means i.e. there must be latitude left to the local authority in its control over the resources necessary to fulfil these goals.

In all these broader views of autonomy, freedom from external constraints alone is not a sufficient definition of autonomy, it must also encompass the ability to take action. Thus an important element of local government autonomy becomes the possession of a **capacity for action**. A local authority needs to have at its disposal resources in terms of people, skills, knowledge, land, buildings, materials etc. and hence the ability to act directly rather than through intermediaries (Elander 1991). Further:

(i)t can be expected that the greater the level of these resources, the local authority's profile in land, property and labour markets and its intelligence base, the greater the level of (horizontal) autonomy. The higher the local authority's share of these resources locally, the greater is the power to act unilaterally (Harding 1990:83) (my change in brackets).

The local authority must possess the capacity to support and develop its local economy (Hill 1984). In this study, local government measures to assist the local economy are seen as constituting a means for a municipality to build up a development strategy of the type suggested by Hill (1984) and thus its capacity for action.

However, local government also needs to be able to utilize its capacity for action. It must also possess the ability to develop and carry out its policies and activities, and to manipulate its resources in a way consistent with its preferred priorities (cf. Rhodes 1988). Thus the second aspect of local government autonomy is its **policy-making independence**. A municipality is subject to constraints and influences which limit its capacity for choice,

or at least the perceived capacity (see Stewart 1983). Other actors and organizations in the local authority's environment may seek to influence, among other things, its decision and policy-making processes. Such actors in the national and the immediate environment may constitute both a resource and a constraint for the municipality. Well developed networks of organizations and/or actors may facilitate the implementation of policies, especially in times of scarce resources. However, such networks are a two-way process. They may also form a channel through which these organizations/actors are able to place demands on the municipality and influence the policy-making process. In this study, local government policy-making independence is considered in terms of its ability to develop and pursue its local economic development policies without recourse to other actors. From this perspective, the more a municipality engages in cooperation with other actors, the more limited its policy-making independence is likely to be.

An initial analysis is now made of both the capacity for action and policy-making independence aspects of local government autonomy, using primary data relating to local economic development policies in Britain and Sweden. The discussion presented in Chapter 2 suggested that Swedish local authorities would appear to have greater general vertical autonomy than their British counterparts. However, it was indicated that in relation to the local economic development policy area these differences might be modified slightly. Chapter 3 now provides an opportunity to compare, firstly, the pursuit of local economic development policies in both Britain and Sweden (as capacity for action) and to see whether there are differences between the countries. For example, do Swedish local authorities pursue more interventionist policies than their British counterparts? Secondly, are there differences in terms of policy-making independence between the two countries? For example, do Swedish local authorities cooperate more with other actors in devising and carrying out their economic development policies?

Further, the availability of time-series data for Sweden makes it possible to undertake another comparison - one over time. For example, have Swedish local authorities become both increasingly active and more interventionist in their policies to assist the local economy during the 1980s? Has their cooperation with other actors increased in the field of local economic development policy?

# **Capacity for Action - An Initial Analysis**

## Introduction

It seems reasonable to suggest that the pursuit of policies aimed at economic improvement is compatible with local government's interest in the well-being of its area and its general concern to maximize autonomy. Local authorities have interests and programmes to promote which require a sound economic base and upon which their legitimacy ultimately rests. Their efforts to revitalize their local economies can be seen as, in the first hand, attempts to influence their horizontal autonomy i.e. local authority autonomy vis-à-vis the local context, through the development of their capacity for independent action. Although there are implications for their vertical autonomy i.e. local government autonomy with regard to the national state. For example, by improving the tax yielding capacity of the local economy, local authorities may be able to reduce their dependence on national government funding.

However, if a local authority is successful in its efforts to revitalize the local economy, it then faces the problem of whether it can exercise greater control over its rejuvenated local economy. For, as Gurr & King (1987) point out, it can be argued that economic vitality is a necessary, but not sufficient, condition for local authority autonomy with respect to local economic forces. It could be expected that the local authority's initiating role implies greater autonomy. In other words, if its policies contribute to revitalizing the local economy, then it could be expected that its hand would be strengthened with respect to the firms and investors that have benefited from its actions.

Nevertheless, there is no guarantee that this will be the case. It is suggested that it will depend very much on the type of activities pursued. If they simply serve to accommodate the needs of business interests, then it seems unlikely that they will lead to greater local authority autonomy. On the other hand, if they attempt to introduce an element of control and accountability, then the chance that they will increase local government autonomy with regard to local economic interests would appear to be somewhat greater.

## Classification

A number of ways of defining the dependent variable, i.e. local authority measures to assist the local economy, presented themselves. One was to simply take the sum of all activities. However, this was not considered to be particularly meaningful as such a wide range of activities are encompassed under measures to assist the local economy. Also such an approach would not permit differences in the type and/or nature of measures to be explained. For example, socialist and non-socialist authorities might, in total, carry out a similar number of activities, but they might be of a very different character such as labour versus capital based strategies.

Another alternative was to create a dependent variable for each measure, but this was not regarded as a very satisfactory way of proceeding as there are so many measures, some of which are of a very similar kind. Apart from the risk of making the dependent variable unmanageably disaggregated, this approach was particularly unhelpful in a study which contains comparisons both over time and between countries. Local government measures to assist the local economy are not static, but are continually developing. Accordingly, a third approach was considered to be more helpful. As the focus of this study is on local government autonomy, it was decided to group the activities into a number of roles according to the degree of regulation of the local economy they imply on the part of the local authority.

One of the main reasons for trying to develop a classification system, that takes account of the intensity of involvement, is that purely quantitative methods of evaluation are unlikely to capture the significance of local authority measures to assist the local economy. A high amount of spending on a particular type of activity does not necessarily imply a high degree of intervention in, control over, or autonomy with respect to the local economy. Thus it is also important to try to develop some measurement of intervention which includes both economic and political aspects. A further advantage in adopting a classification approach is that it facilitates comparison both within and between countries. There is a great diversity of initiatives undertaken by local authorities to assist the local economy. Grouping can help to simplify comparison as many activities, whilst superficially different, may be united by an underlying idea or similar aim. The use of this type of classification focuses on capturing the intentions

lying behind the measures rather than on the details of the measures themselves. Nevertheless, any form of grouping of activities must, to some extent, be arbitrary. What is important, therefore, is that the inclusion or exclusion of activities in or from a particular category can be justified. A further difficulty is presented by the fact that local authority measures to assist the local economy are a dynamic phenomena, which do not exist in a vacuum and are continually developing, changing and adapting to wider social, economic and political circumstances.

Use has been made of six categories frequently used to classify local authority economic activities according to their 'nature': land and buildings; information and promotion; labour market services; research activities; finance and organizational structures (see, for example, Lawless 1980, Mills & Young 1986, Mills et al. 1989) and assess the degree of intervention or control implied by them. Four categories have been developed which range from the lowest degree of regulation (facilitation/accommodation) to the highest degree (intervention). They are:

- i) facilitation/accommodation
- ii) stimulation/attraction
- iii) activation/instigation
- iv) intervention

Activities are located within these categories according to the degree of intervention in the local economy and autonomy with regard to local economic and social forces they are considered to imply. Progression through these categories marks a change from passively responding to demands and pressures from business and other interests, through more active responses, to a position where the local authority acts as an instigator and finally to one in which it seeks to intervene, attempting to gain some control or influence over its economic destiny. In common with other role classifications, they are not exclusive. However, the extent to which they function as a discrete roles or overlap is an empirical question. A number of criteria are attached to each of these categories, which must be met if a local authority is to be considered to pursue that particular role. These criteria are then applied to the empirical data for Britain and Sweden.<sup>1</sup>

A very simple method of scoring was devised. Each role was considered

---

<sup>1</sup> These are described in detail in Chapter 1 and Appendix 2.

to be composed of a number of equally important criteria. Local authorities scored 1 point for each criterion they fulfilled. Thus those carrying out activities which met all the criteria scored 4 and were classified as very highly active; those meeting three criteria scored 3 and were considered to be highly active; those fulfilling two, scored 2 and were regarded as fairly active; those only meeting one, scored 1 and were classed as having a low activity rate; those fulfilling none, scored 0 and were classified as inactive. Consideration was given to weighting the criteria to take account of the volume of activity, but this proved very complicated and had the effect of strengthening the impact of size on the level of activity. The attempt resulted in the index being very biased in favour of the larger municipalities and, accordingly it was abandoned.

## **Local Authority Roles in the Local Economy**

This classification is now used to carry out a two-fold comparison. Firstly, the findings for Sweden are considered over time and secondly, they are compared with the situation in Britain. Whilst it was shown in Chapter 2 that there were considerable differences in local government vertical autonomy in general between the two countries, it was argued that some of these differences were modified in the case of the local economic policy area. This led to the suggestion that there would be scope for local authorities in both countries to pursue local economic development policies. However, the underlying fundamental differences in the intergovernmental relationships would lead to differences in the degree of interventionism of these policies in practice.

### Facilitation/Accommodation

This role implies a fairly passive level of intervention, focusing more on facilitating action by others or accommodating their demands than on increasing local government autonomy. It incorporates aspects of Alsén & Nilsson's (1984a) **pre-active** and **re-active** categories and Hjern's (1989) **re-active** category. The local authority prepares itself and its services so that it is better able to respond to needs and demands of local businesses, citizens etc. in relation to the local economy. It can be broken down into two main strands:

### **a) industrial land, buildings and infrastructure.**

This includes the allocation of land for industrial/commercial use and the provision of infrastructure (such as roads, sewers and lighting) and industrial estates and premises. It can be seen as an attempt to influence the economic functioning of an area through the use of physical resources. (A kind of physical determinism). It is often regarded as the local authority's traditional role in the sphere of economic development and is the one most frequently adopted. It relates to the authority's concern with the physical environment through its land use planning and estates functions.

However, the use of this approach does not, in itself, ensure the municipality any control over its local economy in that it does not provide any capacity to determine the type, quality or quantity of the employment generated, if any. It often involves accommodating firms within the local community with little or no cost to the firm. Thus it does not necessarily imply any increase local government's potential for autonomy with regard to local social and economic forces. This role accords with the view often put forward by national government (both in England and Sweden) that local government has an explicitly secondary role in the economic field i.e. it should not initiate action but enable others to do so (see Cochrane 1980).

### **b) organizational structures and processes**

The local authority may create special organizational structures for economic development and streamline processes to make it easier for firms to deal with the 'bureaucracy'. Many local authorities have set up economic development units (*näringslivsenshet*), appointed economic/industrial development officers (*näringslivssekreterare*), established employment/economic development committees (*näringslivsutskott*) and so forth, to facilitate dealing with the problems of the local economy. A large number of authorities also try to improve their interface with the business sector by, for example, reducing or simplifying the bureaucratic procedures involved in obtaining planning permission or building regulations.

Again this is very much an accommodative role with the local authority attempting to adapt its structures and procedures to better match the requirements of industry and commerce. In itself it can not create or save jobs, improve the industrial structure and so on. Nevertheless, it can be utilized as part of a "development strategy" (see Hill 1984) in which a local authority builds up its capacity both to support and develop its local economy and its potential for autonomous action. It may be possible to see

it as a necessary prerequisite for the later roles. It is also likely that this capacity is enlarged parallel with the increasing intensity of a local authority's involvement with measures to assist the local economy.

### **Criteria:**

- i) **adoption of an overall plan/strategy for the local economy;**
- ii) **provision of land for industrial/commercial use and/or construction of industrial premises;**
- iii) **establishment of economic/employment committee (närlingslivs/sysselsättningsnämnd);**
- iv) **structures:**
  - (a) **appointment of economic/industrial development officer (närlingslivssekreterare);**
  - (b) **establishment of an economic development unit (avdelning);**
  - (c) **establishment of an economic development department (kontor).**

This role is the most straightforward to compare, over the different time points in the case of Sweden, as exactly the same questions were asked. There is a problem, however, in comparing this role between Britain and Sweden, as questions were not posed in the British 1989 survey concerning political structures such as committees. As questions were available concerning the other three aspects of this role, it was, nevertheless, decided to construct an index for the British municipalities based on only three criteria. Obviously, considerable caution needs to be exercised when considering the roles for the two countries.

Table 3.1. shows that not only did the percentage of inactive local authorities (i.e. those scoring 0 in the index) decline over the period from 6% to 3% in Sweden, but that the level of activity generally increased with more and more authorities moving from the lowest level of activity to the higher levels. For example in 1982, 50% of the Swedish municipalities met only one of the criteria (i.e. had a low activity level) and only 14% met 3 or more of the criteria (i.e. were highly or very highly active). However, by 1988 the positions are reversed, a mere 15% met a solitary criteria, whereas over 47% met three or more.

**Table 3.1 LAs Pursuing Role 1: Facilitation 1982-1988, 1989**

Score	Sweden		Britain	
	1982 % (No)	1985 % (No)	1988 % (No)	1989 % (No)
0	6.2 ( 17)	4.3 ( 12)	3.3 ( 9)	1.5 ( 5)
1	50.0 (138)	28.1 ( 79)	15.2 ( 42)	6.8 ( 23)
2	29.7 ( 82)	34.9 ( 98)	33.7 ( 93)	24.1 ( 82)
3	12.3 ( 34)	25.3 ( 71)	34.0 ( 94)	67.6 (230)
4	1.8 ( 5)	7.5 ( 21)	13.4 ( 38)	- -
Total	100.0 (276)	100.0 (281)	100.0 (276)	100.0 (340)

In the British case, as mentioned above, information was only available for three of the criteria, as political structures were not investigated. Nevertheless, it can be seen that nearly 68% of British municipalities met the three remaining criteria and can be considered to be highly active with regard to this role. Under 2% were classed as inactive.

### Stimulation/Attraction

This role involves a slightly more active stance on the part of the local authority. It attempts to attract or stimulate economic activity and/or private investment rather than just passively responding to demands from the private/business sector. It can act as a mediator of contacts and resources between local enterprises and other bodies. The activities included under this heading can be divided into:

- i) **industrial promotion** (aimed mainly at attracting exogenous firms), which ranges from information leaflets on the facilities offered by the local authority to participation in world trade fairs; and
- ii) **finance type I:** the local authority acts as a financier providing money in the form of loans or grants to firms to help them in the purchase of such things as land, buildings and capital equipment or for working capital.

The first part of this role can lead the local authority to replicate many of the functions of an advertising agency. The authority's administrative area

is the "product" to be packaged and sold and the "market" it is aimed at is comprised of the so called footloose industrial and commercial concerns. It can be regarded as a form of "local chauvinism", whereby the local authority acts as an emissary extolling the attributes (or virtues) of its area (its physical attractiveness, its skilled workforce, its good transport links etc.) to industrialists in the hope that some of them will locate or invest in the area. It can be seen as a form of indirect action in that the local authority is attempting to influence the operations or structure of the local economy through the medium of the media. (Promotional activities cannot, in themselves, change the economic circumstances of the area. Rather it is hoped that they will attract industrial activity/investment which may have some impact on the local situation).

The first group of activities can also encourage local authorities to compete against each other, vying to offer the most to industrialists. What Boddy (1984) calls playing "beggar thy neighbour" in a "zero-sum game" (Young & Mason 1983). They do not automatically lead to the creation of employment nor do they provide any control over the type, quantity or quality of any jobs generated. Thus they may only have a very marginal impact on local government's potential autonomy vis-à-vis local economic and social forces.

It can be argued that the second of these groups still relates, in part, to local government's traditional preoccupation with land and buildings. However, it seems reasonable to differentiate this from the more passive activity of simply making available land for industry or building industrial premises. Ideologically, this role would appear to fall within Lever's (1986) **neo-keynesian** and Chandler & Lawless's (1985) **keynesian centre** classifications. It is also embraced, to some extent, by Alsén & Nilsson's (1984a) **re-active** category. Again it is possible to criticize these activities and argue that they amount to industrial philanthropy on the part of the local authority as it obtains no or very little participation or control in the firms it assists financially unless it attaches conditions to the loans or grants it provides. In other words, it gains very little influence over the operations of these firms or over their employment strategies. Nevertheless, such activities mark the adoption of a more active stance on the part of the local authority in trying to affect the functioning of its local economy and improve its economic base. In this way it can be regarded as an attempt to increase its potential for autonomous action with regard to local economic and social forces.

## **Criteria:**

- i) **industrial promotion activities at home and/or abroad;**
- ii) **measures to attract new firms to the area (i.e. exogenous firms);**
- iii) **mediation of information and finance.**

For this role an index was created which grouped activities into three categories relating to the above criteria. A comparison of the development of this role within Sweden has to be treated with a little more caution as the questions were not always phrased in exactly the same way at each of the measurement points. For example the questions concerning promotional activities were asked in a more disaggregated form in 1985 than in 1988. However, the answers from 1985 have been aggregated to make them comparable with 1988. Similar types of questions were available for Britain for 1989, although caution must again be exercised in considering the two countries.

**Table 3.2 LAs Pursuing Role 2: Stimulation 1982-1988, 1989**

Score	Sweden		Britain	
	1982 % (No)	1985 % (No)	1988 % (No)	1989 % (No)
0	6.2 ( 17)	4.3 ( 12)	2.2 ( 6)	4.7 ( 16)
1	39.9 (110)	22.1 ( 62)	8.7 ( 24)	13.8 ( 47)
2	46.4 (128)	40.2 (113)	29.3 ( 81)	33.2 (113)
3	7.6 ( 21)	33.5 ( 94)	59.8 (165)	48.2 (164)
Total	100.0 (276)	100.0 (281)	100.0 (276)	100.0 (340)

As mentioned above, caution needs to be exercised in comparing the results presented in Table 3.2. Nevertheless, they serve to show the general trend in Sweden, that local authorities have become increasingly active even with regard to this role over the period under study, with almost 60% of Swedish local authorities being highly active in relation to this role by 1988 (i.e. fulfilling all 3 criteria). Over the period the number of inactive local authorities declined from 6% in 1982 to 2% in 1988. British local authorities also tend to be highly active with regard to this role, although

to a lesser extent than Swedish municipalities. Also a slightly larger percentage are inactive, although this is less than 5%.

### Activation/Instigation

This role marks a move into an even more active position compared with the previous categories. The local authority acts as an instigator and actively tries to influence the structure and/or functioning of the local economy in a number of ways and thereby increase its potential for autonomous action:

- a) **finance type II:** it can act as a guarantor for loans; it can invest in businesses through initiatives such as shareholding or providing risk capital to start-ups etc.
- b) **labour market management:** the local authority may attempt to manipulate the skills or other aspects of the local labour force through the use of measures such as training or retraining schemes, work experience programmes for school leavers etc.
- c) **business development** (aimed largely at stimulating endogenous firms) which includes advice on how to set up and/or run new enterprises, providing consultancy services etc.

Starting with the first group, again even the provision of this type of finance can be criticized if it is provided without any sort of stipulations attached, which is usually the case (Minns & Thornley 1978). However, it marks a move towards a more active stance on the part of the local authority. It can be a means for it to assist or rescue existing local businesses in trouble or it can form part of a strategy to diversify the local economic base by encouraging the establishment of new types of employment. Thus potentially it offers greater scope for increasing the local authority's autonomy.

Turning to the second group, criticism has also been raised towards youth employment schemes for being 'make-work' and not providing any real skills for the young people involved. However, as Hill (1984) points out, programmes to retain the local workforce are an important part of a "development strategy" on the part of the local authority if it is to avoid becoming dependent on local economic forces.

The third type of activities correspond with SIND's 1984:8 **pioneer**

**measures.** Such activities can be seen as an attempt to build up a new employment structure, for example through the development of tourist facilities etc. They are, however, frequently aimed at small businesses. Such businesses can not, by themselves, provide a solution to the employment problems of a local area. The very nature of the scale of their operations means that they can only provide limited employment opportunities. Indeed, all an authority's efforts at generating small businesses can be wiped out 'at a stroke' by the closure of one major employer. Further, the type of jobs provided in the small business sector may be inferior in that employees may face lower wages, poorer working conditions and less security of employment compared with workers in medium or large firms. However, as these small businesses are generally locally owned, this increases, at least potentially, the local authority's possibilities to influence their decisions. The local authority may, thereby, enlarge its scope for control and possibly its autonomy with regard to local social and economic forces.

### **Criteria:**

- i) **financier: provision of 'risk' or 'start-up' capital; and/or guarantor for loans etc.; and/or shareholding;**
- ii) **provision of training/retraining schemes;**
- iii) **measures to promote tourism;**
- iv) **measures to assist the establishment of new businesses/replacement industry (endogenous).**

The activities comprised in this role were grouped into four categories. A similar index was created for this role as for the two previous roles and local authorities were scored in the same way. Again slight problems of compatibility arise with this role. Data are only available for three of the criteria for 1982, as no information was collected concerning the provision of risk capital. Once more similar questions had been asked in the British case. However, caution must be exercised when considering the two countries.

**Table 3.3 LAs Pursuing Role 3: Activation 1982-1988, 1989**

Score	Sweden		Britain	
	1982 % (No)	1985 % (No)	1988 % (No)	1989 % (No)
0	58.3 (161)	8.2 ( 23)	2.9 ( 8)	0.9 ( 3)
1	30.8 ( 85)	18.1 ( 51)	7.6 ( 21)	5.9 ( 20)
2	10.5 ( 29)	33.1 ( 93)	24.6 ( 68)	15.3 ( 52)
3	0.4 ( 1)	35.9 (101)	54.0 (149)	56.2 (191)
4	- -	4.6 ( 13)	10.9 ( 30)	21.8 ( 74)
Total	100.0 (276)	100.0 (281)	100.0 (276)	100.0 (340)

Even if it is slightly dubious to compare 1982 with 1985 and 1988, as one criteria is missing for 1982, it is nevertheless possible to discern from the above table the general trend which is upwards in terms of the level of activity in the case of Swedish municipalities. In line with the other roles, the number of inactive local authorities has decreased considerably from almost 60% in 1982 to roughly 3% of Swedish local authorities in 1988, while the number of very highly active authorities (i.e. those scoring 4 in the index) has risen from under 5% in 1985 to almost 11% in 1988. This is the first of the more interventionist roles, and would seem to indicate that local authorities have become both increasingly active and interventionist during the 1980s.

The type of activities included in this role appear to find greater favour with British local authorities with less than 1% inactive and almost 22% very highly active. This finding was contrary to what would have been expected based on the differences in local government vertical autonomy, namely that Swedish local authorities would have been more likely to pursue more interventionist policies.

### Intervention

This is the most active role in the sense that the local authority adopts an offensive stance and attempts to intervene in the local economy to improve its functioning in some way e.g. to diversify the economic base; to encourage the development or spread of new technology; to support alternative forms of production and/or employment; to replace part of the market through its own activities and so forth. It also signifies the most

concerted effort to increase local authority potential for autonomous action with respect to local economic forces. It roughly corresponds to Boddy's (1984) **radical alternatives**, Chandler & Lawless's (1985) **radical left** and Lever's (1986) **socialist** classifications. It also takes into consideration, to some extent, Alsén & Nilsson's (1984a) **pro-active** category. The difference with this role is not so much the powers it uses (these are by and large the same as those used for the other roles), but the way in which they are used. A local authority adopting this role is attempting to move beyond altruistic assistance to industry into a position where it gains some local accountability in the operation of the local economy (Edge 1986), and hence greater potential for local government autonomy with respect to the local economy.

The emphasis here is on "endogenous development" policies (Blakely 1989) which use the potential of local human, institutional and physical resources. Local governments assume an initiating rather than a passive role. They attempt to assess the potential and marshall the necessary resources to design and develop the local economy. The adoption of this role marks an acceptance of responsibility for the welfare of the local community. The pursuit of this role will not leave local government free from all restraints. However, the development of clear strategies and objectives will increase the range of choices available to it (Alsén & Nilsson 1984a). The ways in which local authorities have attempted to gain greater insight into and control over the functioning of the local economy include the establishment of enterprise boards or companies to, for example, purchase equity control in companies and/or develop land for industrial purposes; increase the element of democratic control over industrial decisions through promoting union and locality-based involvement in bottom-up popular economic planning; research on, and encouragement of, the development of new technology; and the initiation of activities based on the idea of local self-reliance (Cochrane 1986, 1988).

This final role is, perhaps, more in keeping with what Howl (1986) calls a people-based approach to local economic planning. He criticizes traditional approaches for focusing on the needs of firms on the explicit assumption that somehow benefits will be generated which will ultimately filter through to the most needy sections of the workforce. As he points out, there is no guarantee that this will, in fact, happen.

## **Criteria:**

- i) establishment of enterprise boards or investment companies;
- ii) the initiation of ideas based on the idea of local self-reliance (*lokal mobilisering*);
- iii) research geared to studying developments in the local economy;
- iv) support for technological innovation and product development.

The activities comprising this role have again been grouped into four categories corresponding to the above criteria. Once more caution must be exercised both in comparing over time in Sweden and between countries.

**Table 3.4 LAs Pursuing Role 4: Intervention 1982-1988, 1989**

Score	Sweden		Britain	
	1982 % (No)	1985 % (No)	1988 % (No)	1989 % (No)
0	23.6 ( 65)	2.5 ( 7)	0.4 ( 1)	5.0 ( 17)
1	39.5 (109)	17.4 ( 49)	7.2 ( 20)	15.9 ( 54)
2	26.8 ( 74)	34.9 ( 98)	17.8 ( 49)	20.0 ( 68)
3	9.1 ( 25)	33.8 ( 95)	40.9 (113)	29.1 ( 99)
4	1.1 ( 3)	11.4 ( 32)	33.7 ( 93)	30.0 (102)
Total	100.0 (276)	100.0 (281)	100.0 (276)	100.0 (340)

The above table shows that once again the trend is in the same direction as for the other roles. The number of inactive local authorities has decreased from almost 24% in 1982 to less than 1% in 1988 and the number of highly active authorities has grown from just over 1% in 1982 to almost 34% in 1988.

British local authorities appear to be slightly less active with regard to this role. A higher percent (5%) are inactive, although the difference is very slight when it comes to the proportion of very highly active municipalities. This result is more in line with what would have been expected given the differences in vertical autonomy, i.e. Swedish local authorities would pursue more interventionist policies than their British equivalents.

## The Development Strategy

The four roles discussed in the previous section can be seen as contributing to the local authority's involvement of a **development strategy** without which it is difficult for it to be able to act independently (Elander 1991, Harding 1990, Hill 1984). Thus it is argued that the more a local authority pursues these roles, the more it builds up its capacity for autonomous action. Role 1 is seen as contributing to its possession of staff, skills, land and buildings; Role 2 helps to extend its information base; Role 3 contributes to the local authority's profile in labour markets; and Role 4 to its capacity to extend its intelligence base, its ability to collect and process data relating to the local economy (both internal and external factors).

An aggregated variable combining aspects of all four previous roles was created in order to capture some impression of the overall development of local government measures to assist the local economy. The growth in the level of activity is shown in the following table.

**Table 3.5 LAs Pursuing Combined Measures 1982-1988, 1989**

Score	Sweden		Britain	
	1982 % (No)	1985 % (No)	1988 % (No)	1989 % (No)
0	4.3 ( 12)	1.8 ( 5)	1.4 ( 4)	1.2 ( 4)
1	37.3 (103)	19.6 ( 55)	6.2 ( 17)	10.0 ( 34)
2	46.4 (128)	34.9 ( 98)	21.7 ( 60)	9.4 ( 32)
3	10.9 ( 30)	32.4 ( 91)	37.0 (102)	49.4 (168)
4	1.1 ( 3)	11.4 ( 32)	33.7 ( 93)	30.0 (102)
Total	100.0 (276)	100.0 (281)	100.0 (276)	100.0 (340)

Table 3.5. shows that even in 1982 very few local authorities in Sweden were totally inactive, these accounted for just over 4% of municipalities in 1982 and they had declined to less than 1.5% by 1988. The main development has been the increasing level of activity. In 1982 over 37% of local authorities had a low level of activity whereas this had sunk to just over 6% by 1988. When it comes to the most active authorities, only slightly more than 1% were very highly active in 1982 (i.e. scored 4 in the index), however, by 1988 this had risen to almost 34%. The percentage of totally inactive municipalities is also very low in Britain. Thus a picture

emerges of a high degree of activity on the part of both British and Swedish local authorities.

### The Relationship Between the Roles

The intention was not to devise the roles into some form of staircase, with municipalities progressing up them as they become increasingly active, but rather to examine whether they are capable of being built up into a development strategy, i.e. the more active a municipality becomes, the more likely it is to combine several roles.

It was found that the relationships between the four roles are weakest in 1982. At this time point, local authorities carry out the roles largely independently of each other i.e. a local authority pursuing role 2 will not necessarily be undertaking role 1 and so on. However, by 1988 the relationships between the roles are much stronger i.e. a local authority carrying out role 3 will also be likely to be pursuing role 2 and so on. Thus although the roles were not originally seen as a series of stepping stones, it seems likely that the more active a local authority becomes the more roles it will adopt.

The following tables present the associations found between the roles in Sweden in 1982, 1985 and 1988 and in 1989 in Britain. The measure of association used is Kendall's Tau B. This is described and discussed in Appendix 2. As can be seen the relationships strengthen over time in Sweden and the likelihood increases that as municipalities become increasingly active they will pursue more than one role. The results from the British material would also seem to indicate that this has also been the case in Britain.

**Table 3.6 Matrix of Association between Roles in 1982: Sweden**

	Role 1	Role 2	Role 3	Role 4
Role 1: Facilitation	-			
Role 2: Stimulation	.12**	-		
Role 3: Activation	.16***	.12**	-	
Role 4: Intervention	.18***	.14**	.12**	-

Kendall's Tau B

\* significant at the .05 level using a one-tailed test

\*\* significant at the .01 level using a one-tailed test

\*\*\* significant at the .001 level using a one-tailed test

In 1982 the associations are strongest between Role 1: facilitation and Roles 3 and 4 (activation and intervention), suggesting that, at least initially, it is important to have fairly well developed structures and processes if a local authority is to have the capacity, in terms of skills and knowledge, to pursue more interventionist activities. For example, 24% of the municipalities highly actively (scoring 3 in the index) adopting role 1 were also highly actively engaged in role 3. Similarly, with regard to roles 1 and 4, 27% of municipalities highly actively pursuing role 1 were also highly actively involved in role 4.

**Table 3.7 Matrix of Association between Roles in 1985: Sweden**

	Role 1	Role 2	Role 3	Role 4
Role 1: Facilitation	-			
Role 2: Stimulation	.12**	-		
Role 3: Activation	.15***	.33***	-	
Role 4: Intervention	.17***	.15***	.26***	-

---

#### Kendall's Tau B

\* significant at the .05 level using a one-tailed test

\*\* significant at the .01 level using a one-tailed test

\*\*\* significant at the .001 level using a one-tailed test

By 1985 the picture has changed somewhat and the strongest associations are between Role 3: activation and Roles 2 and 4 (stimulation and intervention), which supports the suggestion made previously that as a local authority becomes more active, the more likely it is to pursue more than one role simultaneously. For example, 54% of municipalities very highly actively (scoring 4 in the index) pursuing role 2 were also very highly actively pursuing role 3 and likewise with regards to roles 3 and 4.

**Table 3.8 Matrix of Association Between Roles in 1988: Sweden**

	Role 1	Role 2	Role 3	Role 4
Role 1: Facilitation	-			
Role 2: Stimulation	.11**	-		
Role 3: Activation	.18***	.23***	-	
Role 4: Intervention	.21***	.19***	.35***	-

## Kendall's Tau B

\* significant at the .05 level using a one-tailed test

\*\* significant at the .01 level using a one-tailed test

\*\*\* significant at the .001 level using a one-tailed test

This impression has become even stronger by 1988, particularly in relation to the two most active roles, Roles 3 and 4. It has become increasingly likely that a local authority pursuing one of these roles will also pursue the other. For example, over 70% of the municipalities very highly actively (scoring 4 in the index) pursuing role 3 are also very highly actively pursuing role 4.

**Table 3.9 Matrix of Association between Roles in 1989: Britain**

	Role 1	Role 2	Role 3	Role 4
Role 1: Facilitation	-			
Role 2: Stimulation	.30***	-		
Role 3: Activation	.25***	.39***	-	
Role 4: Intervention	.27***	.36***	.36***	-

## Kendall's Tau B

\* significant at the .05 level using a one-tailed test

\*\* significant at the .01 level using a one-tailed test

\*\*\* significant at the .001 level using a one-tailed test

The British material also indicates that there is quite a strong likelihood that a municipality that is very active with regard to one role, is also likely to pursue other roles as well. For example, over 60% of municipalities that very highly actively (score 4 in the index) pursue role 3 also pursue role 4 very highly actively.

Thus it would seem that the more a local authority becomes active in assisting the local economy, the more likely it is to combine several roles. Thereby building up its own ability to respond to changes or problems in the local economy in the form of a development strategy.

## Summary

This section has shown the increasing activity on the part of Swedish municipalities over the period of study, particularly in relation to the most interventionist roles, as well as a high level of activity in relation to these roles on the part of British local authorities. Indeed considerable similarities were found between the efforts of local authorities in the two countries to build up their capacity for action in relation to the local economy. The formal differences in general vertical autonomy do not appear to have exerted as powerful an effect on local authorities pursuit of measures to assist the local economy in the two countries as might have been expected. This would appear to lend some support to the argument that factors relating to the particular policy area may intervene to modify the general intergovernmental relationship. For example, British local government possessed what could be described as approaching a very limited general authority during the 1970s and 1980s. This could be utilized in relation to local economic policy, thus slightly reducing the differences in vertical autonomy otherwise existing between local government in the two countries.

However, it was argued that the fundamental differences underlying the intergovernmental relationship would, nevertheless, make themselves felt in relation to the degree of interventionism of the local economic policies. This was not supported in relation to role 3: Activation, the first of the more interventionist roles, as British local authorities appear to pursue this role to a greater extent than their Swedish counterparts. Although, when it comes to the most interventionist role, role 4, these differences appear to come into play as Swedish authorities are more active in relation to this role. An example of British local government's more limited autonomy vis-à-vis national government is illustrated by the fate of some of the previously most interventionist British local authorities in terms of local economic development policies. The six Metropolitan County Councils and the Greater London Council attempted to pursue policies that were in several ways in opposition to national government's economic policy. The national government's solution to this problem was to remove this tier of local government in 1986. This may have acted as a "salutary" warning to local government - so far but no further, discouraging them from pursuing more interventionist measures. This "displacement" policy has also taken less dramatic forms (see Harding 1990) such as the replacement of local

government by non-elected bodies e.g. urban development corporations for the Liverpool and London docklands areas. New legislation introduced in 1989 (see Chapter 2) also places greater restrictions on local government's involvement in the local economy. National government in Britain can be seen as acting to bring local government's economic, employment and industrial measures more in line with its policy. In order to do this it has taken measures aimed at reducing local government's discretion to act in this area.

Another finding that emerged was that not all municipalities have extended their ability to take independent action to the same degree and these variations were apparent within both Britain and Sweden i.e. there were **differences within** countries. This leads on to local government's position as part of a particular local setting. Chapter 4 introduces the concept of the local context and its role as a source of influence in relation to local economic development policies.

## **Policy-Making Independence - An Initial Analysis**

### Introduction

It is suggested that one way of assessing the policy-making independence aspect of autonomy is through an examination of local authority reliance on other organizations in its environment to evolve and carry out its policies and activities. The fewer the external bodies and actors involved in this process, the greater is considered to be the local authority policy-making independence. This accords, to some extent, with King and Pierre's (1990) Type I autonomy, which they define as:

... the local government's pursuit of interests independently of local economic and social interests and organizations, be they private, voluntary or statutory (King & Pierre 1990:2).

Within any policy area a local authority's activities will impinge on or be directed towards a varying number of organizations. It may respond to pressures or feedback from such organizations. However, local authorities are not powerless, they possess resources in terms of professional skills, expertise, knowledge, information, and control and influence important

areas of policy implementation and administration (Rhodes 1988). They can use these to bargain with other actors and to build alliances according to a resource dependency or exchange model of relationships with the external world (see Benson 1981). Depending on the extent to which a local authority is able to develop and carry out its policies itself, it may need to cooperate with other organizations to a greater or lesser extent. Indeed it has been suggested that in order to survive as important organizational actors and to achieve policy objectives, local authorities must work increasingly with other social and economic actors (Moore 1991).

At the same time, other actors have an interest in cooperating with local government. As has been pointed out earlier, the State has need of local government as a mediator of some of its industry and employment policies.<sup>2</sup> It has, however, a concern to direct the role local government plays in these policies. Private sector actors may also seek to influence local government, for example, in relation to its planning powers to allocate land and buildings for industrial use, grant planning permission for industrial and commercial developments and so forth. There may be mutual benefits from collaborating to realize certain projects which would otherwise not have been feasible.

Within the local economic policy field there exists an extensive web of social and economic actors including trades unions, employers organizations, local chambers of industry and commerce, state bodies involved in the labour market, local firms, other local authorities and so on. Whilst these organizations can be considered common to the local economic policy field, their strength and number (density) and the linkages between them will be specific to each local authority i.e. there will be a particular local configuration. These local social and economic actors may function both as:

- a) a resource which can be used by the local authority in the implementation of policies;
- b) a source of pressure on the local authority to undertake activities to assist industry/employment when problems arise.

These actors need not be based locally, but they must act at the local level.

---

<sup>2</sup> Although in the British case local government has, in recent years, been increasingly subordinated or by-passed by a series of agencies or institutional arrangements facilitated or imposed by national government on the local economy (see Chapter 2).

One problem here is whether national government bodies at the local level should be classified as local economic actors affecting a local authority's horizontal autonomy or as part of the state apparatus and thus influencing local government's vertical autonomy. These government bodies at the local, regional and national level perform a dual role, they can be both a national and a local actor. They are, on the one hand, the extended arm of national government, with a duty to execute centrally decided policies, and on the other, they have a responsibility for adapting these policies to the needs and problems of a particular area thus they have an identification with the locality. However, it has been suggested that these state bodies often lack the ability to reach "the clients" on their own (see Hjern & Bergendahl 1987) and that local government has a role to play as a "policy-mediator". Thus, whilst these state bodies may act as advocates for their areas pressing for more resources further up the hierarchy, their main aim in cooperating with local authorities is to contribute to realising national government policies (see Pierre 1992). In this way they can be seen as part of the local-national government relationship within the local economic development policy field.

Thus two types of networks of actors can be distinguished: those belonging to the intergovernmental relationship and those external to it. These can be described in terms of horizontal and vertical contacts. The vertical concern the relationships national government bodies (including those at regional and local level) and local authorities; and the horizontal relate to: i) inter-local authority contacts, and ii) those between local government and the private sector. The main characteristics of horizontal and vertical local economic policy networks are summarized in the following figure. This is an extended version of a conceptualization of these two types of networks developed by Pierre (1992:100).

**Figure 3.1 Local Economic Policy Horizontal and Vertical Networks**

	Horizontal	Vertical
Contacts with:	Other LAs, local firms, business organizations acting at the local level, local unions, voluntary organizations	National government bodies (including those at the local and regional levels) Public/private organizations e.g. Venture Trust Funds Enterprise Agencies
Nature of the relationship:	Non-hierarchical Reciprocal	Hierarchical Asymmetric
Nature of contacts:	Voluntary	Institutionalized
Aim of contacts:	Exchange of information, co-ordination, partnership/joint working, mobilization of private resources, mutual influence	Exchange of information, co-ordination, joint working, mobilization of public resources, steering (state)

The first part of the chapter has shown that local authorities have greatly increased their involvement in measures to assist the local economy. However, their own resources to carry out such initiatives are generally very limited in comparison with the size of the problem they often face, even in the case of the larger municipalities. Indeed their efforts have been likened to trying to drain an ocean with a teaspoon (Cochrane 1983). One way for them to extend their resources and/or target them more effectively and avoid the danger of becoming part of the post-modern politics of signs and symbols and instead make a significant contribution to the economy of substance (Murray 1991) is to participate in or initiate joint projects. Thus, in order to realize measures aimed at assisting the local economy, local authorities may become increasingly involved in contacts and cooperation with other bodies, both public and private.

However, a growing dependency on other organizations may have implications for local government autonomy. For although partnerships may

provide local authorities with access to new expertise and resources, it is at the price of some ceding of responsibility and authority. It also requires a willingness to compromise (see Moore & Richardson 1989). In addition, joint working indents the boundary between the public and the private (King 1985). Thus, whilst a network of contacts between a municipality and its environment may be a way to make policies more effective, it may also open up the local authority to outside pressures by giving local economic and social actors an institutionalized access to local policies. Also, by involving outside interests in the development and execution of policies and activities, the line between the policy-makers and policy beneficiaries becomes more diffuse<sup>3</sup>, which may, in turn, encourage the development of local or municipal corporatism (see, for example, Cochrane 1991, Harding 1990, Hernes & Selvik 1981 and Lewin 1992).

An empirical analysis is now undertaken of local government cooperation with other actors in the local economic development policy area. A two-fold comparative approach is utilized relating to time and place. The first comparison concerns whether local authorities in Sweden have become increasingly involved with other interests in connection with their policies to assist the local economy during the 1980s. The second involves a comparison between Britain and Sweden. The question raised here is whether the differences in vertical autonomy possessed by local authorities coupled with the different traditions of cooperation between the public and private sectors (see Moore & Pierre 1988), may lead to differences between the counties in terms of cooperation with other bodies. For example, it might be expected that Swedish local authorities would be more likely to be involved with private sector organizations than their British counterparts. Although once again the question arises of whether the characteristics of the particular policy area may come into play, modifying these differences. As was pointed out in Chapter 2, the rise of neo-liberalism is leading to changes in the relationship between public and private sectors in both countries, and that this is particularly evident in the local economic policy area.

---

<sup>3</sup> See Moore & Pierre 1988 for a more general discussion.

## The Growing Importance of Other Actors

The availability of time-series data for Sweden, enables the growing significance of other actors at the local level to be traced over the 1980s. The increasing importance of business interests is very noticeable, as can be seen from Table 3.10 below which compares the percentage of local authorities regarding various working partners as important in 1982 and 1988. This trend may possibly reflect a wider ideological change taking place concerning the role of the welfare state, including the development of, amongst other things, privatization, deregulation and partnerships between the public and private sectors.

**Table 3.10 Important Working Partners 1982 & 1988 (%): Sweden**

	1982	1988
<b>Horizontal networks:</b>		
Local Firms	26	72
Banks & Credit Organizations	15	51
Business Interest Organizations:		
nationally		1
regionally	30(a)	10
locally		56
<b>Vertical networks:</b>		
Regional Government Bodies	40	53
Venture Trust Funds	80	45

(a) Business interest organizations were not differentiated into different levels in 1982.

This table shows the growing significance of horizontal networking. There is a fairly dramatic rise in the percentage of local authorities considering organizations such as local firms, banks & credit institutions and business interest organizations to be important working partners in local economic development measures.

The changing importance of various actors is also reflected in the occurrence of contacts with them. Whilst the overall incidence has increased during the 1980s in Sweden, there has been a shift between levels within categories. It is interesting to note that although cooperation between municipalities and both public and private organizations at the national level

has tended to decline over the period, it has tended to increase with those at the local level. Table 3.11 below illustrates in the case of Sweden that, on the one hand, joint working with organizations representing business interests at the national level decreased between 1982 and 1988, whereas cooperation with local representatives of business interests, such as chambers of commerce and industry, rose considerably during the same period. Similarly there was a down turn with regard to joint working with government bodies at the national level, whilst contacts with those at the local level grew.

**Table 3.11 LAs Contact Networks: Sweden 1982-1988, Britain 1989 (%)**

	Sweden 1982	1985	1988	Britain 1989
<b>Horizontal networks:</b>				
Business Interest Orgs:				
nationally	73	56	25	-*
locally	41	82	94	89
Other Local Authorities	68	67	92	91
<b>Vertical networks:</b>				
Government Bodies:				
nationally	-*	76	69	-*
regionally	87	89	91	71
locally	56	87	-*	-*
Venture Trust Funds <sup>4</sup> /Enter- prise Agencies <sup>5</sup>	80	86	98	85

---

\* no figures available

The above table indicates that, whilst there has been a general increase in contacts with other actors over the period in Sweden, the greatest rise has

---

<sup>4</sup> Venture Trust Foundations are regional bodies in Sweden created to administer the venture capital funds provided by the state and industry. They provide a forum for public and private interests to meet (see Moore & Pierre 1988).

<sup>5</sup> Local Enterprise Agencies in Britain are generally quasi-autonomous companies funded by local government and other local interests and by a central government grant scheme (Bovaird 1992).

been in terms of partnerships with private organizations at the local level. It has become increasingly common for local authorities to engage in this type of joint venture, more than doubling between 1982 and 1988. The table also shows that it is very common for municipalities in Britain to engage in contacts with the private sector. Obviously caution has to be exercised when comparing the two countries. However, contrary to what was expected, there would appear to be very little difference between British and Swedish local authorities with regard to cooperation with the private sector. Further, these findings would also seem to provide some support for the argument concerning the growth of some form of "local corporatism" in both Britain and Sweden.

It may be that the decline in importance of cooperation with bodies at the national level can also be related to the process of transnationalization taking place in many countries. The brief for the surveys utilized in this study did not include the collection of information on local government cooperation over national boundaries. However, other studies have shown a considerable increase in local government international contacts (see, for example, Andersson & Lundell 1991, Ball 1992, Goldsmith 1991). Thus it may be that previous joint working with interests at the national level is being replaced by transnational cooperation. Indeed it has been pointed out that horizontal linkages, particularly at the city or regional levels are one of the fastest growing features of EC politics (Goldsmith 1992).

In both Britain and Sweden, many local authorities have streamlined their procedures or have organized specially to facilitate their contacts with businesses. In 1982, 60% of Swedish local authorities had organized contacts with businesses. By 1988, almost 90% of Swedish local authorities had either initiated or participated in the establishment of contact organizations between the local authority and the business sector. The figure is somewhat lower for British local authorities with 66% of those surveyed in 1989 stating that they were involved in economic development working parties or forums with other interests.

The most common types of contact forum are sector organizations gathering together interests from a particular branch or industrial sector often with the cooperation of the local chamber of commerce; business groups bringing together local firms; industrial committees which include local government politicians and officers as well as representatives of local businesses. The introduction of these types of structures into the local authority would seem to facilitate its integration into cooperation with the

private sector (see Lewin 1992).

Another important sign of this increasing integration is the frequency of cooperation. In the case of Swedish municipalities, the incidence of joint working has also increased over the period 1985 to 1988<sup>6</sup> and this is illustrated in Table 3.12. below. Local authorities engagement in joint working is classified as either regular (by this is meant joint working on a frequently recurring basis) or occasional (i.e. occurring on a more sporadic basis).

**Table 3.12 Frequency of Cooperation 1985 & 1988 (% of all Swedish LAs)**

	Horizontal:		Vertical:			
	OLAs	POs	1985	1988	GBs	1988
Regular	49%	50%	32%	40%	49%	55%
Occasional	18%	42%	21%	50%	20%	40%
Total	67%	92%	53%	90%	69%	95%

#### Key

OLAs = Other Local Authorities

POs = Private Organizations

GBs = Government Bodies

There has been a general increase in contacts with other bodies, both in terms of occasional and regular joint working. Whilst the greatest increase has been in terms of occasional cooperation, regular joint working has also grown with regard to government bodies and private organizations. It is the regular cooperation which is considered to be the most significant with regard to local government autonomy when defined in terms of policy-making independence. It is the continuous nature of the involvement with other actors implied in this kind of cooperation which would seem to open up the local authority policy-making process to outside influences and lead to a greater reliance on others in carrying out measures.

#### Indexes of Cooperation

The broad categories of joint working comprising the horizontal network

---

<sup>6</sup> The comparison is limited to the period 1985 to 1988 as comparable figures are not available for 1982.

(i.e. with other local authorities and private organizations) described above were used to construct an index of horizontal cooperation in Sweden. Municipalities could score between 0 to 4 in the index. A municipality could score 1 for occasional and 2 for regular joint working for each of the two categories. For example, those scoring 0 were not involved in any form of cooperation, whereas those scoring 4 were engaged in regular contacts with both categories of organization. The findings for the two time points are summarized in Table 3.13 below.

A similar type of index was constructed for British local authorities. Variables were used relating to local government contacts with other local authorities and private organizations. These were broken down into regular/occasional cooperation in a similar way to the Swedish variables.

**Table 3.13 Index of Horizontal Cooperation - % of LAs**

Score	Sweden		Britain
	1985	1988	1989
	%	%	%
0	20	2	2
1	12	7	5
2	32	28	17
3	17	42	30
4	19	21	46

In the case of Sweden, this index summarizes very clearly the trend towards greater involvement in horizontal cooperation over the period of study. By 1988 over 60% of municipalities scored 3 or more in the index, indicating that they were engaged in regular joint working with at least one of the two organizational categories in the horizontal network. In 1985, only 36% attained this score. Further, only 2% of municipalities are not engaged in some form of horizontal cooperation in 1988, compared with 20% in 1985. The participation in lateral linkages is even stronger in Britain with over 75% of municipalities scoring 3 or more. Again only 2% are not involved in any horizontal contacts.

An index of vertical cooperation was created for Sweden alone as figures were not available for Britain with regard to the frequency of contacts with government bodies. Municipalities could score between 0 - 2 in this case, those scoring 0 were not engaged in any joint working at all, whereas those scoring 2 were involved in regularly recurring cooperation with government

bodies.

**Table 3.14 Index of Vertical Cooperation: Sweden % of LAs**

	1985	1988
Score	%	%
0	31	4
1	20	40
2	49	56

What is most noticeable here is the dramatic decrease in the percentage of municipalities having no cooperation with government bodies. There is a slight increase in those engaged in regular joint working, but it is the growth in occasional contacts that is most dominant.

### Summary

To summarize, firstly in terms of the comparison over time, it was found that local authorities have become increasingly involved with other interests in connection with their policies to assist the local economy. The trend from 1982 to 1988, with regard to Swedish local authorities, has been their growing engagement in partnerships concerning economic development initiatives. In particular, there has been a dramatic growth in the number of joint projects together with private sector/local business interests. It has also been shown that socio-economic actors at the **local** level would appear to have become increasingly important in local authority measures to assist the local economy, whilst those at the **national** level have declined in importance.

Secondly, with regard to the comparison between countries, there is also a great deal of evidence from the British material showing the considerable extent of partnerships between local government and other agencies, particularly private sector companies. There are some fairly striking similarities between the countries in terms of their cooperation with other actors in the field of local economic development policies. In other words, there would seem to be similar developments with regard to policy-making independence. This suggests once again that the characteristics of the particular policy area may play a role in mediating the effects of the national context.

It was also found that there were variations with regard to the extent to which municipalities cooperate with other actors or bodies in the case of local economic development policies. Further, these differences were apparent in both Britain and Sweden i.e. there were **differences within** countries. This leads once more to the question of the local setting and its influence on policy-making independence. Chapter 5 subsequently examines the local context in relation to the local economic policy area and considers whether certain factors relating to it appear to facilitate or inhibit the occurrence of local authority contacts with other actors.

## Conclusions

Bringing together the findings from the initial analyses of capacity for action and policy-making independence, a number of interesting factors emerge. Firstly, despite divergencies in local government vertical autonomy, there appears to be a convergence with regard to both capacity for action and policy-making independence in the sphere of local economic policies in Britain and Sweden. This seems to lend some support to the argument that the characteristics of the particular policy area may mediate the general intergovernmental relationship. Secondly, there was, however, a difference between the countries when it came to the degree of interventionism in the local economy, with Swedish local authorities adopting the most interventionist role to a greater extent. This would appear to indicate that the underlying fundamental differences in the intergovernmental relationship ultimately make themselves felt.

Thirdly, there are variations within both countries with regard to both the extent to which local authorities pursue measures to assist the local economy (i.e. develop their capacity for action) and the extent to which they cooperate with other actors to evolve and carry out these policies (i.e. their policy-making independence). Can such differences be related to local government's position as a democratically elected body, charged with a responsibility for the well-being of its area? As such, it is subject to particular problems, needs and forces inherent in the local area. Do differences in these factors exert an influence on local government autonomy in relation to the local economic development policy area? This question is explored in the following chapters.

# 4

## CAPACITY FOR ACTION IN THE LOCAL CONTEXT

### Introduction

As was argued previously, a local authority is not a free floating entity but is tied by bonds of influence. Wirt (1985) suggests there are several vectors of influence shaping a local authority's decisional space, both vertical and lateral. Chapter 2 considered local government's vertical ties in terms of its autonomy vis-à-vis national government. However, each local authority is also part of a particular local setting with its own special occupational history and conditions of existence, experience and culture. It is subject to particular advantages and disadvantages inherent in that setting. As a democratically elected authority, charged with a responsibility for the well-being of its territory, a local authority must respond to the particular problems and needs of its area. In this study, the local area is referred to as the local context, and local government autonomy here is seen as relating to the municipality's ability both to develop and to pursue its policies independently of local social and economic conditions and forces and is termed its **horizontal autonomy**.<sup>1</sup>

Chapter 2 showed that there were considerable differences between Britain and Sweden with regard to local government's vertical autonomy. However, the initial analyses in Chapter 3 indicated that there were many **similarities between** the countries with respect to the capacity for action and policy-making independence aspects of local government autonomy in relation to local economic development policy. At the same time, it also

---

<sup>1</sup> Cf. Pierre (1991), and Gurr & King's (1987) and King & Pierre's (1990) Type I autonomy.

showed that there were **differences within** both countries. How can these similarities and differences be explained? Can they be associated with similarities or differences in the particular local setting? The next two chapters focus on the **local context** and whether and in what way this may be important in relation to local authority autonomy both in terms of capacity for action and policy-making independence. Chapter 4 begins by defining the local context with regard to the local economic development policy area. It then explores the effect of the local context on the capacity for action aspect of local government autonomy.

## The Local Context

Each local authority operates within a restricted geographical area over which it has certain responsibilities i.e. it functions within a jurisdiction delimited by area and services. There are differences between places relating to the specific relationship each has had to the national and international disposition of capital, labour, control and resources through time (Mellor 1977, Pickvance 1990). Further, such differences are important, for although all local governments are subject to certain common non-local pressures, they are affected by and will respond to these differently depending on the specific local context (Leitner 1990). Each locality occupies a particular position in relationship to the distribution of power and resources in society. Each possess its own particular historical, political, social and economic configuration which mediates the wider political, social and economic context.

In the same way as the restructuring of the international economy has affected some Western industrialized nations more adversely and others more favourably, so have the effects within countries been uneven. Structural changes in the national economy, the growth of new technologies, changing forms of ownership of business, the increasing internationalization of capital and so forth, all have a spatial dimension. Not all localities are affected in the same way or to the same extent by these wider economic and technological changes and developments. Rather, there are particular local manifestations of the factors influencing the national and international economy. This reflects the fact that economic restructuring does not occur in a vacuum but takes place within particular local contexts which, in turn, mediate and/or influence the final form the restructuring

takes.

Whilst it is obvious no city can exist in "splendid isolation", the question now arises as to what forces in the local context may be important in shaping or influencing local policies and in what way? The policy specific approach to local government autonomy developed in Chapter 2 in relation to intergovernmental relations is now broadened to encompass local government autonomy vis-à-vis local social and economic forces and conditions. Thus the first step is to define what the local context is in relation to the local economic development policy area. There appear to be a number of ways of approaching this task. One is to consider the effects of economic or structural constraints on local economic policies. There is a large body of literature which has interpreted the local context largely in terms of socio-economic or structural factors. Variations in local policies become the result of differences in socio-economic variables. It has been suggested by writers such as Fried (1972)<sup>2</sup> that, in most cases, the key explanatory factors are the socio-economic characteristics of an area. Thus, Dye (1966) argues that:

... the socio-economic constraints are such, it would appear, that it makes little difference for urban policy who controls local government, what their values are, how many people turn out to vote, what policies the community-at-large or the activists prefer, or how the community is organized for governmental purposes (Dye 1966:71).

Peterson (1981) also emphasizes the importance of the structural constraints. However, he does not see these constraints as applying in equal strength to all areas of local government activity. Instead he introduces the idea that they will vary in force depending on the economic character of the policy area in question.<sup>3</sup>

---

<sup>2</sup> He summarized the findings of over 40 out-put studies covering 12 countries.

<sup>3</sup> He defines three distinct policy arenas according to their economic character: redistributive, allocative and developmental, which have differing implications for the local economy. Redistributive policies involve the transfer of benefits etc. from the better off to the less well off segments of the community and tend, he argues, to have negative effects on the local economy. Allocational policies merely distribute local resources among residents according to some set of criteria and thus have only marginal effects on the local economy. Whereas developmental policies are considered to generally strengthen the local economy, enhance the local tax base and generate additional resources that can be used for the community's welfare.

However, to simply emphasize the predominance of economic or structural constraints in shaping the policy area ignores the importance of actors in this process. As Wong (1988) points out, policy adoption and management can be embedded in institutional practices and dominated by political influence. Indeed the importance or unimportance of politics as a source of explanation for variance in public expenditure levels and policy outcomes has been much debated in the political science literature. Writers such as Dearlove (1973), Newton (1976), Sharpe (1981), Hansen (1981) criticize studies which dismiss the importance of politics for, amongst other things, frequently using spurious political variables such as voter turn out (Sharpe & Newton 1984); lacking any theory of linkages which explicate the relationship between the policy outputs and the characteristics of the environment (Danziger 1978); or, if they do show that there is a relationship, failing to provide any explanations of how or why this relationship exists (Dearlove 1973).

Municipalities do not have an independent life outside of the actors with in them. The effects of socio-economic and other factors have to be perceived and translated into policies and actions by the decision-makers within them in order to exert an impact on local government policies. This asserts the "**primacy of politics**" i.e. that politics influence the perception, selection and transformation of the socio-economic factors into policies (see Hudson & Lane 1984, Sharpe & Newton 1984).

The extent to which various groups in the community are politically active and the power position of dominant local interests may also have implications for local government autonomy. For example, the existence of strong public sector unions whose representation is institutionalized in some way (see Stone 1987) may mean that labour can impose important constraints on local autonomy in some municipalities. The presence of large numbers of highly active local interest and community groups may paralyse the policy process preventing effective action (see Yates 1977). The growth of grass-roots urban social movements such as those described by Castells and others may also limit the options open to local government, especially if they seek to decentralize control as this is to divest the local state of control over some of its functions and resources (Gurr & King 1987).

Wong (1988) has extended the "economic constraint" argument through his "political choice" model. In this view local policy-making is seen as a joint product of structural constraint and complex political factors. In common with Peterson (1981), he regards the strength of these constraints

as varying depending on the nature of the policy area. Thus he conceptualizes local policy outputs in each area as being simultaneously determined by two factors: (1) the distinct economic character of the policy types; and (2) the relative strength of different sets of policy tendencies within each area (i.e. programme contraction, stability and expansion) that are closely associated with political actors (see Wong 1988:7). Accordingly, the "political choice" model specifies the political conditions under which the intensity of economic constraints varies. Local policy becomes the outcome of a particular actor-structure relationship.

However, while the political choice model represents a development of the economic constraints model, it still neglects the "difference space makes" (Duncan & Goodwin 1988). Space has been seen as making a key difference to how social processes work and that a spacial perspective is important in understanding the social and economic changes that have been taking place as a consequence of the restructuring of the national and international economy (Duncan & Savage 1991). Each place has had a special occupational history and the uneven distribution of the resources of labour and capital has meant wide variations in the conditions of existence, in experience, and in culture. Thus these wider processes will be constituted in particular ways to produce a web of interlocking, complex, heterogeneous social and economic relationships influencing local policy-making.

It has been argued that spatial units, such as regions, become institutionalized historically, partly through cultural processes. They can not be reduced to the consciousness of particular groups of people but are constructed through a range of political, economic and social forces and, once historically established, continue to have a distinct presence (Paasi, 1991). Thus the power of specific groups and the relationships between them are likely to be shaped by the norms and traditions of the community of which they are a part (see Stone 1987). As Goldsmith (1990) points out there may be local political cultures defining the "proper" role of local government which may limit the range of local policy responses.

The increasing internationalization of business and changing forms of ownership have implications for local government autonomy. The increasing internationalization of businesses makes it easier to move capital and investments around. The global restructuring of money, involving stock portfolio transactions, currency manipulation, firm takeovers, and buy-outs, leads to the disintegration of local economic independence and the marginalization of firms in many localities (Blakely 1989). The

concentration of ownership and control abroad also reduces the local authority's ability to influence those firms located within its boundaries as the controlling nodes of urban economic production are increasingly distant from the local economy and thus less subject to manipulation.

The decline of the Fordist model and the emergence of a new 'Post-Fordist' model have also introduced new spatial tendencies (Lovering 1988). The dynamic sectors of the economy now lie in a small set of 'high-technology' industries. These are not dependent on locating near particular physical resources, but instead place demands on the availability of highly trained workers, access to research establishments, good communications, a 'creative environment' and so forth. They tend to be attracted to the growth regions sometimes termed 'metropolitan' or 'knowledge' regions because of their resources in terms of qualified workers, knowledge, ideas and so on.

To sum up, the local context in relation to the local economic policy area is seen as comprising economic and structural constraints, which are mediated by the particular spacial configuration of political and social relations. These are conceptualized in terms of three broad components: a socio-economic; a political and a spatial. These three components are not seen as exhausting the forces that are important, but rather what is attempted here is to indicate how social and economic conditions and political arrangements might matter in a particular policy area. To borrow the words of Clarence N. Stone (1987):

... causation is manifold - no one overriding factor is at work; that causation is sequential - the present is shaped by the past; and that causation is cumulative - as various elements combine to contribute to a given pattern, other alternatives are increasingly difficult to realize (Stone 1987:294).

## **The Local Context and Capacity for Action**

This section concerns the aspect of local authority autonomy relating to the local authority's capacity for action and how this might be facilitated/constrained by factors relating to the local context. It was argued in the previous chapter that it is not a sufficient definition of local government autonomy that a local authority possesses policy-making independence, it

should also embrace a capacity to act and achieve results, i.e. it needs to be invested with the necessary resources to enable it to use this independence. In relation to measures to assist the local economy this can be interpreted in terms of Hill's (1984) concept of a development strategy which a local authority must build up in order to possess the capacity to support and develop its local economy directly rather than through the mediation of others (Elander 1991). The greater the amount of the resources involved in such a strategy (such as people, land, buildings, knowledge, expertise etc.) the local authority possesses itself, the greater its ability to act unilaterally (Harding 1990).

Chapter 4 now considers whether factors relating to the socio-economic, political and spatial components discussed above are important, and if so in what way, in relation to variations in local authority measures to assist the local economy (capacity for action). In the previous chapter, capacity for action, was operationalized in terms of four roles: facilitation; stimulation; activation; and intervention; implying differing degrees of regulation of the local economy. These are now utilized in the following analysis. The findings are compared both over time (in the case of Sweden) and between countries.

## **The Socio-Economic Component or Unemployment Rules OK?**

In terms of local economic development policies, socio-economic characteristics may impact in various ways. Factors such as lack of diversity in the local economy, concentration of employment in declining industrial sectors, structural changes in the local economy and so forth can lead to high unemployment and other problems which may, in turn, generate high social welfare costs for the local authority. They may also create problems for the local authority in terms of its own resources. For example industrial closures may lead to a low or declining tax base, which has implications for the municipality's ability to raise revenue locally.<sup>4</sup> A local authority with

---

<sup>4</sup> This is perhaps more relevant in the Swedish case than the British. Föhlhammer and Lind (1983) suggest that the right of local authorities in Sweden to raise taxes locally has meant that they have always been dependent on the health of the local economy. Although this has become more restricted following the ban on local authorities

a declining or stagnating local economy may have difficulty in generating sufficient revenues to meet rising social costs such as those associated with increasing unemployment.<sup>5</sup>

Characteristics relating to the structure of local government, such as population size, may have implications for the resources available to the municipality and, hence, may affect its ability to develop its capacity for action. For example, smaller municipalities may be more limited in the functions they are able to perform for their inhabitants (Clark 1974). Population size may also be important in another way. Increases in population, density and social interaction tend to generate social and cultural differentiation (Durkheim 1984) which may lead to greater conflict over policies and greater pressures from different interests to exert their influence on the local policy-making process.

The larger towns tend to be centres of progress. According to Durkheim (1984), it is here that ideas, fashions, morals and new needs take shape, to spread out afterwards over the rest of the country. This may create an environment which is conducive to innovation and thus to new ways of tackling problems in the local economy and to the development of specialist structures in order to do so (see Schmidt 1986).

Accordingly, this component was operationalized in terms of a number of variables relating to these different socio-economic characteristics of the local context. These were the level of unemployment, strength of the local tax base, population size, and degree of urbanization.

### Unemployment

Unemployment was taken as an example of a problem likely to stimulate a local authority to undertake economic initiatives in order to try to improve the health of the local economy (see Boddy & Barrett 1980, SIND 1982:7

---

increasing their taxes during 1991 and 1992 (see Chapter 2). British local authorities have traditionally been more dependent on central government grants and now only raise a very small proportion of their income locally. Although prior to 1989 in Scotland and 1990 in England and Wales when a new system of local government financing was introduced, they also raised an important part of their finances locally through a local property tax (the rates).

<sup>5</sup> This has also implications for vertical autonomy as a declining economic base can lead to greater dependence on national state funding.

& SIND 1984:8). The enormous increase in unemployment in the UK as a whole from 2.5% in the period 1968-73 to 10.3% in the period 1980-1987 had considerable political significance (see Bovaird 1992). The regional and local manifestations of this change were even more dramatic with unemployment over 16% in the North of England in the mid 1980s and in many parts of the large industrial cities (except for the South of England) over half of the adults of working age were out of work (Blackaby & Manning 1990). Thus it would not seem unreasonable to expect that British municipalities suffering from high unemployment would tend to be more active.

Whilst unemployment has been on a completely different scale in Sweden, there are nevertheless pockets of relatively high unemployment. There has also been a politically institutionalized commitment to full employment as the major goal of Swedish economic policy which has transcended party political divisions (Therborn et al. 1986). These factors coupled together would mean that a similar response from Swedish municipalities with high unemployment would not be unexpected. Thus, local authorities suffering from high unemployment in both Britain and Sweden would be expected to be more active than those experiencing low levels.

A variable was created for Sweden based on total unemployment in each municipality in 1982, 1985 and 1988 and for Britain for 1989. Local authorities were grouped into 4 categories according to the level of unemployment (very high, high, low, very low).<sup>6</sup> Turning first to Sweden, in 1982, unemployment did not appear to play a role in encouraging local authorities to take action with regard to the local economy. However, this had changed by 1985 and unemployment had emerged as an important factor, i.e. the higher the level of unemployment the more active the local authorities tended to be. Significant measures of association were obtained for all the roles (see Table 4.1 below). The relationship between high unemployment and a high level of activity was particularly noticeable with regard to the more interventionist roles 3 and 4 (activation and

---

<sup>6</sup> These categories were related to the national average at each time point and in each country i.e. they are relative rather than absolute categories. This was to take account of the fact that unemployment fluctuated in Sweden under the period of study and also the considerable differences in the levels of unemployment between Britain and Sweden. The variables are discussed in more detail in Appendix 1.

intervention).

This trend continued and by 1988 the level of unemployment had become increasingly important in relation to all roles. It was particularly significant with regard to role 1 (facilitation), role 3 (activation) and role 4 (intervention). This would seem to suggest that high unemployment encourages local authorities both to extend their special forms of organization for economic development (i.e. to establish special committees and/or units and/or adopt an overall strategy for the local economy); and to adopt more assertive measures such as those incorporated in roles 3 and 4 (activation and intervention).

In the British case there was a very strong relationship between high unemployment and high level of activity with respect to all four roles. This is perhaps not unexpected given the generally much higher level of unemployment in Britain than Sweden.

**Table 4.1 Association between Unemployment, 1982-88, 1989 and Roles**

	Sweden		Britain	
	1982	1985	1988	1989
Role 1:Facilitation		.11**	.23***	.27***
Role 2:Stimulation		.15***	.14**	.35***
Role 3:Activation		.28***	.31***	.38***
Role 4:Intervention		.18***	.33***	.30***
Aggregate Variable		.25***	.30***	.33***

---

Kendall's Tau B

\* significant at .05 level using a one-tailed test

\*\* significant at .01 level using a one-tailed test

\*\*\* significant at .001 level using a one-tailed test

N.B. Only values significant at least at the .05 level are reported.

Thus in both countries the level of unemployment proved to be an important factor with regard to the level of activity. Although in the Swedish case, the level of unemployment was not significant at the beginning of the period, it became increasingly closely associated with the level of activity over the study period, particularly in relation to the more interventionist roles.

However, this last finding appears to present a paradox: the actual level

of unemployment declined in Sweden between 1985 and 1988, whereas the closeness of its association with the level of activity increased. This led to the following question: Does a period of continual high unemployment, even if the level declines slightly from time to time, foster an interventionist climate in the local authority so that decision-makers are more inclined to adopt radical measures in order to get to grips with unemployment? In order to try to answer this, unemployment figures for 1982 and 1985 were crosstabulated with the economic development roles in 1988 and measures of association calculated. Table 4.2 below presents the results obtained.

**Table 4.2 Association between Unemployment 82 & 85 and Roles 1988**

	Sweden	
	Unemployment:	
	1982	1985
<b>Roles 1988:</b>		
Role 1:Facilitation		.15**
Role 2:Stimulation	.09*	.12**
Role 3:Activation	.22***	.29***
Role 4:Intervention	.17***	.29***
Aggregated variable	.16***	.28***

---

#### Kendall's Tau B

\* significant at .05 level using a one-tailed test

\*\* significant at .01 level using a one-tailed test

\*\*\* significant at .001 level using a one-tailed test

N.B. Only values significant at least at the .05 level are reported.

These results indicate that the concordance between high level of activity in terms of measures to assist the local economy and high unemployment appears to strengthen over time in relation to all the roles, but particularly in the case of the more interventionist roles 3 and 4 (activation and intervention). Thus long-term unemployment appears to have an impact on the development of the roles in 1988. The association between the duration of unemployment and high level of activity becomes increasingly pronounced over time. The differences between those municipalities with continuous high employment and all others are very marginal in 1982, become more noticeable in 1985 and are considerable by 1988, particularly in the case of the two most interventionist roles.

However, this is not enough, for if we glance back to Table 4.1, it can be seen that the figures for 1988 are, in fact, higher. There needs to be some other factor. Clearly persistent long-term unemployment leads municipalities to adopt a more assertive role and to try to regulate the local economy. It seems reasonable that the apparently never ending, unequal struggle against unemployment would encourage the most hard hit municipalities to venture out of the traditional local government role with regard to measures to assist the local economy. Nor is it surprising that their search to find new ways of coming to grips with their problems does not cease when the actual level of unemployment sinks, if their relative position remains unchanged.

In order to test this further an index was created composed of local authorities with continuous high unemployment through out the study period; those with continuous low unemployment; and those in which the level of unemployment had varied between 1982 to 1988. This revealed that those municipalities with continuous high unemployment were generally the most active. However, those with varying levels of unemployment were not far behind, whilst those with continuous low unemployment were, on the whole, least active. It is perhaps not surprising to discover that it was this last category that was most active with regard to role one: facilitation as this is the least interventionist of the four roles.

Thus it may be that an growing awareness of unemployment as a problem develops over time and this leads to its entrance on to the local political agenda. This may lead even local authorities with low unemployment to feel that they must take some form of action. Added to this is the tendency during this period for national government to give, in practice, greater responsibility to local government for unemployment. This can be related to the shift in responsibility between central and local government in this policy field discussed in Chapter 2.

It was not possible to carry out a similar analysis for Britain. However, 90% of highly active British local authorities with currently above average unemployment reported that the local economic situation had improved over the last 3 to 4 years. This would seem to support the argument, presented on the basis of the Swedish material, that once a more interventionist climate has been established it is likely to continue, particularly if the relative position of these municipalities remains unchanged. In other words, both short-term and long-term high unemployment would appear to play a role.

## Tax Base

The strength of the local tax base can be seen as a reflection of the health of the local economy. A weak tax base can be an indication of a problem local economy which may stimulate a municipality into taking action. On the other hand, a strong tax base may be a reflection of a stable or well-functioning local economy thus reducing the need for the municipality to engage in economic development measures.

It should be noted when comparing the countries, that there is an important difference between British and Swedish local authorities with regard to the way in which local income is raised. Swedish local authorities have the right to levy a local income tax, whereas British local authorities are reliant on a local property tax.<sup>7</sup> These differences need to be borne in mind when considering the results of the analysis using these variables.

Turning first to Sweden, although, at present, differences in taxing ability are largely levelled out through national government grants. It was, nevertheless, decided to include a variable representing the product of the local tax per head of population.<sup>8</sup> This was used to see whether a weak tax base encouraged local authorities to be more active. The results obtained were somewhat ambiguous as can be seen in Table 4.3 below.

The health of the local tax base was significant in relation to four of the roles in 1985 and to only one role in 1982 and 1988. With one exception, where an association between tax base and roles was found it was positive. In other words, the stronger the tax base the more active the local authority. However, closer examination of the data indicates that the underlying relationship is not linear. Instead, the analysis showed that the general tendency was for local authorities with an average tax base to be most active. The explanation for this could be that municipalities with a weak tax base lack the necessary resources to be highly active. Whereas local authorities with a strong tax base do not have the same degree of problems and therefore do not need to be highly active.

---

<sup>7</sup> The greater restrictions on British local authorities and recent changes in the systems of finance in both countries, including the embargo on Swedish municipalities increasing their local taxes, are discussed in depth in Chapter 2.

<sup>8</sup> The variables relating to the local tax base are described in more detail in Appendix 1.

**Table 4.3 Association between Tax Base and Roles**

	Sweden 1982	1985	1988	Britain 1989
Role 1:Facilitation		.11*		
Role 2:Stimulation		.15**		
Role 3:Activation		.11*	-.09*	.15***
Role 4:Intervention	.09*			.21***
Aggregated Variable		.12**		.16***

**Kendall's Tau B**

\* significant at .05 level using a one-tailed test

\*\* significant at .01 level using a one-tailed test

\*\*\* significant at .001 level using a one-tailed test

N.B. Only values significant at least at the .05 level are reported.

In the British case, there has also been a tendency in the past for central government grants to be constructed in such a way as to compensate local authorities with greater burdens in terms of inner city problems, large numbers of under 5s, over 65s and so forth. Nevertheless, a variable was created based on the rateable value per head of population. With regard to British municipalities, a strong tax base proved to be important with regard to two roles, role 3 and role 4 (the most interventionist roles). However, with regard to the remaining two roles, the strength of the tax base did not appear in any way to be associated with the level of activity. Once again, when the data was scrutinized more closely, a curvilinear relationship, similar to that in Sweden, was found. A possible explanation could be that the type of activities included under roles 3 and 4 are more costly in terms of manpower and financial inputs and are beyond the means of municipalities with more limited resources.

To summarize, in both countries there appeared to be a positive or curvilinear relationship between the strength of the tax base and local authority activity.

**Population Size**

In both countries local authorities have been reorganized during the 1970s into fewer and larger units. This greater size has increased the resources

local authorities have available for economic development both in terms of finance and manpower (see, for example, Föhlhammer & Lind 1983). Further, Hansen (1981) has suggested that the larger the local administrative unit the more developed it is in terms of specializations and the more it is able to make demands for budgetary expenditure i.e. there is a positive relationship between the size of the administration and the level of expenditure. Although, it may be the case that, in some circumstances, there is more pressure on small local authorities to become involved in measures to assist the local economy. For example, it may well be more apparent in a smaller, close-knit community that it is important for the municipality to assist firms and/or undertake measures to alleviate unemployment in the local area. They may well seek measures which do not necessitate specialized skills and structures.

A variable was constructed which divided local authorities up according to their population size. Because of the considerable differences in the population sizes of the municipalities in Britain and Sweden, two different classifications were used. In the case of Sweden, the categories were: under 10,000; 10,000-15,000; 15,000-30,000; and over 30,000; and for Britain they were under 75,000, 75,000-100,000, 100,000-200,000, and over 200,000. Table 4.4 below summarizes the concordance found between the level of activity for the different roles and size over the period 1982 to 1988 for Sweden and for 1989 in the case of Britain.

**Table 4.4 Association between Population Size and Roles**

	Sweden		Britain	
	1982	1985	1988	1989
Role 1:Facilitation	.25***	.21***	.19***	.10*
Role 2:Stimulation	.18***	.13**		
Role 3:Activation	.14**			.21***
Role 4:Intervention	.19***	.12**	.13**	.26***
Aggregated Variable	.19***	.09*	.09*	.21***

#### Kendall's Tau B

\* significant at .05 level using a one-tailed test

\*\* significant at .01 level using a one-tailed test

\*\*\* significant at .001 level using a one-tailed test

N.B. Only values significant at least at the .05 level are reported.

In the Swedish case, it was found that the association between size and the level of activity weakened over the period 1982 to 1988. It showed itself to be most significant in 1982, particularly in relation to role 1 (facilitation), with smaller authorities tending, on the whole, to be much less active than larger ones. However, it is only in relation to this role and, to a lesser extent, role 4 (intervention) and the aggregated variable, that size remains important over the whole time period (see Table 4.4. above). It would seem that size is significant in an initial stage but then, as the general level of activity rises, its importance declines.

Roles 1 and 4 are the most demanding in terms of specialized organizational structures and staff. Small municipalities of the scale found in Sweden are clearly at a disadvantage when it comes to the pursuit of these roles as the degree of organizational differentiation required is too great. However, in the case of roles 2 and 3, the difference between the smallest and largest municipalities becomes extremely marginal over the time period. It could be that these roles lend themselves most readily to adoption by small local authorities (i.e. those under 10,000) when they come under pressure to come to grips with problems in the local economy. Activities such as industrial promotion and the development of tourist facilities can be carried out in partnership with other bodies, thus increasing their attractiveness to, or feasibility for, smaller municipalities with smaller resources in terms of man-power and specialization.

What is interesting in relation to role 3 is that the level of activity of the largest municipalities has sunk by 1988 and they are now the least active. This may be related to the fact that size still matters in relation to the most interventionist role (role 4) and it may be that the largest municipalities have shifted their emphasis and place greater weight on measures included under role 4.

A slightly different pattern emerges in the case of the British local authorities. In common with Sweden, population size proved to be significant in relation to roles 1 (facilitation) and 4 (intervention). Although less so in relation to role 1 and more so in relation to role 4. With regard to the former, the much greater size generally of British local authorities, may mean that increasing size has a weaker effect on organizational differentiation than in the case of Swedish municipalities i.e. even the smallest of them are able to have a fairly differentiated structure.

Whilst size was also not important in relation to role 2 in the case of British local authorities, it was, in contrast to Sweden, important in relation

to role 3. It is the very largest municipalities (those over 200, 000 population) that pursue this role the most actively. It seems as if 200,000 is some sort of break-point as the differences between the categories under 200,000 are not very great. To some extent this coincides with the metropolitan areas with both their greater problems and their tendency to be more innovative. The sheer size of these larger municipalities presumably means that they are more organizationally differentiated and specialized and possess the resources (both in terms of finance and skills) necessary to pursue a more interventionist role.

Thus, both in Britain and Sweden, local authorities with a large population tend to be more active with regard to measures to assist the local economy.

### Degree of Urbanization

The degree of urbanization may also be an important factor in that there may be a link between the concentration of industrial/economic problems and the degree of urbanization which may lead to greater pressure on the local authority to take action. It may also be the case that larger cities, because of the greater range of skills, educational facilities and other resources, may have a greater propensity to be innovative and to develop new ways of tackling local economic problems. Thus it could be expected that the level of urbanization would be most significant in relation to the most interventionist role (role 4) as this involves measures which digress from the traditional local authority role. Indeed Schmidt (1986) argues that:

The politico-administrative organization's innovativeness is a function of the organization's social and economic context. High income levels, large population and high degree of urbanization are necessary and sufficient conditions for a recurrent, early adoption of different innovations (Schmidt 1986:182, my translation).

Interestingly, the degree of urbanization proved to be a much less significant factor in explaining the level of activity than the population size of the local authority. It is really only in relation to role 1: facilitation that it appears to play any significant part in the case of the Swedish municipalities, and even this changes in 1988, see following table. In the British case, urbanization did seem to be slightly more important, mainly in relation to role 4, the most interventionist role. Whereas, with regard to

role 2, there was a slight tendency for the least urbanized municipalities to be most active (see Table 4.5 below).

**Table 4.5 Association between Degree of Urbanization and Roles**

	Sweden		Britain
	1982	1985	1988
Role 1:Facilitation	.15**	.18***	
Role 2:Stimulation		.14**	-.08*
Role 3:Activation			.10**
Role 4:Intervention	.18***		.15***
Aggregate Variable			.09*

---

Kendall's Tau B

\* significant at .05 level using a one-tailed test

\*\* significant at .01 level using a one-tailed test

\*\*\* significant at .001 level using a one-tailed test

N.B. Only values significant at least at the .05 level are reported.

These findings would appear to both refute and support Schmidt's argument that more urbanized municipalities are likely to be more innovative. In the case of Sweden, apart from in 1982, the degree of urbanization does not appear to matter in relation to role 4 (intervention) which was regarded as encompassing more innovative activities. In contrast, the British results would seem to affirm his argument. However, whilst more urbanized municipalities may be more innovative, this ignores the problem of decline in employment opportunities in rural areas leading to rural depopulation. This is a problem faced by many small (population-wise) rural local authorities especially in northern Sweden and in parts of Wales. Thus there might be a negative relationship between the degree of urbanization and level of activity. The negative relationship in Britain with regard to role 2 could be interpreted in terms of rural depopulation leading to greater activity in the less urbanized areas, although no support was found for this in Sweden.

# The Political Component or Does Politics Matter?

Given the nature of this study, the influence of actors can only be very crudely represented. It is not possible to capture the effect of the individual. Political actors can only be approximated by political party. Thus the role of the political actor is considered in terms of political ideology. For example, does socialist control generate a more active involvement in measures to assist the local economy, particularly if there is a large majority and this is stable over time?

## Socialist Control

It has been shown, for example, that there is a tendency, at least at the level of national government, for socialist ideologies to lead to a more active involvement in the economy and a greater propensity for public expenditure (see Hansen 1981, Page et al. 1990). It has also been argued that decision-makers' beliefs, values etc. may influence their perceptions of the socio-economic environment and their choice of response to problems perceived in that environment (Cochrane 1980). In other words, there may be differences in the measures adopted depending upon political allegiance.

A variable was created for both Britain and Sweden to represent a socialist majority. It was found that socialist majority did appear to matter more in relation to some of the roles than others and to a greater extent in Britain than in Sweden. For example, in relation to role 1 (facilitation) in Sweden, political control was important through out the period under study i.e. socialist controlled local authorities were more active than non-socialist. Socialist control was also important in relation to this role in Britain, but to a lesser extent than for the other roles. With regard to role 2 (stimulation) and the aggregated variable, political control was only significant in 1985 in Sweden. In the case of roles 3 and 4 (activation and intervention), political control mattered in 1982 and 1985, but not in 1988 in Sweden. In the British case, Labour control was most important in relation to role 4. 52% of Labour controlled local authorities were very highly active in relation to this role as regards to 21% of non-socialist controlled municipalities. The closer association in Britain between socialist control and level of activity can possibly be explained by the fact that local government measures to assist the local economy became an important area of local government resistance to national government policies, with Labour

controlled municipalities in particular well to the forefront.<sup>9</sup>

As can be seen from Table 4.6 below, the relationship between level of activity and socialist control had strengthened in Sweden by 1985 for all roles except role 4 (intervention). This last finding is somewhat surprising as this is the role comprising the activities requiring most "interference" in the working of the local economy. However, experience from Britain has shown that some of the initially more radical measures adopted by more interventionist local authorities have gradually evolved into public/private partnerships (see Harding 1990) which may also be attractive to non-socialist municipalities. Indeed it has been observed that the idea of market led regeneration as a way of tackling the impact of restructuring at the local level and involving business interests in the policy-making and implementation process has become accepted in both Britain and Sweden (Moore & Pierre 1988).

**Table 4.6 Association between Socialist Control and Roles**

	Sweden			Britain
	1982	1985	1988	1989
Role 1:Facilitation	.24***	.26***	.14**	.15**
Role 2:Stimulation		.23***		.23***
Role 3:Activation	.12*	.15**		.25***
Role 4:Intervention	.22***	.18***		.30***
Aggregate variable		.18***		.27***

Kendall's Tau B

\* significant at .05 level using a one-tailed test

\*\* significant at .01 level using a one-tailed test

\*\*\* significant at .001 level using a one-tailed test

N.B. Only values significant at least at the .05 level are reported.

However, as the above table shows, the picture changes in 1988 in Sweden and socialist control ceases to be important as an explanatory factor, with the exception of role 1 (facilitation) where it continued to be of some significance. This rather abrupt change may partly be explained by the decrease, in Sweden, in the number of socialist controlled municipalities

<sup>9</sup> The increasingly conflictual nature of intergovernmental relationships in Britain is discussed in Chapter 2.

from 144 to 122. These local authorities may retain both their structures and policies even though political control has changed hands, as they continue to face the same problems in their local economy as before the power shift.

In order to investigate the possibility that active local authorities might continue to pursue their policies even after a change in political control, political control in 1982 and 1985 were crosstabulated with the various roles in 1988 and a measure of association calculated. Socialist control once more became associated with a high level of activity for all roles except role 2 (stimulation) see Table 4.7 below.

**Table 4.7 Association between Political Control 82 & 85 and Roles 1988**

	Sweden	
	1982	1985
Role 1:Facilitation	.09*	.19***
Role 2:Stimulation		
Role 3:Activation	.21***	.21***
Role 4:Intervention	.19***	.16**
Aggregate Variable	.23***	.15**

---

#### Kendall's Tau B

\* significant at .05 level using a one-tailed test

\*\* significant at .01 level using a one-tailed test

\*\*\* significant at .001 level using a one-tailed test

N.B. Only values significant at least at the .05 level are reported.

The above table reveals that political control matters once more for Swedish local authorities, thus making us conclude that once a municipality becomes active it will remain so even following a change in political control. There are some variations depending on whether it is the political situation in 1982 or 1985 which is used. However, both indicate that socialist control is important for all roles except role 2 (stimulation).

#### Duration of Control

This leads us on to a discussion of the importance of the duration of socialist control. In other words, time may also be an important factor. Sharp & Newton (1984) have suggested that the length of tenure in office

may be more important than the strength of the majority party. Thus it might be expected that local authorities with a stable socialist majority over time will tend to be more active than those with more volatile political control.

A variable was created, in the case of Sweden, separating out the 56 local authorities which were continuously in socialist control from 1982 to 1988. These municipalities were found to be consistently more active than other municipalities, with the exception of role 2 (stimulation) where continuous socialist control was not important at any time point and role 3 (activation) which only became significant in 1988, although there was a tendency for those municipalities in continuous socialist control to be slight more active at the other time points, but the relationship was not significant (see Table 4.8 below).

**Table 4.8 Association between Continuous Socialist Control (Sweden) and Roles**

	1982	1985	1988
Role 1:Facilitation	.14**	.23***	.15**
Role 2:Stimulation			
Role 3:Activation			.15**
Role 4:Intervention	.09*	.09*	.12*
Aggregated Variable			.14**

---

Kendall's Tau B

\* significant at .05 level using a one-tailed test

\*\* significant at .01 level using a one-tailed test

\*\*\* significant at .001 level using a one-tailed test

N.B. Only values significant at least at the .05 level are reported.

A further possibility is that some activities might be seen by non-socialist parties as ways of improving the business climate. This raised the question of whether any of the roles were more strongly associated with non-socialist control. Accordingly a variable was created, for the Swedish material, separating out the 76 municipalities that had been in continuous non-socialist control during the study period. However, as Table 4.9 below shows, none of the roles were more closely associated with non-socialist political control. However, a significant negative relationship was found for two of the roles, namely roles 1 and 4 (facilitation and intervention). The

relationship with regard to role 4 is not really surprising as many of the activities comprised in this role seek to introduce an element of accountability or control into the workings of the local economy. This would, obviously, be expected to be more in keeping with a socialist ideology. In the case of role 1, it is clearly so that local authorities that are bourgeois strongholds are less likely to possess specific structures and processes for economic development or policies concerned with an overall strategy for the local economy. Possibly such features are seen as unnecessary bureaucracy. However, it should be noted that the relationship becomes weaker over time and it would appear that even non-socialist strongholds become less resistant to the types of measures contained in these roles.

**Table 4.9 Association between Continuous Non-Socialist Control (Sweden) and Roles**

	1982	1985	1988
Role 1:Facilitation	-.23***	-.22***	-.19***
Role 2:Stimulation			
Role 3:Activation			
Role 4:Intervention	-.20***	-.14**	-.13**

#### Aggregated Variable

---

#### Kendall's Tau B

- \* significant at .05 level using a one-tailed test
- \*\* significant at .01 level using a one-tailed test
- \*\*\* significant at .001 level using a one-tailed test

N.B. Only values significant at least at the .05 level are reported.

#### Strength of the Majority

It has also been suggested that where there is no overall political majority or a very small majority, conflict between parties will lead to higher expenditures. Although, Alt (1971), for example, found no evidence that more intense party competition led to higher expenditure. Indeed it could be argued that the reverse is true and that parties with small majorities tend to pursue budgetary caution because of the impact of increased expenditure on local taxes. However, this argument is based on the British situation

prior to 1990 where there was generally a two-party system and the former local property tax (the rates) was very sensitive to increases in expenditure. Thus it may not apply in the Swedish case with its multi-party system and local income tax. Accordingly, it might be expected that: Swedish local authorities with weak majorities would be more active than British local authorities with small majorities.

A variable was created to represent local authorities with varying majority strengths in Britain and Sweden. These ran from a very secure majority (this could be either socialist or non-socialist) to those with no overall majority or a very small majority. In the case of Sweden, there is no clear finding for the whole of the study period. Some support for the argument that a weak majority leads to greater activity was found in 1982, but this does not hold for the other years. Indeed by 1988 there is a weak positive association in the case of role 1 (facilitation) between a large majority and high level of activity. Only in the case of role 3 (activation) did there continue to be a tendency for local authorities with a small or no overall majority to be slightly more active than municipalities with the largest majorities, although the relationship was not significant. Otherwise the size of majority does not appear to matter.

It is difficult to interpret these findings. It may be that in the initial stages of developing their activities with regard to assisting the local economy (these have developed most dramatically during the 1980s in Sweden), political parties may not have developed clear programmes with regard to how problems in the local economy should be tackled. This may have meant that competition between the parties has been fiercest in municipalities with no overall or small majority to establish "their" profile in relation to local economic policy which, in turn, has led to a higher level of activity. However, as the demands to reduce public spending and cut back the welfare state have grown, it may have become more important in these municipalities to compete to save money rather than to pursue measures to assist the local economy.

In the British case, the strength of the majority did not appear to matter, apart from with regard to role 2 (stimulation). Here it was found that municipalities with no overall majority were more likely to be highly active than those with a strong majority. Once again it is difficult to interpret these results. The measures involved in this role include promotional activities and it may be that it is possible to utilize such measures without incurring high budgetary costs.

**Table 4.10 Association between Roles and Strength of Majority**

	Sweden 1982	1985	1988	Britain 1989
Role 1:Facilitation	-.14**		.09*	
Role 2:Stimulation	-.15**			-.12**
Role 3:Activation	-.12**			
Role 4:Intervention	-.13**			
Aggregated Variable		-.17***		

**Kendall's Tau B**

\* significant at .05 level using a one-tailed test

\*\* significant at .01 level using a one-tailed test

\*\*\* significant at .001 level using a one-tailed test

N.B. Only values significant at least at the .05 level are reported.

To summarize, the grouping of activities into roles showed that certain types of measures appeal more to socialist politicians than others. Some support was found for the argument that local authorities with a socialist majority, especially a stable majority over time are likely to be more active. However, the Swedish findings would seem to suggest that Socialist control is more important at the initiating stage and that once a municipality has become active it will continue to be so even if there is a "regime shift".

**The Spatial Component or Bringing the Region Back In?**

As has been discussed previously, changes taking place nationally and internationally in the economy, the growth of new technologies, the increasing internationalization of capital and so forth all have spatial implications. Localities are both affected differently by, and affect differently, these processes of restructuring and technological change. Such changes do not take place in a vacuum, but within particular local contexts which, in turn, mediate and/or influence the final form the restructuring takes.

From the middle of the 1980s, there have been a number of research programmes in Britain attempting to delimitate and understand the rapid social and economic changes taking place during the 1970s and 1980s.

These have emphasized the importance of spatial variations in this restructuring process, for example, from a manufacturing based economy to a service based economy (see, for example, Moore & Pierre 1988, Wolman 1986). Many of the declining traditional industries are located in particular parts of a country. Accordingly:

... decline and transition in these industries in the face of international competition has (sic) marked distributional impacts on particular communities leading to high unemployment, physical decay and low economic activity. Thus local responses assume both a political and economic dynamic (Moore & Pierre 1988:169).

For example, the post-war period has witnessed the decline or even the disappearance of old industrial communities dependent on a single firm or industrial sector. It has also seen the growth of middle or small sized business within the service sector which are not tied to a particular location by requirements for particular physical resources. As Elander (1989) points out:

So far as the 80s are concerned we have simply seen as acceleration of the well-established trend towards ever increasing regional disparities (Elander 1989:41).

The question considered here is whether regional factors can lead to differences in the political culture concerning the role of local government in relation to the local economy. In other words does regional location matter with respect to local government autonomy? Here the intention is not to discuss how to define regions, but simply to utilize some existing classifications.

### Geographical Location

One way of classifying regions is based on traditional, historical, cultural divisions. Such regions may possess a particular political culture which may influence local government's propensity to intervene in the local economy. Clark (1974) has suggested that location in terms of centre-periphery matters, arguing that local autonomy reduces with proximity to the national capital. In this sense, geographical location may also play a role in relation to local government's capacity for action and policy-making independence

in the local economic development policy area.

In the case of Sweden there is a an old traditional division of the country into three broad regions, covering southern Sweden (Götaland) comprising 137 local authorities in 1982 and 1985 and 135 in 1988; central Sweden (Svealand) covering 87 local authorities in 1982 and 90 in 1985 and 1988; and northern Sweden (Norrländ) embracing 52 in 1982, 54 in 1985 and 51 in 1988. The Götaland and Svealand regions have a long history dating back prior to the creation of the unified state in Sweden in the 16th century. Norrländ, on the other hand, was "colonized" during the 18th century. It developed late in comparison with the other regions and has a strong tradition of socialist control.

It was found that municipalities in all regions increased their level of activity greatly during the 1980s. The growth was generally most pronounced in the northern region, particularly in relation to the two most interventionist roles and a clear 'northern' factor emerges by 1988.

**Table 4.11 Most Highly Active LAs According to Region 1982-88, Sweden 1982**

	Götaland %	Svealand %	Norrländ %
Role 1:Facilitation	1	3	2
Role 2:Stimulation	7	10	6
Role 3:Activation	1	0	0
Role 4:Intervention	1	1	2
1985			
Role 1:Facilitation	7	10	6
Role 2:Stimulation	28	48	24
Role 3:Activation	4	1	11
Role 4:Intervention	10	8	20
1988			
Role 1:Facilitation	10	16	20
Role 2:Stimulation	52	68	67
Role 3:Activation	7	10	22
Role 4:Intervention	29	30	53

As the above table shows, region was not very important with regard to the percentage of very highly active municipalities (i.e. those scoring 4 in the indexes) in 1982. However, the situation begins to change in 1985 as municipalities in all regions begin to increase their level of activity. A higher percentage of municipalities located in Norrland have become very highly active in relation to the two most interventionist roles. By 1988 despite the general growth in activity in all regions, municipalities in Norrland have become increasingly active compared with other parts of the country i.e. the regional differential has become more pronounced. It could simply be the case that unemployment levels tend to be highest in northern Sweden and that this is a Socialist stronghold. However, when these factors controlled for, local authorities in Norrland still emerge as more active. I.e. even municipalities with low unemployment and/or non-socialist control tend to be more active than their counterparts elsewhere in the country.

In the British case the standard regional classification was used which divides England up into 8 regions, plus Wales. These are the Northern Region (33 local authorities); Yorkshire and Humberside (28 local authorities); East Midlands (45 local authorities); East Anglia (23 local authorities); South East (143 local authorities); South West (53 local authorities); West Midlands (40 local authorities); North West (39 local authorities); and Wales (45 local authorities).

**Table 4.12 Most Highly Active LAs According to Region 1989, Britain**

Region	Role 1 %	Role 2 %	Role 3 %	Role 4 %	Ranking
Northern	79	75	50	54	1
Yorkshire & Humber.	86	81	33	48	2
E. Midlands	69	54	9	14	8
E. Anglia	76	62	5	48	5
S. East	51	21	15	24	9
S. West	76	42	21	11	7
W. Midlands	74	44	15	32	6
N. West	68	75	50	46	3
Wales	79	68	24	32	3

The Northern region emerges as the most active region, followed by the other peripheral regions. This finding is not particularly surprising as unemployment has traditionally been high in northern Britain, plus generally

speaking, the further north one goes the more dominant Labour control becomes. However, even when unemployment and socialist control were controlled for, a similar pattern emerged as in Sweden, the municipalities in the Northern region tended to be more active as a whole. Even those municipalities that did not have above average unemployment or were non-Labour controlled were more active than their counterparts in other regions. In other words there also appears to be some sort of "northern factor" in Britain.

### The Knowledge Regions Classification

Another way of conceptualizing regions has been put forward in SOU 1989:68 which is not based on historical traditions. This approach argues that the process of transformation from an industrial society to a knowledge society has direct consequences for the regional structure with some regions becoming dynamic growth zones (knowledge regions) whilst other previously expansive regions enter a phase of stagnation (base regions) (see also Andersson 1985, 1988, Andersson & Strömqvist 1988). The new growth regions - the knowledge regions are characterized by an 'enterprise culture' and are not necessarily geographically contiguous, but are united by a complex web of physical, social and organizational networks. Whereas, in contrast, the declining or stagnating regions tend to lack or have much weaker networks.

This classification divides Sweden up into three major types of region (see SOU 1989:68). These are:

the 'K' region which is characterized by knowledge, creativity, competence, communications and culture. This is not a geographically cohesive region, but the various components are united by physical and social networks.<sup>10</sup> It comprises the major cities including the Stockholm-Uppsala region, the Gothenburg region and the Malmö region and the university towns of Linköping and Umeå.

the 'B' region this is in many ways the diametrical opposite of the K region. It is dominated by production linked to forestry, minerals and other natural resources. It includes the areas of Sweden suffering from structural

---

<sup>10</sup> Details of the municipalities encompassed in these major regions are given in Appendix I.

imbalance. It comprises the northern region of Sweden, apart from the Umeå region, the area north west of Stockholm (Bergslagen), and the south east of Sweden with the exclusion of Växjö and Alvesta area. Over 50% of employment is in the industrial sector.

the 'M' region, this is somewhat of a catch-all category, embracing as it does everything that is not included in the K or B region. It differs from the B region in that there is a high proportion of advanced engineering included in its industrial employment.

A variable was created relating to these regional divisions and tested against the empirical material. It was found that the relevance of this division increased over the study period, which is perhaps a reflection of the widening gulf between the expanding and the declining or stagnating regions.

**Table 4.13 Most Highly Active LAs by Type of Region 1982-88, Sweden**

	'K'Region %	'M'Region %	'B'Region %
1982			
Role 1:Facilitation	4	1	1
Role 2:Stimulation	7	7	8
Role 3:Activation	0	1	0
Role 4:Intervention	0	1	2
1985			
Role 1:Facilitation	8	8	7
Role 2:Stimulation	28	28	40
Role 3:Activation	0	4	7
Role 4:Intervention	8	9	15
1988			
Role 1:Facilitation	12	10	18
Role 2:Stimulation	52	51	71
Role 3:Activation	8	2	20
Role 4:Intervention	20	26	46

Apart from in relation to role 1 in 1982 and 1985 and role 3 in 1982, a greater percentage of the local authorities located within the declining or B region were very highly active than in the K and M regions. This possibly relates to the fact that the municipalities within the K region do not face the

same problems as those in the B region and also that those in the K region may choose methods of tackling problems other than the traditional measures to assist the local economy. For example, initially the local authorities in the K-region were quickest to build up structures for local economic development (role 1), but were gradually overtaken by municipalities in the B-region by 1988. This may be a reflection that municipalities in the K-region have reformulated their local economic policies away from the localization of industry into other channels such as creating a milieu which is attractive to highly qualified, specialist workers required by the new technology.

Finally, even when unemployment and socialist control were controlled for as in the previous analysis, a B-region factor became apparent. Once again municipalities in this region with low unemployment and non-socialist control tended to be more active than their counterparts in other regions. The growing relevance of both the regional divisions used and the emergence of clear 'northern' and 'B' region effects, argue for the pertinence of the spatial dimension in understanding the level of activity.

### Local Authority Type - Britain

A regional classification based on some form of knowledge regions was not available for Britain. Instead a classification based on metropolitan - non-metropolitan areas was used. On the one hand, the metropolitan districts and London Boroughs may fulfil some of the knowledge region criteria (i.e. have universities, cultural facilities, international airports and other communications) and also those for innovation (i.e. large population, highly urbanized, organizationally differentiated etc.). However, on the other, they also face severe problems of a deteriorating urban fabric and "inner city" problems of poverty, high unemployment, poor housing, and other forms of human misery, on a scale totally unknown in Sweden. They are also Labour strongholds (83% of them are Labour controlled). Given these factors, it would be expected that metropolitan authorities will be more active than non-metropolitan.

**Table 4.14 Most Highly Active LAs According to Type of Authority**

Type	Role 1 %	Role 2 %	Role 3 %	Role 4 %
Shire County	85	67	46	51
Shire District	64	44	14	24
Metropolitan District	83	86	62	72
London Borough	58	17	13	4

As can be seen from the above table, the metropolitan districts tend to be much more highly active than all other types of local authorities. What is more surprising here is that the London Boroughs are not more active as they face, particularly the inner London Boroughs, many of the same problems as the metropolitan districts. However, it may be that these, in common with municipalities in the knowledge region in Sweden, utilize measures other than the traditional ones.

#### The Diffusion Effect - Other Local Authorities

Other municipalities can also be a factor affecting a local authority's level of activity in the economic policy field. A number of studies have pointed out that competition between local authorities to attract industry and employment is especially fierce in times of declining employment opportunities and rising unemployment. If one local authority increases its support for industry, neighbouring local authorities may find it necessary or expedient to follow suit or face the risk of losing firms to other areas where they can get a better deal (see Furåker 1984, SIND 1984:8). Robinson (1979) has noted this treadmill tendency in relation to English local authorities.

The availability of time-series data, permitted this possibility to be investigated in the case of Sweden. Local authorities scoring 3 or 4 for at least one role were mapped for the years 1982, 1985 and 1988. The roles were combined in this way for two main reasons: i) no local authority achieved the maximum score for all roles and ii) as has been discussed earlier, it was found for example, that socialist controlled municipalities tended to prefer certain types of activities whereas non-socialist controlled tended to favour others, i.e. local authorities could be highly active in

different ways. Obviously caution has to be exercised in comparing these roles, nevertheless it was considered worthwhile to examine the development of the level of activity over the time period.

In 1982 the number of very highly active municipalities is so small that it is difficult to identify any sort of clustering with the exception of around the Uppsala region, Karlskoga and Östersund. By 1985 the number of very highly active municipalities has increased quite considerably. The clusterings around Karlskoga and Östersund have spread and others have developed around Avesta/Hedemora, Trollhättan/Vänersborg, Kalmar, Västervik and Skellefteå. By 1988 the clusterings around Karlskoga, Östersund, Alvesta/Hedemora, Västervik, Kalmar and Skellefteå have continued to spread and new ones have developed around Karlshamn, Falkenberg/Varberg and Jönköping.

It is difficult to say whether this is a diffusion effect or whether it has simply been caused by, for example, rising unemployment generally. On the other hand, it is very unusual to find a very highly active municipality in isolation in 1988. This would seem to indicate that the possibility that proximity to a very highly active neighbour may stimulate a municipality's own level of activity cannot be ruled out. An area of further research could be to investigate the channels through which organizational policy-makers obtain their ideas when it comes to measures to assist the local economy.

## Conclusions

The analysis carried out in this chapter indicated: firstly, that variations in local socio-economic, political and spatial conditions appeared to be important with regard to the level of activity in relation to the four local authority roles in the local economy; and secondly, that similar variations were important in both Britain and Sweden. The availability of time series data permitted the development of a more nuanced picture of the relationship between the local context and local government capacity for action in the case of Sweden. It showed that the strength of factors in the local context influencing local economic policies may vary over time. For example, it was found that high unemployment did not appear to be directly related to the level of activity at the beginning of the study period. However, as unemployment rose and, more importantly, continued, it

became increasingly closely associated with a high level of activity in the local economic policy field. This can perhaps also explain the close association between unemployment and activity in Britain where unemployment has been higher and of a longer duration than in Sweden.

In contrast, socialist control was found to be most important in the initial stage of the study and then to decline in importance as local authorities became increasingly active. Further, it was also discovered that once a municipality had become active, then it continued to be so even after a "regime shift". The continued close association between Labour control and high activity in Britain may be explained by the fact that the unemployment needs of local residents became politicized in a way totally unknown in Sweden. Confronted by ever increasing unemployment and a national government not prepared to expand employment through traditional counter-cyclical policy mechanisms, local authority measures to assist the local economy became a political issue, with Labour controlled municipalities well to the forefront (see Wolman and Goldsmith, 1992). In many cases local economic policies became the flagship of resistance to national government policies (see Coulson 1993). In other words, this difference in response may best be understood through reference to the conflictual nature of the intergovernmental relationship in Britain (described in Chapter 2).

In both countries, population size was found to be important with regard to the most interventionist role. This can probably be explained by the need for specialist staff and the differentiated organizational structure required by many of the activities included in this role. Although size was found to be more important in Sweden than in Britain in relation to role 1 which concerned activities relating to structures and processes. However, this may be accounted for by the considerable differences in population size between the municipalities in the two countries. Even the smallest local authorities in Britain are large enough to support a more differentiated organizational structure.

In Britain, as in Sweden, a "northern" or "peripheral" region factor appeared. Local authorities in these regions are generally more active regardless of political control or level of unemployment. I.e. even municipalities with relatively low unemployment and/or non-socialist control tend to be more engaged than corresponding local authorities elsewhere. This is in contrast to regions with traditionally low unemployment. Here the level of unemployment is closely associated with level of activity. Similarly in the case of political control, Socialist control

is important in south eastern and central Britain in relation to high activity and the same applies to Sweden. It would appear that some sort of "peripheral region culture" may have developed concerning the role of local government in the local economy.

These findings provide at least some contribution to understanding how social and economic conditions and political arrangements might matter, in the context of time and space, in relation to local economic policies. A picture emerges of local economic policies being shaped by a combination of the force of the economic constraints mediated through the values and ideologies of the actors involved and influenced by regional variations in the local political culture concerning the role of local government in the local economy. Further, whilst acknowledging the uniqueness of place, there would appear to be some forces operating in the local context which would seem to be encouraging a convergence in terms of local economic development policies in both Britain and Sweden. Thus, despite the differences in local government autonomy vis-à-vis national government discussed in Chapter 2, there seem to be important similarities in relation to local government's autonomy vis-à-vis local social and economic forces in terms of its capacity for action in the local economic development policy area.



# 5

## POLICY-MAKING INDEPENDENCE IN THE LOCAL CONTEXT

### Introduction

This chapter concerns the second aspect of local government autonomy i.e. the local authority's ability to develop and undertake its policies independently of other actors. In Chapter 3 these actors were divided into two types, those belonging to the intergovernmental relationship (vertical) and those external to it (horizontal). The focus here is largely on whether and how factors in the local context may influence local government's autonomy with respect to the latter group (i.e. the horizontal relationship). However, attention is also paid to the effect of the local context on local government's autonomy vis-à-vis national government actors active within the particular local authority area (i.e. the specific vertical relationship). The chapter is empirically based and considers the influence of the local context on policy-making independence in the local economic development policy area.

### The Local Context and Policy-Making Independence

In Chapter 3 policy-making independence was considered in terms of a local authority's reliance on other actors in its environment to develop and carry out its policies. Whilst it was established that there were **similarities between** the countries in terms of cooperation with other actors, there were also **differences within** the countries, i.e. not all local authorities were involved to the same extent in contacts with other actors. The question then arises as to whether these variations can be related to similarities and/or

differences in factors pertaining to the local context. In other words, is the local context important in relation to the policy-making independence aspect of local government autonomy? Are there certain local social and economic conditions and political arrangements which appear to encourage alternatively discourage local authority contacts with other bodies?

Preliminarily, it is expected that it is the same mechanisms that lead municipalities to be more or less active with regard to policies to support the local economy that will explain variations in patterns of cooperation (this is explored in detail in Chapter 6). Accordingly, the conceptualization of the local context in relation to a particular policy area developed in Chapter 4 is also used in relation to policy-making independence. Chapter 5 now considers whether factors in the local context are important and, if so, in what way in relation to explaining variations in cooperation with other actors (policy-making independence) in the local economic development policy area.

## The Actors Involved

Earlier it was suggested that certain groups or organizations in the local authority's environment may exert or attempt to exert an influence on its policies. A number of actors who might be important in relation to local economic development policy were identified. These were separated into two types: those belonging to the intergovernmental relationship and those external to it. The former concerned national government bodies (including those at the local and regional levels); and the latter comprised, on the one hand, other local authorities and, on the other, business interest organizations acting at the local level, local firms, local unions and voluntary bodies.

Information was available on local authority contacts with other actors from 1982 to 1988 for Sweden and 1989 for Britain. However, it should be noted that there were some variations in the categorizations of actors used at the different time points. For example, a more disaggregated classification was used for Britain, and for Sweden in 1985 compared with those used in 1982 and 1988. Nevertheless, it has been possible to extract a number of organizations representing these groupings at the national, regional and local level. The contacts referred to here concern cooperation

between the local authority and the organization in question with regard to economic development initiatives. For example, in the case of banks they concern such things as local authority contacts to persuade banks to provide finance for joint schemes, loans, financial advice to firms, or when the municipality stands as a guarantor for small businesses etc. They do not include contacts relating to such things as the payment of local authority employees salaries etc. The categories used are set out in Figure 5.1 below:

**Figure 5.1 Available Data on Different Organizational Categories**

	Sweden 1982	1985	1988	Britain 1989
Government Bodies: nationally		x	x	
regionally	x	x	x	x
locally	x	x		
Venture Trust Funds/Local Enterprise Agencies	x	x	x	x
Business Interest Organizations: nationally	x	x		
regionally			x	x
locally	x	x	x	x
Local Firms			x	x
Banks & Credit Organizations			x	x
Local Unions	x	x		x
Voluntary Organizations				x
Local Government: Other Local Authorities	x		x	x
Assoc. LAs Regional Office	x	x		

The indexes of horizontal and vertical cooperation created in Chapter 3 were also used as a way of summarizing the association between the factors in the local context and the frequency of contacts.

## The Socio-Economic Component

This section now considers whether economic and structural constraints might also influence local government's propensity to engage in cooperation with other actors, and hence its policy-making independence. For example, in areas suffering from persistent high unemployment, the resources at the local authority's disposal may be insignificant in comparison with the size of the problem that it faces. This may have the effect of making the municipality more prepared to enter into joint ventures in its efforts to ameliorate the situation. Population size might also be of importance in a number of ways. Larger municipalities usually have a greater capacity to employ more specialist staff. These may have experience of the business sector and be knowledgeable about obtaining funding for joint projects with the business sector. Larger local authorities, with a sound financial base, may also be regarded as a better "risk" by banks and credit organizations. The degree of urbanization is another possible factor to be considered. It might be the case that the closer proximity between and greater density of contact networks in urban areas could facilitate joint working.

### Unemployment

Although there are considerable differences in the scale of unemployment in Britain and Sweden, it has figured as a serious problem in both countries. It was found in the previous chapter that there was a close association between high unemployment and local authority measures to assist the local economy. The question raised here is: Does the same type of congruence exist between local cooperation and unemployment? Do local authorities, in the unequal struggle against the rising tide of unemployment, become more involved with other actors as a way to gain access to greater resources? Is it the case that the higher the level of unemployment, the greater the degree of cooperation with other bodies?

What is most striking here is the difference between the two types of cooperation. At best, only a weak association was found between high unemployment and cooperation with organizations in the horizontal network (see Table 5.6 below). On the other hand, there was a much stronger congruency between unemployment and cooperation with actors in the vertical network.

**Table 5.1 Association between Unemployment and Cooperation**

	Sweden			Britain
	1982	1985	1988	1989
Gov Bodies: nat.	-	.30***	.35***	-
reg.	.14**	.21***	.15**	.40***
loc.				-
Venture/Enterpr.		.11*		.15**
<b>Vertical coop index:</b>	<b>-</b>	<b>.22***</b>	<b>.31***</b>	<b>-</b>
Bus. Int. Orgs: nat.				-
loc.				-
Local Firms				.09*
Banks	-	-	.09*	.12*
Voluntary Orgs.	-	-	-	.28***
Local Unions	.15**	.15**	-	.33***
Other LAs	.11*	-	.11*	.10*
<b>Horizontal coop index:</b>	<b>-</b>	<b>.09*</b>	<b>.10*</b>	<b>.15**</b>

## Kendall's Tau B

\* significant at .05 level using a one-tailed test

\*\* significant at .01 level using a one-tailed test

\*\*\* significant at .001 level using a one-tailed test

N.B. only values significant at least at the .05 level are reported.

- = No figures available

Beginning with vertical cooperation, in Sweden the relationship was strongest with government bodies at the national and regional levels, declining into insignificance when it came to government bodies at the local level. In the British case, cooperation with government bodies is only available for the regional level. Nevertheless, this also reveals a close association between high unemployment and contacts with such bodies at the regional level. When the index of vertical cooperation is used for Sweden, it shows that the higher the level of unemployment, the more likely the municipality is to engage in regular working with government bodies.

This concordance between high unemployment and cooperation with government bodies in both countries, might be a consequence of that areas

with high unemployment may lack a "business infrastructure" or "enterprise culture" and are thus forced to be more reliant on government bodies as joint working partners. It may be the case that past solutions in areas of high unemployment have been in terms of government programmes of assistance and these may have had the effect of "pacifying" the business structure in these localities.

As pointed out in the previous chapter, unemployment actually decreased between 1985 and 1988 in Sweden, but the closeness of its association with vertical cooperation increased. This raises the issue, once again of whether it is the duration of unemployment that is important. Thus a similar question is posed: Does a period of continual high unemployment, even if the level fluctuates from time to time, foster a climate of dependency on governmental bodies in taking measures to assist the local economy? As a first attempt at exploring this question, unemployment figures for 1982 and 1985 were crosstabulated with the index of vertical cooperation for 1988, and a measure of association calculated. The results are presented below.

**Table 5.2 Association between Unemployment 1982-1988 and Index of Vertical Cooperation 1988**

	Sweden
	Vertical Cooperation
	Index 1988
Unemployment:	1982
	.21***
	1985
	.30***
	1988
	.31***

Interestingly, whilst the relationships were significant, they were not higher than those for 1988 itself. This would seem to indicate that both long-term and short-term unemployment are important. In order to explore this further, an index was created which divided municipalities into those with continuous high unemployment between 1982 and 1988; those with continuous low unemployment<sup>1</sup> over the same period; and those in which

<sup>1</sup> Those with high continuous unemployment are local authorities with above average unemployment at all three time points (67 municipalities) and those with continuous low unemployment were defined as those municipalities with below average unemployment at all three time points (117 municipalities).

the levels had varied. This revealed that, whilst those with continuous high unemployment were most likely to have regular contacts with government bodies, the differences were not very great compared with those municipalities in which the levels had varied. It is only when a comparison is made with those local authorities experiencing continuous low unemployment that the differences become palpable. Municipalities in which unemployment had been below the average during the whole of the study period were much less likely to cooperate with government bodies on a regular basis than either of the other two categories. These findings would seem to reinforce the suggestion made above that both long-term and short-term high unemployment play a role with regard to the intensity of vertical cooperation. Thus whilst continuous high unemployment would seem to firmly cement a relationship of dependency, on the part of local authorities, on government bodies when it comes to seeking solutions to local economic problems, even a shorter experience of high unemployment would seem to be sufficient to trigger off such a relationship.

To sum up briefly, in the case of vertical contacts in both countries, it would appear to be the case that the higher the level of unemployment, the greater the degree of cooperation with government bodies.

Turning to the horizontal linkages, the situation is not as clear cut. In Sweden, the level of unemployment does not appear to play a role with regard to contacts with business interest organizations and only a minor part with regard to other local authorities. There are only very slight differences between municipalities with high or low unemployment when it comes to their propensity to cooperate with business organizations at any level. Even when the index of horizontal cooperation was used only a weak relationship was found between high unemployment and frequent joint working with private sector organizations.

This is an interesting finding as it is joint working with private sector organizations that has increased most during the study period. However, unemployment does not appear to have been a trigger in this development. Rather, it seems as if all types of municipalities have felt the need to develop their own local economy and that business organizations have an important role to play in this independently of the problems the local authority may face. It can be related to the idea of market led regeneration and bringing business interests into the policy-making and implementation process (Moore & Pierre 1988). When similar tests were made for horizontal as for vertical cooperation to see whether long-term high

unemployment might have an effect with regard to lateral linkages, no significant relationships were found.

In Britain, unemployment is only weakly associated with joint working with private sector organizations such as firms, banks and business organizations at the local level. It is only when the frequency of joint working is taken into account, using the index of horizontal cooperation that the relationship becomes of slightly greater importance in relation to local firms/business organizations. Municipalities with very high unemployment are more likely to have regular contacts with local firms than those with low unemployment.

Finally, joint working with local unions is more frequent amongst both British and Swedish local authorities with high unemployment. It may well be that high unemployment necessitates a greater level of activity on the part of the local unions as they fight to retain jobs for their members or seek ways to generate new employment opportunities. This also applies to contacts with voluntary organizations in Britain, when once again municipalities with very high unemployment are much more likely to engage in regular joint working.

To summarize, in both countries high unemployment tends to be more closely associated with joint working with public sector bodies. Whereas the picture is more diffuse with regard to horizontal linkages. On the one hand, unemployment tends not to be associated or only very weakly with contacts with private sector business organizations. In other words, local authorities are developing closer relations with local firms regardless of the level of unemployment. On the other hand, cooperation with non-business private sector organizations, such as voluntary organizations or local unions, is more closely linked to rising unemployment, particularly if the frequency of contact is taken into account.

### Tax Base

It might be expected that local authorities with a weak tax base would be more likely to cooperate with other actors as a way of gaining access to resources and expertise in their efforts to combat problems in the local economy. Once again a clear difference emerged between the horizontal and vertical networks. In the case of cooperation with government bodies, it was the municipalities with weak tax bases that were more likely to be involved in vertical contacts. This applied to both Britain and Sweden. In the latter

case the relationship became stronger over the period of study. When the index of vertical cooperation is used for Sweden, this shows that from a situation in 1985 where there was very little difference in the frequency of joint working dependent on the strength of the tax base, there had developed a negative relationship by 1988. It was the poorest local authorities that tended to work regularly with government bodies. A possible explanation for this might be that unemployment is an underlying factor here i.e. low tax-base and high unemployment might coincide. However, when this was tested it was found that such was not always the case and, when unemployment was controlled for, it was discovered that the municipalities with the weakest tax-bases tended to cooperate more with government bodies than those with stronger bases, regardless of the level of unemployment.

However, in the case of the horizontal cooperation, a different picture emerges. It tended to be the municipalities with a stronger tax base that were more engaged in lateral contacts in both Britain and Sweden. When index of horizontal cooperation was used for both countries, this finding was reinforced. It was the more affluent municipalities that were more likely to be involved with actors in the horizontal network. Although interestingly, in the Swedish case, the relationship had weakened between 1985 and 1988.

Part of the explanation for this difference between horizontal and vertical cooperation might be that local authorities with problem local economies may lack a system of linkages between the firms in their territory and are thus forced to rely more on government bodies as partners in their measures to assist the local economy.

**Table 5.3 Association between Tax Base and Cooperation**

	Sweden 1982	1985	1988	Britain 1989
Gov Bodies: nat.	-			-
reg.		-.11*	-.20***	-.12**
loc.			-	-
Venture/Enterpr.			-.18***	
<b>Vertical coop index:</b>	<b>-</b>		<b>-.13**</b>	<b>-</b>
Bus. Int. Orgs: nat		.12**		-
loc		.16***		.13**
Local Firms	.12**		.12**	
Banks	-	-		
Voluntary Orgs.	-	-	-	.26***
Local Unions	.14**	.12**	-	.26***
Other LAs		-		
<b>Horizontal coop index:</b>	<b>-</b>	<b>.18***</b>	<b>.14**</b>	<b>.19***</b>

**Kendall's Tau B**

\* significant at .05 level using a one-tailed test

\*\* significant at .01 level using a one-tailed test

\*\*\* significant at .001 level using a one-tailed test

N.B. only values significant at least at the .05 level are reported.

- = No figures available

To summarize, in both countries it was found that local authorities with weak tax bases are more likely to work with government bodies to realize measures to assist the local economy. Whereas the opposite was the case for horizontal cooperation. It was the municipalities with a strong tax base that were more likely to have regular contacts with private sector organizations and this applied to both Britain and Sweden.

Population Size

It could also be expected that population size might play a role when it comes to joint working. For example, it may be the case that it is only the larger municipalities that have the capacity, because of their greater organizational differentiation (Blau 1970) and greater ability to employ

specialist staff, to build up a network of contacts particularly with the private sector. Thus, local authorities with large populations may be more likely to be involved in contacts with other actors, both vertically and horizontally.

However, this ignores the possibility that small local authorities in close geographical proximity to each other might well benefit from participating in joint ventures. Individually they might lack sufficient resources to undertake promotional campaigns or to build industrial estates, but would be able to do so if they pooled their resources i.e. they lack the capacity "to go it alone" and might utilize joint working as a way of realizing projects otherwise beyond their means. A similar argument could be put forward with regard to both private organizations and governmental bodies. Thus smaller local authorities, lacking resources both in terms of finance and manpower skills, might well be motivated to enter in to joint working with other organizations, particularly other local authorities.

In both countries it was slightly more common for large local authorities to engage in cooperation with private organizations, particularly with regard to regular joint working. Although in Sweden the difference had reduced with regard to participation as a whole by 1988. However, the dominance of the larger municipalities still remained with regard to the frequency of cooperation as can be seen from the index of horizontal cooperation in Table 5.4 below. This showed that it was more usual in both countries for large municipalities to engage in regular joint working with private organizations than small. This would seem to support the argument that it is the larger municipalities that are more likely to possess the necessary resources in terms of specialized staff and differentiated organizational structures to establish contacts, particularly regular ones, with private sector organizations.

**Table 5.4 Association between Population Size and Cooperation**

	Sweden 1982	1985	1988	Britain 1989
Gov Bodies: nat.	-			-
reg.				.11*
loc.			-	-
Venture/Enterp.			-.17***	.12**
<b>Vertical coop index:</b>				
Bus. Int. Orgs: nat.	.18***	.19***		-
loc.	.13**	.16**	.14**	.15**
Local Firms				
Banks			-.14**	
Voluntary Orgs.	-	-	-	.26***
Local Unions		.09*	-	.27***
Other LAs			-	
<b>Horizontal coop index:</b>				
		.16***	.16***	.20***

**Kendall's Tau B**

\* significant at .05 level using a one-tailed test

\*\* significant at .01 level using a one-tailed test

\*\*\* significant at .001 level using a one-tailed test

N.B. only values significant at least at the .05 level are reported.

- = no information available

Interestingly, population size was not important in either country with regard to cooperation with local firms. This may partly be related to the "ethos" that has developed concerning local government and small firms. It has been seen as particularly appropriate for local government to assist small businesses. However, there was a positive association in the case of business interest organizations. Surprisingly, in Sweden population size appeared to play an increasingly marginal role with regard to joint working with business organizations at the national level over the period of study. Although, it continued to remain important in the case of cooperation with business interest organizations at the local level. This is the opposite to what might have been expected i.e. that it would be easier for smaller municipalities to have contacts with business interest organizations locally

rather than nationally.

Another rather surprising factor emerged in the case of joint working with banks and credit institutions, in Sweden there was a negative relationship with population size, i.e. smaller local authorities were more likely to be involved in joint working with these institutions. Whereas, in Britain the number of inhabitants was not significant, there was minimal difference in this respect between large and small municipalities. This is contrary to what would have been expected, namely that large municipalities would be more likely to possess specialist staff capable of establishing contacts with the banking world and that banking and credit institutions would be more likely to regard larger local authorities as a better "risk" when investing in joint economic development initiatives. Significant relationships are reported in Table 5.4 above.

Turning to vertical cooperation, there was a difference between the countries. In the case of Sweden, it was found that the smaller local authorities tended to participate slightly more in ventures with public bodies, although the relationship was not significant. However, with regard to Britain the situation was not as clear. Whilst it is the largest municipalities that are most likely to have contacts with government bodies, it is the medium sized local authorities and not the smallest that are least likely to engage in such cooperation i.e. there is a curvilinear relationship.

With regard to public/private organizations, the number of inhabitants played a role in opposite ways in the two countries. In the case of Venture Trust Funds in Sweden, population size did not appear to be particularly important until 1988, when it had become more common for the smallest local authorities to be engaged in joint working with these Funds than for larger municipalities. These are a form of semi-public organization and it may be easier for smaller municipalities, with more limited resources in terms of staff and expertise, to develop contacts with these organizations than with purely private sector organizations. On the other hand, in the British case, it was slightly more common for the larger local authorities to have contacts with Enterprise Agencies, although the differences are not very great. However, one reason for this may be the dissimilar locational bases of these organizations. Enterprise Agencies are more likely to be found in urban areas, whereas Venture Trust Funds are organized on a county basis.

To summarize, it would seem that smaller local authorities in both Sweden and Britain are generally less likely to be involved in joint working

with private sector organizations. It could be that they lack the necessary specialist resources to develop the required horizontal contact networks. The absence of such support mechanisms would appear, at least in the Swedish case, to lead them to rely more on government bodies i.e. their vertical network.

### Degree of Urbanization

It would not seem to be unreasonable to assume that the degree of urbanization might be important in relation to cooperation with other bodies. It could be expected that joint working would be more common in more urbanized areas because of such factors as greater physical proximity to other actors, more developed networks of organizations, greater organizational density, facilitating cooperation.

With regard to vertical cooperation (see Table 5.5), there did not appear to be a positive association between urbanization and contacts with government bodies. Indeed in Sweden there seems to be a slight negative relationship, i.e. less urbanized municipalities tended to be more frequently engaged in regular joint working with government bodies than more highly urbanized municipalities. This could, perhaps, be a reflection of the fact that less urbanized local authorities lack or have under developed networks of contacts i.e. physical distance may act as a handicap, limiting their ability to establish contacts with private sector organizations locally. This may lead to a tendency to utilize government bodies and/or semi-public organizations located at the national level, where physical proximity is of lesser importance. Alternatively, it might be a reflection of high unemployment in rural areas. When unemployment was controlled for, it appears to confirm this as 44% of the least densely populated local authorities with very high unemployment were engaged in regular contacts with government bodies as opposed to 24% of the most urbanized municipalities with very high unemployment. In the British case there was also a slight tendency for the least urbanized municipalities to work more with government bodies at the regional level. However, the relationship was not significant. When unemployment was controlled for, the opposite tendency was found, it was the most urbanized local authorities with the highest unemployment that cooperated most with government bodies. This may be a reflection of the differing nature of unemployment in the two countries. In Sweden, pockets of very high unemployment can be found in many of the most sparsely

populated areas, whereas in Britain some of the worst concentrations of very high unemployment are found in the inner areas of the major cities.

**Table 5.5 Association between Degree of Urbanization and Cooperation**

	Sweden			Britain
	1982	1985	1988	1989
Gov Bodies: nat.	-			-
reg.	-.13**	.08*		
loc.	-.12**		-	-
Venture/Enterp	-.09*		-.19***	
<b>Vertical coop index:</b>	-		<b>-.09*</b>	-
Bus. Int. Orgs: nat.				-
loc.	.11*	.16***	.09*	
Local firms				
Banks	-	-	-.15**	
Local Unions	.12**	.11*	-	.26***
Voluntary Orgs.	-	-	-	.24***
Other LAs	-.09*		-	
<b>Horizontal coop index:</b>	-	<b>.13**</b>	<b>.13**</b>	

#### Kendall's Tau B

\* significant at .05 level using a one-tailed test

\*\* significant at .01 level using a one-tailed test

\*\*\* significant at .001 level using a one-tailed test

N.B. only values significant at least at the .05 level are reported.

- = No figures available

There is also a negative relationship when it comes to joint working with Venture Trust Funds in Sweden, weakly apparent in 1982 but much stronger by 1988. In other words it is the least urbanized municipalities which tend to be more involved in this sort of joint working. In Britain, population density does not appear to play a role with regard to Enterprise Agencies. There is practically no difference between the least densely populated municipalities and the most densely populated.

Turning to horizontal cooperation, in the case of Sweden there was a slight tendency for the more urbanized municipalities to work more

frequently with the private sector on a regular basis. However, this did not apply to British local authorities. Unexpectedly, in Sweden, there was a weak negative association between urbanization and joint working with banks and credit institutions. I.e. the least urbanized municipalities are most likely to engage in joint working with these organizations. In the British case population density was of no significance with regard to activities together with banks.

In the case of non-business interests, the picture is more straightforward. It is more common in both Britain and Sweden for more urbanized local authorities to cooperate with local unions. In other words, the more urbanized a local authority, the more likely it is to cooperate and have regular contacts with local unions. A possible explanation, could be that the density of union membership might be greater in urban areas thus stimulating greater activity on the part of the local union. There was also a positive association between urbanization and cooperation with voluntary organizations in Britain. This may be, at least, partly explained by greater physical proximity and density of such organizations in urban areas.

To sum up, urbanization did not seem to be particularly important in terms of local authority contacts with other actors in relation to local economic development policies. It was generally only weakly positively or negatively associated with vertical or horizontal cooperation.

## The Political Component

Turning to the political component, the question is raised as to whether the political variables identified earlier might also have an effect on the local authority's propensity for joint working. For example, it could be speculated that non-socialist controlled municipalities would be more prepared to enter into partnerships with private organizations in order to carry out economic development initiatives, whereas socialist controlled local authorities would be less likely to undertake such ventures for ideological reasons (eg. not subsidizing private capital). Although an alternative suggestion might be that there is a complex intermeshing of public responsibility and private power with regard to the local economy and that some form of local corporatism may exist which fosters cooperation between local government and private organizations irrespective of political control (Hernes & Selvik

1981). Indeed it has been argued (see Moore & Pierre 1988) that the divide between the public and the private has not been as sharp in Sweden as in Britain and it has been more common for municipalities to enter into partnerships with the private sector. Although public-private partnerships have figured in local economic development policies in Britain since the mid 1970s (see Barrett & Boddy 1981). A further possibility is that socialist controlled local authorities, facing severe problems in the local economy, may be more inclined to undertake joint activities in conjunction with government bodies, particularly if there is a socialist government nationally.

Starting with vertical cooperation, socialist control appeared to play a role with regard to joint working with government bodies in both Britain and Sweden. In Britain, information was only available concerning contacts with government bodies at the regional level, but there was a greater tendency for socialist controlled municipalities to be involved in such contacts. Similarly, in Sweden, in 1985, it was considerably more common for socialist than non-socialist controlled Swedish municipalities to work jointly with government bodies, particularly at the national level (see Table 5.6 below). The change in the relationship between 1982 and 1985 might be related to the change in government nationally. In 1982 there was a non-socialist government, whereas 1985 was the socialist government's first mandate period following six years on non-socialist rule. Presumably there was a strong interest from both socialist controlled local authorities on the one side and national government on the other to make the links.

However, by 1988 the relationship was no longer significant. The explanation for this change may lie in the fact that many local authorities changed control and it may be the case that many previously socialist controlled local authorities continued the joint working even after the switch to a non-socialist majority.

**Table 5.6 Association between Socialist Control and cooperation**

	Sweden 1982	1985	1988	Britain 1989
Gov Bodies: nat.	-	.23***		-
reg.		.13*		.32***
loc.		.11*	-	-
Venture/Enterp	.15**	.18**		
<b>Vertical coop index:</b>	<b>-</b>	<b>.14**</b>		
Bus. Int. Orgs: nat.	-.12*			-
loc.				
Local Firms				.11*
Banks	-	-	.10*	
Voluntary Orgs.				.27***
Local Unions	.16**	.23***	-	.45***
Other LAs	-			
<b>Horizontal coop index</b>	<b>-</b>			<b>.12**</b>

## Kendall's Tau B

\* significant at .05 level using a one-tailed test

\*\* significant at .01 level using a one-tailed test

\*\*\* significant at .001 level using a one-tailed test

N.B. only values significant at least at the .05 level are reported.

- = No figures available

This is supported by the findings when political control in 1985 was crosstabulated with joint working in 1988, which resulted in socialist control becoming significant once more in relation to government bodies (see Table 5.7 below). This suggests that, once again, when such channels have been established they may continue to be utilized even after a change in political control.

**Table 5.7 Socialist Control 1985 and Cooperation 1988: Sweden**

	1988
Gov Bodies: nationally	.30***
regionally	.12*
Venture Trust Funds	
<b>Vertical coop index:</b>	<b>.17***</b>

Kendall's Tau B

**Vertical coop index:** .17\*\*\*

Kendall's Tau B

\* significant at .05 level using a one-tailed test  
\*\* significant at .01 level using a one-tailed test  
\*\*\* significant at .001 level using a one-tailed test

N.B. only values significant at least at the .05 level are reported.

Turning to horizontal cooperation, political control did not appear to matter in Sweden. Only in relation to business interest organizations at the national level in 1982 was it more common for non-socialist controlled Swedish local authorities to cooperate with business interest organizations at the national level (see Table 5.6 above). However, by 1985 this had altered and political control was no longer significant, and this continued to be the case in 1988. Even when the index of horizontal cooperation is used concerning the frequency of regular contacts, the difference between socialist and non-socialist controlled municipalities is minimal.

Similarly, in Britain there is very little difference between socialist and non-socialist controlled municipalities when it comes to working with local firms and local business interest organizations. It is only when the regularity of contacts is taken into consideration, using the index of horizontal cooperation, that a very slight predominance of socialist controlled municipalities appears. Thus, contrary to what might have been expected, the business - local government relationship does not appear to be stronger in Sweden than Britain. The developments with regard to the relationship between local government and private business can perhaps be understood in terms of the growth of a political commitment to limiting the role of the State and reducing public sector expenditure and increasing the responsibility of business in policy-making.

To sum up, in Sweden there was very little difference between socialist and non-socialist local authorities in terms of joint working with private

organizations. Whereas, in Britain there was a very slight tendency for socialist local authorities to work more frequently with local firms.

In the case of non-business private sector organizations, not surprisingly, it is more common for socialist controlled municipalities to be engaged in joint working with local unions in both Britain and Sweden (see Table 5.10 above). The relationship is particularly strong in Britain, with Labour controlled local authorities over three times as likely to be engaged in cooperation. Interestingly, Labour controlled municipalities were also more likely to have contacts with voluntary organizations. It would have been expected that this would have been more in keeping with a conservative/liberal philosophy of self-help.

Previous research has suggested that the duration of political control is important in explaining expenditures on local policies (see, for example, Sharpe & Newton 1984). It might well also be the case that the stability of control is important in building up a network of contacts between the local authority and other organizations in its environment. Accordingly, in order to test whether the continuity of socialist control might be important in understanding the degree of joint working, the same variable used in Chapter 4 for those local authorities in continuous socialist control from 1982 - 1988 was applied here. The results presented in Table 5.8 below show that the associations between continuous control and both vertical and horizontal control were slightly weaker than in the case of local authorities where control had been more volatile.

**Table 5.8 Association between continuous Socialist Control and cooperation**

	Sweden		
	1982	1985	1988
Gov Bodies: nat.	-	.21***	
reg.	.10*	.15**	
loc.			-
Venture/Enterp	.12*	.14**	
<b>Vertical coop index:</b>	-		<b>.11*</b>
Bus. Int. Orgs: nat.			
loc.			
Local Firms			
Banks	-	-	-.11*
Voluntary Orgs.			
Local Unions	.15**	.16**	-
Other LAs	-		
<b>Horizontal coop index:</b>	-		<b>.10*</b>

## Kendall's Tau B

\* significant at .05 level using a one-tailed test

\*\* significant at .01 level using a one-tailed test

\*\*\* significant at .001 level using a one-tailed test

N.B. only values significant at least at the .05 level are reported.

- = No figures available

To summarize, little support was found for the assumption that socialist municipalities would be less likely to cooperate with business interests in either Britain or Sweden. Instead it would seem that business interests have become increasingly involved in contacts with local government irrespective of political control. Further, despite the suggested different traditions of public-private relations in the two countries, local authority cooperation with the private sector was not found to be stronger in Sweden than Britain. This can perhaps be located within the context of the wider restructuring of the international economy, the deregulation of markets and the removal of orthodox 'national' government and 'national' company perspectives. Local business actors can no longer rely on these national bodies to 'manage' local economies and must take a greater responsibility themselves (see

Bennett & Krebbs 1991). Local government can represent an important resource for these actors. At the same time, local government has come under increasing pressure from problems such as rising unemployment and declining industries, whilst finding itself in straitened financial circumstances. This may cause it to turn to other organizations in its environment regardless of which party is in control.

## The Spatial Component

Regions, regardless of how they are defined (see Schmitter & Lanzalaco 1989), are socio-spatial units. Embedded in them are schemes of perception, conception and action which can lead to socio-spatial distinctions (see Paasi 1991). There can be economic, political, social and cultural differences between regions. These may shape or influence the relationship between local government and actors in its environment.

### Knowledge Region Classification: Sweden

Spacial linkages are not necessarily neatly packaged into contiguous geographical areas. Regions can be constituted by contact flows between areas that are not physically adjoined to each other. Accordingly, the regional classification described in Chapter 4 which divides Sweden up into 3 regions: a knowledge region (K region); a traditional region (B region) and a middle region (M region) was also utilized in relation to local authority cooperation with other bodies. These regions have certain characteristics that might be expected to influence local authorities' propensity for cooperation with other actors. For example, the K region is not only an expanding region, one of its main characteristics is that it is united by a complex web of physical, social and organizational networks. On the other hand, the B region represents a declining or stagnating region which has long been the subject of governmental regional policies. This may have encouraged the development of a "habit" of relying on government aid to solve unemployment and other problems.

For purposes of simplification, only the indexes of vertical and horizontal cooperation are reported in the tables in the following section. These provide a useful summary of the two types of networking and avoid the highly complicated tables which otherwise result if the disaggregated

variables are utilized.

Starting with vertical cooperation, it would clearly appear to be the case that local authorities in declining regions will work more frequently with government bodies than those in the growth regions.

**Table 5.9 'K' Regions and Vertical Cooperation Index**

Score	B		M		K	
	1985	1988	1985	1988	1985	1988
	%	%	%	%	%	%
0	20	2	39	5	43	10
1	22	25	17	52	18	50
2	58	73	43	43	39	40

B = Traditional Industrial Region (declining)

M = Middle Region

K = Knowledge Region (expanding)

Indeed it would seem that the differences between the regions in this respect have been increasing during the period of study. There is a clear tendency for municipalities in the B region to increase their reliance on government bodies as partners in projects to assist the local economy. As can be seen from Table 5.9 above, local authorities in the B region are much more frequently involved in vertical cooperation than those in either the M or K regions. This would seem to support the idea that such areas have developed a dependency relationship with government bodies. They have become accustomed to being the recipients of solutions and funds from "above", which may have had a pacifying effect on their efforts to look "inwards" to the resources available within their own territory. They may lack or have only weak contact networks and, as a consequence of past solutions, they may have failed to nurture these. Thus they are forced to fall back on government bodies when they require partners in order to realize a project.

If the disaggregated variables are considered briefly, it is in relation to joint working with government bodies at the national level that the regional difference is most marked. It is most frequent in the B region and least in the K region and this differential has grown over the period of study. When

it comes to government bodies at the regional level and Venture Trust Funds, the differences are much smaller.

It could be argued that these findings are simply a reflection of the generally higher level of unemployment and greater concentration of socialist control in this region. In order to test whether this was the case, crosstabulations were carried out controlling for these factors. It was found that even those municipalities in the B region which were not socialist controlled and did not have high unemployment tended to be more engaged in contacts with government bodies than their counterparts in the other regions.

Turning to horizontal cooperation, surprisingly the differences between the regions are far less noticeable, as can be seen in Table 5.10 below.

**Table 5.10 'K' Regions and Horizontal Cooperation Index**

Score	B		M		K	
	1985 %	1988 %	1985 %	1988 %	1985 %	1988 %
0	17	3	20	2	27	2
1	15	5	7	8	16	10
2	27	23	43	35	22	30
3	23	46	12	36	14	40
4	18	24	17	19	20	18

---

B = Traditional Industrial Region (declining)

M = Middle Region

K = Knowledge Region (expanding)

Contrary to what might have been expected, the municipalities in the K region tend, in general, not to be more involved in joint working than municipalities in the other regions, with regard to horizontal cooperation. This may be a reflection of the fact that they not only tend to face less problems in their local economies but also that they perhaps seek solutions other than those captured in this study. It may also be that the ideological climate fostering closer relationships between the public and private sectors has also had an impact in the declining regions. A possible difference may be that in these regions the impetus has come from above, i.e. national

government has been instrumental in encouraging public-private partnerships. Whereas in the expanding regions the initiative to establish such cooperation may have come from below i.e. may be locally led.

Briefly considering the more disaggregated variables, it tended to be more common for local authorities in the M and B regions to be more engaged in joint working with business organizations at the national level. When it comes to business organizations at the local level there is a slight tendency for this to be more common amongst municipalities in the K region although this has largely disappeared by 1988.

To summarize, with regard to vertical cooperation, it was more common for local authorities in the declining region (B-region) to be engaged in joint working with government bodies. However, in the case of horizontal cooperation, the regional differences were very slight. The greater tendency of municipalities in the B region to work with government bodies and business interest organizations at the national level may be a reflection of a weak contact network at the local level or the absence of such a network, forcing the municipality to make greater use of organizations outside the local area.

#### Local Authority Type: Britain

As mentioned previously, a 'K' region classification is not available for Britain. However, British local authority types do distinguish between metropolitan and non-metropolitan areas and it might be expected that some of the characteristics displayed by the K or metropolitan region might be exhibited by the metropolitan districts and the London Boroughs. The shire counties and districts are generally less urbanized, although the shire districts do include large cities such as Bristol and Stoke.

Further, as was pointed out earlier, a vertical index of cooperation was not available for Britain. Thus making it difficult to draw any firm conclusions with regard to joint working with government bodies. However, briefly mentioning the more disaggregated analysis regarding contacts with regional government bodies. The metropolitan districts which are, generally speaking, located in the declining regions and face severe problems of unemployment and inner city decay were most frequently involved in such contacts (67%). On the other hand, the London Boroughs were the least likely to engage in this type of cooperation (13%).

The use of the local authority type classification reveals greater

differences between local authority categories. It has been argued that not only are **between** region differences increasing, but also **within** region differences (see, for example, Champion & Green, 1992). These local authority types are variously represented in the different regions. It is the most micro level of analysis used and this possibly permits these within region differences to be brought out. Turning to horizontal cooperation, these differences can be seen in Table 5.11 below.

**Table 5.11 Local Authority Type and Horizontal Cooperation Index: Britain**

Score	Shire County %	Shire District %	Metropolitan District %	London Borough %
0	0	2	0	9
1	0	5	0	13
2	16	18	3	26
3	11	35	14	26
4	73	39	83	26

What is very apparent here is that metropolitan districts, despite their problems of decline and unemployment, are more inclined to be engaged in contacts with private organizations and the London Boroughs least likely, which is contrary to what was expected. However, the metropolitan districts are the major cities outside London and thus they may be a "cross-cutting" category, combining aspects of both knowledge and declining regions. Thus it would seem that the argument put forward in the previous section concerning close-knit contact networks would seem to apply to the metropolitan districts. In the case of the London Boroughs it may be, with the exception of some of the inner Boroughs which suffer from similar problems of urban decay as the metropolitan districts, that these local authorities face problems of over development and over concentration. They may well engage in cooperation with the private sector, but this may concern projects of a different nature which are not included in the activities investigated in the surveys utilized in this study.

In short, it is the metropolitan districts which, by and large, are located in the problem regions that engage most in both types of cooperation. As mentioned above, part of the explanation for this could be that these local authorities combine features from both the knowledge and traditional region categories.

## Geographical Region: Sweden

If the more traditional regional divisions are used, a similar pattern emerges as for the knowledge region classification. There is a noticeable difference between regions with regard to vertical cooperation, but once again only slight variations in the case of horizontal cooperation.

Turning first to vertical cooperation, geographical location seems to play a role when it comes to joint working with government bodies at the national level. Local authorities in northern Sweden are much more likely to be engaged in frequent joint working with government bodies than those in southern Sweden (Götaland) as can be seen from Table 5.12 below. This difference becomes greater during the period of study particularly between municipalities in northern and southern Sweden.

**Table 5.12 Regions and Vertical Cooperation Index: Sweden**

Score	Götaland (southern)		Svealand (central)		Norrland (northern)	
	1985	1988	1985	1988	1985	1988
	%	%	%	%	%	%
0	39	5	26	4	20	2
1	18	49	23	39	19	20
2	42	46	52	57	61	78

When the disaggregated analysis is taken into consideration, the regional differences are most striking at the national level. For example, by 1988, 94% of municipalities in northern Sweden were engaged in joint projects with government bodies at the national level compared with 57% in southern Sweden. Local authorities in northern Sweden would seem to place greater weight on joint working with these bodies. In the case of other levels of government bodies and Venture Trust Funds, municipalities in the northern region are only slightly more inclined to participate in joint ventures than those in the central and southern regions.

The greater propensity of local authorities in the northern region to work with public bodies may be a consequence of the fact that many of these areas lost control over the local and regional labour markets early and the major employers in these localities became dependent on decisions taken

elsewhere. Cooke (1989) has characterized such areas as lacking the capacity to stimulate local subcontracting networks; as having only a vestigial 'enterprise culture'; as being heavily dependent on public expenditure; and as being places:

... in which the values of sociability, community, egalitarianism and social justice figured more prominently in political debate than questions of competition, monetary value, units costs and performance indicators in the public sector (Cooke 1989:25).

These areas favoured the use of the state for the provision of health, education and welfare services rather than the allocative mechanisms of the market. This would seem to apply to the northern region in Sweden. When political control and unemployment were controlled for in a similar way as for the knowledge region classification, local authorities in the northern region tended to cooperate more with government bodies than their counterparts in other regions, even when they did not have high unemployment or were not socialist controlled.

Turning next to horizontal working, here the regional differences are very slight. Although what is most interesting is the strong growth in the frequency of horizontal cooperation in Norrland. This runs contrary to what would have been expected i.e. that joint working with private organizations would have been lower in this region as it has long suffered from decline and high unemployment.

**Table 5.13 Regions and Horizontal Cooperation Index: Sweden**

Score	Götaland (southern)		Svealand (central)		Norrland (northern)	
	1985	1988	1985	1988	1985	1988
0	24	2	12	0	20	6
1	11	8	9	7	20	6
2	38	32	29	32	24	14
3	11	36	27	42	17	55
4	15	22	23	19	19	20

Finally, turning to the disaggregated analysis, with regard to business organizations, the same trend appears for all regions, of a decline in joint working with such bodies at the national level and a levelling out of regional differences in the case of joint working with such bodies at the local level. This may be the effect of a new spirit of partnership at the local level between the public and private sectors, fostered by ideological changes at the national level concerning the role of government in the economy. Thus local authorities seek to mobilize private sector resources to perform tasks or solve public policy issues (see Moore & Richardson, 1989).

When it comes to horizontal cooperation, it would appear that a process is under way which is leading to a shift in cultural values and the acceptance of a closer public-private relationship particularly in relation to the economy. This is possibly a consequence of political and ideological pressure to stimulate and preserve an entrepreneurial culture (see, for example, Banekov et al. 1989, Bennett & Krebbs 1991, Fox Przeworski 1986, Moore & Richardson 1989).

### Geographical Region: Britain

The same regional classification is used as in Chapter 4. Whilst an index of vertical cooperation was not available, the picture emerging from the disaggregated analysis is that the regions comprising the north of England (Northern, Yorkshire and Humberside, and the North West) tend to be more engaged in contacts with government bodies at the regional level. Whereas, the South East region tends to be the least likely to be involved in cooperation with such bodies.

Turning to horizontal cooperation, the regional differences were greater in Britain than Sweden. This might possibly be a consequence of the more disaggregated regional classification utilized for Britain. However, in common with Sweden, the frequency of cooperation was not in the direction expected. Once again it was the local authorities in the declining peripheral regions (particularly those constituting the north of England), and not the more prosperous South-East region, which were most heavily engaged in horizontal cooperation.

**Table 5.14 Region by Horizontal Cooperation Index: Britain**

Region	Score				
	0	1	2	3	4
	%	%	%	%	%
Northern	4	4	13	29	50
Yorks & Humberside	0	0	14	15	71
E. Midlands	0	6	34	26	34
E. Anglia	0	5	5	29	62
S. East	5	6	22	28	40
S. West	0	0	14	35	51
W. Midlands	0	3	21	30	46
N. West	4	4	7	32	54
Wales	0	9	9	52	30

Possibly, these findings may best be understood through reference to national government's efforts to construct business involvement in local government economic policies from above (see Cochrane 1991). Such attempts may have been most extensive in the peripheral regions as a way to replace a politically unpopular (with national government) regional policy which had directed government funding to these declining areas in the past. The idea is that too great a level of government help has nurtured a climate of dependency in these regions and discouraged self-reliance. It has tended to suppress local initiatives and self-help and what is necessary now is to involve the business sector in building up these areas and developing an enterprise culture.

## Conclusions

The comparative analysis revealed some interesting similarities between the countries with regards to the influence (or non-influence) of factors in the local context on policy-making independence in the local economic development policy area. Similar patterns emerged in Britain and Sweden with regard to both vertical and horizontal cooperation. Further, the longitudinal analysis for Sweden permitted consideration to be given to how the effects of socio-economic, political and spatial factors might vary over time.

To summarize, starting with vertical cooperation, firstly, in both countries

high unemployment and weak tax base were associated with joint working with government bodies. The availability of time-series data for Sweden, showed that both long-term and short-term unemployment were important in building up contacts with government bodies. There was also a tendency for the poorer local authorities to become more dependent on vertical networks over the period of study. Secondly, socialist control was found to matter in Britain and in Sweden in 1985. However, it declined in importance in Sweden and was no longer significant by 1988. Part of this change may be accounted for by the loss of socialist control in many municipalities. It would seem that once the channels of assistance have been established they continue to be exploited even after a regime shift. Thirdly, it was found that municipalities located in areas which have long suffered from economic restructuring and unemployment were more likely to cooperate with government bodies. In both Britain and Sweden a "northern" or "peripheral" region factor appeared. Local authorities in these areas were more engaged in contacts with government bodies irrespective of level of unemployment or political control. These findings suggest that particular local social and economic conditions and political arrangements, within a spatial context, contribute to understanding local government vertical cooperation with regard to economic development policies.

However, when horizontal cooperation is considered, the picture changes, but is once again similar in both countries. The influence of the local context becomes unclear. Firstly, unemployment was only very weakly associated with contacts with the private sector. Instead it was the larger, more urbanized municipalities with a strong tax base that tended to be most involved in horizontal cooperation, although none of the relationships were particularly strong. These factors may be related to the possession of resources in terms of specialized staff and differentiated organizational structures needed to develop contacts with the private sector, facilitated by size and a strong financial position. Secondly, political control did not appear to matter when it comes to contacts with the private sector. In neither country were socialist local authorities less likely to build up lateral links with business interests. Indeed in Britain a weak tendency was apparent for them to work more regularly with such organizations. Thirdly, regional differences did not manifest themselves in the same way as for vertical cooperation.

Thus, in the case of horizontal cooperation, it was difficult to find factors which were strongly associated with lateral contacts and this was apparent

in both Britain and Sweden. Horizontal contacts appear to have increased across the board, but it is difficult to identify any specific influences. It would seem to be part of a wider ideological change taking place concerning the role of government in the economy and of the relationship between the public and private sectors at the local level. What has been happening can perhaps best be understood in terms of a shift in the political environment which emphasizes the corporate responsibility of the private sector and its role in the formation and implementation of public policy. In turn, local authorities may be interested in incorporating business interests within policy-making if these possess resources that can be utilized in the development or carrying out of local economic development policies. Public-private partnerships would appear to have become an integral part of local authority involvement in economic development.

To sum up, some understanding of local government's propensity for vertical cooperation in the local economic development policy area is provided by the local context. Economic constraints, mediated through political actors, coupled with spatially related differences seem to exert an influence on local government contacts vis-à-vis national government bodies and consequently its policy-making independence. However, in the case of horizontal cooperation, no such clear pattern of influence on the part of the local context appears. Instead what emerges is a more diffuse picture of a general increase in the importance of the private sector in local government economic development policies in both countries. In order to make sense of this it is necessary to make recourse to wider ideological changes in society prevalent in both Britain and Sweden concerning the public-private relationship. These permit or even foster a closer association between local government and private business. A characteristic of the local economic development policy area is its "mixed-economy" nature, making it particularly receptive to these ideological changes. Thus current trends would appear to have the effect of further blurring the public-private distinction in this policy area with consequences for local government policy-making independence vis-à-vis local economic and social actors.

# **6**

## **PATTERNS OF AUTONOMY**

### **Introduction**

Chapter 3 argued that there were two aspects of local government autonomy: capacity for action (considered in terms of local authorities' efforts to develop their ability to assist the local economy) and policy-making independence (treated in terms of their ability to pursue their measures to assist the local economy independently of other actors). Chapters 4 and 5 analyzed these two aspects in relation to the influence of the local context. This chapter now tries to put the pieces together. It explores whether there is a relationship between the two aspects and the form(s) it may take in relation to local economic development policy. Two comparisons are made, one between countries and the other over time (Sweden). Finally, an attempt is made to assess the relationship between the local context and the form local authority autonomy takes.

### **The Relationship**

A number of writers (see, for example, Hansen & Kjellberg 1976, Lindley 1986 and Lundquist 1987) have distinguished between two aspects of autonomy, one relating to freedom from external constraints and the other to the ability to take action. Both aspects are seen as necessary, but the way in which they relate to each other is generally not elaborated. For example, whether an increase/decrease in one aspect will lead to a corresponding increase/decrease in the other. Or whether it is a zero-sum game in which an increase in one will lead to a decrease in the other. In the case of Lundquist, Lidström (1991) has suggested that they are treated as independent of each other. He points out that according to Lundquist's

model, actors with considerable freedom of action available are not more likely than anyone else to have a large capacity for action i.e. that actors with a large capacity will not necessarily have a large freedom of action or vice versa. It may well be the case that there is no fixed relationship between capacity for action and freedom of action, but rather that it can vary both over time and from policy area to policy area. Thus for example, as Lidström found in the case of Swedish education committees, the two aspects may be independent of each other.

One way of approaching this problem has been put forward by Pierre (1992) who differentiates between strategies for autonomy and integration in the local political economy. In his terms a strategy for autonomy (night-watchman model) implies passivity both on the part of the local authority vis-à-vis the local economy and on the part of local economic actors vis-à-vis the municipality. There is little or no cooperation between the two sectors. On the other hand, an integration strategy (mobilization model) involves the municipality building up and participating in an active network with firms and engaging itself in local economic problems. Local economic actors are also active, placing demands on the local authority for services and other assistance for businesses. The two sectors work actively together.

Two other combinations are possible. An integration strategy on the part of the local authority can be combined with an autonomy strategy on the part of local economic actors (steering model). This means that the municipality has an active economic development policy, but that local business is passive and has little involvement in this policy. If the situation is reversed, a local authority autonomy strategy can be combined with an integration strategy on the part of the local business sector (dependency model). In this model it is the local economic actors who are the driving force in local economic development, whereas the municipality plays a passive role.

The view taken of local autonomy here is somewhat different from that adopted by Pierre. It is built on the argument that, in order for a local authority to be autonomous with regard to its local economy, it must possess the necessary resources to be able to act independently (Elander 1991, Harding 1990, Hill 1984, Rhodes 1988). Thus a local authority autonomy strategy, from the point of view of this study, would involve activity and not passivity on the part of the municipality vis-à-vis the local economy. It must also have policy-making independence, i.e. it must be able to devise, develop, and carry out its policies and activities

independently of other actors.

The intention here is to explore how these two aspects of autonomy relate to each other within the local context with regard to the policy area, local government measures to assist the local economy. As was pointed out above, these aspects may function independently of each other. However, another possibility is now considered: it might be the case that there may sometimes be a negative relationship between capacity for action and policy-making independence. In other words, the more a local authority develops its capacity for action, the more reliant it may become on other actors and, hence, the more likely it is that its policy-making independence will be constrained. It can be speculated that this may be particularly evident in policy areas where the boundary between public and private is more diffuse. In areas such as childcare and care of the elderly, municipalities are being encouraged to cooperate with the private sector in the provision of services. Whilst this may be a way for them to extend their capacity for action in a time of shrinking resources, it may have consequences for their ability to take decisions and pursue their policies independently of others.

The aim of this chapter is to test whether this is the case in relation to local authority economic development policies, which as mentioned previously, is also a policy area characterized by a close interplay between the public and the private. The intention is to analyze the form and pattern behind this relationship.

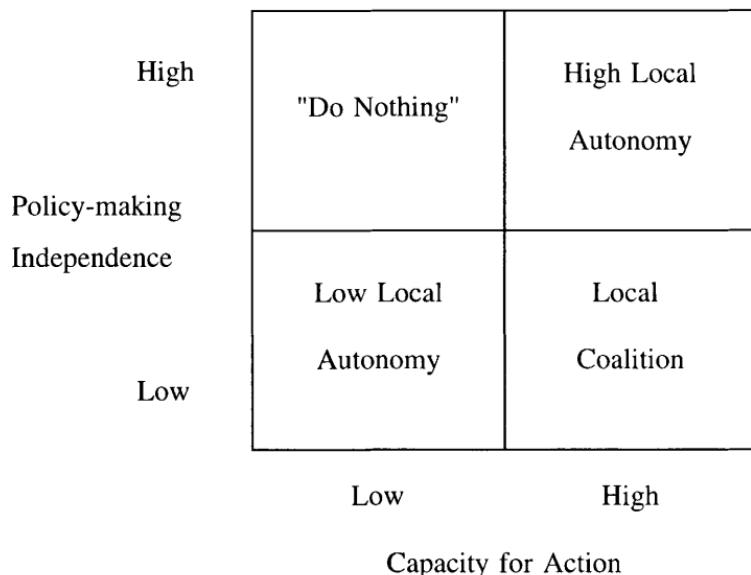
## An Alternative Model

An alternative way of conceptualizing the relationship between capacity for action and policy-making independence is shown in Figure 6.1. below. This figure suggests that it may be possible for these two aspects to combine in different ways which, in turn, may have differing impacts on local government's potential for autonomy.

Beginning with the more straight forward cases: the lower left hand and the upper right hand squares. A local authority in the bottom left hand square would have both limited policy-making independence and a low capacity for action and thus little potential for autonomy. In other words it is seen as having **low local autonomy** in that it has little resources for taking action itself, and relies heavily on others for those it does undertake

(cf. Pierre's dependency model). A municipality in the top right hand square would, on the other hand, have both considerable policy-making independence and a high capacity for action and thus a greater potential for autonomy. Such a local authority is seen as having **high local autonomy** as it has well developed resources itself and relies very little on others in developing its policies and carrying out its measures to assist the local economy (cf. Pierre's steering model).

**Figure 6.1 Different LA Local Economic Development Policy Types**



Turning to the remaining types, a local authority in the top left hand square would have considerable policy-making independence but a low capacity for action. In Lundquist's terms the municipality has a greater policy-making independence than it succeeds in utilizing, thus reducing its potential for autonomy (cf. Pierre's night-watchman model). Here it is classed as a "**do nothing**"<sup>1</sup>, as it lacks the resources necessary for taking action and does not choose or is unable to cooperate with others as a means

---

<sup>1</sup> This is in relation to the more traditional measures to assist the local economy considered in this study. It is possible that such local authorities are active in other ways to assist the local economy such as creating an attractive environment for highly qualified workers such as those employed in the knowledge industries.

of gaining access to greater resources. A local authority in the bottom right hand square would, on the other hand, have limited policy-making independence but a high capacity for action. In Lundquist's terms this means it has a surplus capacity for action which once again reduces its potential for autonomy (cf. Pierre's mobilization model). Here it is seen as becoming part of **a local coalition** as, in order to carry out its activities, it cooperates with other local interests.

## Testing the Relationship

### Operationalization

In Chapter 3, indexes were created for the four different roles a local authority could pursue with regard to measures to assist the local economy and for the general pattern (i.e. an aggregate variable). These indexes measured the level of activity with regard to each role and were seen as a way of estimating a local authority's capacity for action. Similarly in Chapter 5, an index was created measuring the degree of horizontal cooperation. This was seen as a means of making a crude approximation of the independence of a municipality's policy-making with regard to local social and economic actors<sup>2</sup>.

Dichotomized forms of these indexes were crosstabulated with each other in order to test whether any relationship exists between capacity for action and policy-making independence<sup>3</sup> with regard to the horizontal relationship. The results of crosstabulating municipalities' capacity for action and their

---

<sup>2</sup> See Chapters 3 and 5 for details of these indexes.

<sup>3</sup> Firstly, they were dichotomized, in the case of the role indexes into those municipalities scoring 3 or more (i.e. high capacity for action) and those scoring 2 or less (low capacity for action). And, in the case of the joint working index, into those scoring 3 or more (limited policy-making independence i.e. high dependency on other actors), and those scoring 2 or less (considerable policy-making independence i.e. low dependency on other actors). 3 was taken as the breakpoint as this meant that a municipality engaged in joint regular working with at least one category of organization in the horizontal network. This was considered important as it was this type of regularly recurring joint working that was regarded as having more serious implications for the independence of a municipality's policy-making.

policy-making capability for the periods 1985 and 1988 for Sweden<sup>4</sup>, and for 1989 in the case of Britain are presented below, beginning with the general picture and then considering the different roles individually.

### The General Pattern

The first figure illustrates the general pattern, both with regard to developments over time in the case of Sweden, and between Britain and Sweden at the end of the 1980s.

**Figure 6.2 Aggregate Variable**

		Sweden			
		1985		1988	
High Policy-Making Independence	High	40% (109)	24% (66)	17% (46)	21% (56)
	Low	16% (43)	20% (56)	11% (31)	51% (139)
	Low	Capacity for Action		Low	High
		Britain			
		1989			
High Policy-Making Independence	High	7% (24)	16% (54)		
	Low	12% (40)	64% (213)		
	Low	Capacity for Action			

This figure represents a summary of local authority measures to assist the local economy. The trend which is noticeable here with regard to Sweden

---

<sup>4</sup> 1982 was not included as the breakdown into regular and occasional contacts was not available in the same form as for 1985 and 1988.

is that, as local authorities have increased their capacity for action from 1985 to 1888, there has been a tendency for their policy-making independence to reduce. In other words, there has been a movement from a "do nothing" position to involvement in a local coalition with local social and economic actors. Only a fifth of municipalities have managed to combine a high capacity for action with considerable policy-making independence, i.e. retain high local autonomy. Further, this has decreased from 1985 to 1988, from over 1/2 of all those with a high capacity in 1985 to less than 1/3 in 1988.

It can be seen that a similar pattern is also discernable for British local authorities, the greater the extent to which a municipality attempts to develop its capacity for action in terms of economic development policies, the more it would appear to constrain its policy-making independence. Only 1/5 of all those with a high capacity are able to combine it with high integrity, i.e. achieve high local autonomy. It is interesting to see the similarity between Britain and Sweden with regard to the development of a coalition between the municipality and local social and economic actors. Only a few years ago scepticism was expressed concerning the possibility of local corporatism in relation to British local government (see, for example, Cawson 1985). However, it would seem, particularly in the light of local government economic development policies of the late 1980s, that this is no longer so inappropriate (see also Cochrane 1991).

A further question now arises. Is this relationship the same for all four local authority roles in relation to the local economy (i.e. facilitation, stimulation, activation and intervention)? Or is it the case that the more the role adopted is one which tries to intervene and regulate (i.e. activation and intervention), the more the corporatist tendencies appear? A number of British writers have argued, concerning the most interventionist local authorities in Britain, (see for example Cochrane 1989, 1991, Duncan & Godwin 1985) that these authorities were unsuccessful in their attempts to extend their horizontal autonomy. Instead, their efforts resulted in what Harding (1990) has termed *municipal corporatism*. In other words, local government in Britain has moved into a closer collaboration with the private sector and has built alliances with local and non-local business interests acting locally.

A similar development has previously been charted in Scandinavia (see, for example, Hernes & Selvik 1981). It has been argued that trends in these countries to decentralize responsibilities from national to local government,

the introduction of "frame laws" placing more discretionary power at the local level, coupled with a worsening economic climate, have fostered closer relationships between industry and local government and encouraged the development of local corporatism.

### Differences Between LA Roles in the Local Economy

Starting with role 1: facilitation which is the least interventionist, it can be seen that, in Sweden, there is an increasing tendency for a high capacity for action to be combined with limited policy-making independence between 1985 and 1988 i.e. there is a growth in involvement in local coalitions. For example, just over half of all municipalities with a high capacity for action in 1985 (the two right hand squares) managed to combine it with considerable policy-making independence (i.e. achieve high local autonomy), but this had declined to less than a third by 1988. In other words, the movement from "doing nothing" has been towards participation in coalitions together with other local interests (horizontal networks).

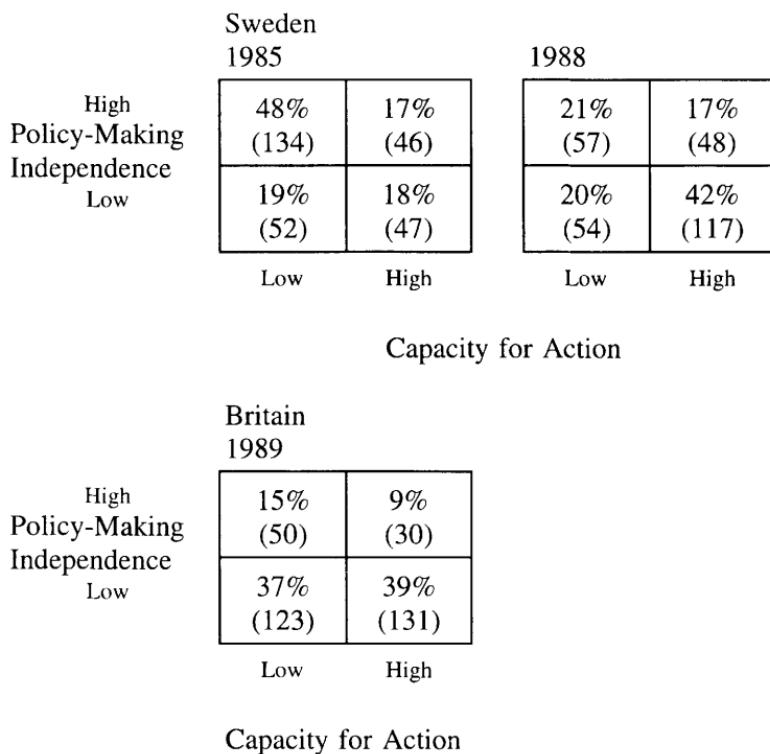
**Figure 6.3 Role 1: Facilitation**

		Sweden	
		1988	
		Low	High
High Policy-Making Independence	48% (134)	17% (46)	24% (65)
	19% (54)	16% (45)	27% (79)
Low			33% (92)
		Capacity for Action	
		Britain	
		1989	
High Policy-Making Independence	10% (34)	14% (46)	
	22% (73)	54% (181)	
Low			
		Capacity for Action	

A similar tendency is disclosed for Britain, with only a fifth of all local authorities with a high capacity for action (the two right hand squares) being able to combine it with considerable policy-making independence (i.e. high local autonomy). (This can be compared with almost a third in the case of Sweden.) Once again, in common with Sweden, there are very few adopting a "do nothing" position and a large number are involved in forming a local coalition.

The same trend is present in relation to the second role: stimulation, as can be seen in Figure 6.4. below. Once more almost half of all Swedish municipalities with a high capacity for action also possessed considerable policy-making independence (i.e high local autonomy) in 1985 and, yet again, this had declined considerably by 1988 with a clear rise in the number participating in a local coalition. Similarly, it is apparent that the move from "do nothing" has been in the direction of a local coalition.

**Figure 6.4 Role 2: Stimulation**



Less than a fifth of all British local authorities, compared with almost a third of Swedish, that are very actively pursuing the development of their capacity for action are, at the same time, able to maintain a high policy-making independence (i.e. high local autonomy). Again there are few local authorities "doing nothing". However, in the British case what is very clear in relation to this role is the high occurrence of contacts with other actors in the horizontal network. Local authorities are fairly evenly split between low local autonomy and involvement in local coalitions with other social and economic actors.

The pattern in relation to the next most interventionist role: activation, is illustrated in the following figure. A similar decline, as for the previous role, in the proportion of Swedish municipalities able to maintain high local autonomy has taken place in the case of this role between 1985 and 1988. Once more, the move from "doing nothing" has been in the direction of a municipal coalition of interests in the local economic policy area.

**Figure 6.5 Role 3: Activation**

		Sweden			
		1985		1988	
		High	Low	High	Low
High Policy-Making Independence	High	42% (118)	22% (62)	18% (50)	20% (55)
	Low	17% (48)	18% (51)	47% (129)	15% (42)
Capacity for Action					
		Britain			
		1989			
		High	Low	High	Low
High Policy-Making Independence	High	8% (27)	16% (53)	63% (209)	14% (45)
	Low				
Capacity for Action					

This is the role which British local authorities pursue most actively. Only a fifth of all local authorities with a high capacity for action have been able to combine it with a high degree of policy-making independence (i.e. high local autonomy) compared with nearly a third of Swedish municipalities in the same position. Thus local public-private integration would appear to be even greater with regard to this role, particularly in the British case.

The change over time in the Swedish case is particularly striking in relation to role 4: intervention. In 1985 it would seem that this succeeded fairly well as a strategy that Swedish municipalities could pursue to increase their capacity for action and at the same time retain a high policy-making independence. Comparing the figures in the upper and low right hand squares for 1985, it can be seen that the municipalities with a high capacity in relation to this role are slightly weighted in favour of those municipalities able to achieve high local autonomy. It also compares very favourably with the other roles in this respect i.e. it is the one in which municipalities are best able to pursue a high local autonomy strategy. However, by 1988 the situation has changed considerably. The dramatic increase in capacity on the part of municipalities in relation to this role has not been matched in terms of maintaining a high degree of policy-making independence. Now only a third of municipalities with high capacity are able to maintain high local autonomy. It seems that, in a period of greater financial stringency, municipalities find it difficult to increase their level of activity, without at the same time increasing their dependency on other actors. Once again this has implications for the local public-private relationship.

Similarly, less than a fifth of British local authorities, compared with a third of Swedish, with a high capacity are able to maintain high local autonomy. Once again in both countries few local authorities are "doing nothing" and a large proportion of municipalities are involved in local coalitions. Thus a common tendency in both countries would appear to be that it is difficult to develop a high capacity, particularly with regard to the more interventionist roles (activation and intervention), and at the same time retain policy-making independence.

**Figure 6.6 Role 4: Intervention**

		Sweden			
		1985		1988	
		High	Low	High	Low
High Policy-Making Independence	40% (111)	25% (69)		13% (36)	25% (69)
	15% (43)	20% (56)		12% (34)	50% (137)
		Low	High	Low	High

Capacity for Action					
		Britain			
		1989			
High Policy-Making Independence	14% (46)	10% (34)			
	27% (90)	49% (164)			
		Low	High		

Capacity for Action					

Thus it would seem to be the case that the more interventionist a local authority becomes with regard to the local economy, the more it becomes characterized by "municipal corporatism".

## Patterns of Autonomy - the Role of the Local Context

The question arises next: Do the municipalities exhibiting a particular pattern of autonomy: "do nothing"; low local autonomy; high local autonomy; and local coalition; have certain socio-economic, political or spatial characteristics in common? Examining the dominant characteristics of the municipalities in the four different categories, a picture appears which is summarized for both countries in Figure 6.7 below.

**Figure 6.7 Dominant LA Traits According to Autonomy Pattern**

<p><u>"Do Nothing":</u>          Small, semi-rural          Non-socialist          Very low unemployment</p> <p><b>Sweden:</b>          Southern Sweden          (M-region/K-region)</p> <p><b>Britain:</b>          S East/central Britain          (Shire Districts (Outer)          London Boroughs)</p>	<p><u>High local Autonomy:</u>          Medium-sized          Socialist<sup>5</sup>          High unemployment</p> <p><b>Sweden:</b>          Rural          Central Sweden          (M-region/B-region)</p> <p><b>Britain:</b>          Urban          Central/Northern Britain          (Urban Shire Districts          (Inner) London Boroughs)</p>
<p><u>Low Local Autonomy:</u>          Medium-sized, urban          Non-socialist          Low unemployment</p> <p><b>Sweden:</b>          Southern/central Sweden          (K-region)</p> <p><b>Britain:</b>          S East/central Britain          (Shire Districts)</p>	<p><u>Local Coalition:</u>          Large, fairly urban          Socialist          High Unemployment</p> <p><b>Sweden:</b>          Northern Sweden          (B-region)</p> <p><b>Britain:</b>          Peripheral Regions          (Metropolopolitan Districts          Shire Counties)</p>

<sup>5</sup> This is the case for Sweden in 1985, but this has become less characteristic by 1988. However, if the political control situation in 1985 is crosstabulated with the municipalities pursuing this strategy in 1988, socialist control becomes a dominant characteristic once more. This relates to the argument discussed in Chapter 4, that highly active municipalities do not necessarily cease to be so after a change in political control.

The above figure shows the main features of the municipalities following the four types of behaviour<sup>6</sup>. The characteristics listed first in each box are those common to both countries. What is striking here is the considerable number of similarities between Britain and Sweden with regard to the characteristics of the municipalities according to behaviour type. It is only in the case of high local autonomy that there is a divergence between the two countries in terms of a rural - urban split.

### "Do Nothing"

There are many similarities between the counties with respect to the type of municipalities categorized as "doing nothing" in terms of more traditional measures to assist the local economy. Given their characteristics, it is not surprising that they tend to be inactive. On the whole, they face fewer problems in their local economy which might stimulate them to take action (e.g. they have unemployment levels well below the national average). Further they are small which means they lack the resources to develop a differentiated organizational structure and the specialized skills necessary to carry out many measures to assist the local economy. In addition, their rural nature can probably explain, to a large extent, why they tend not to be involved in cooperation with other bodies.

There are also locational similarities as municipalities "doing nothing" are highly characteristic of the more expansive regions of southern Sweden (Götaland) and the South East in Britain and very uncharacteristic of the declining regions of Northern Sweden (Norrland) and the peripheral regions in Britain (particularly the northern ones). In Sweden, "doing nothing" together with low local autonomy are the most typical types of behaviour for the municipalities in the knowledge region (the K region)<sup>7</sup>. In Britain, it is typical for the small conservative controlled shire districts and the outer London Boroughs to behave in this way. It should be noted that with regard to the municipalities in the Knowledge Region and the London area, it may well be that these carry out activities other than the traditional ones captured in this study.

---

<sup>6</sup> The characteristics are presented in detail in Appendix 3.

<sup>7</sup> See Chapter 4 and Appendix I for a definition of the Knowledge Region.

## **Low Local Autonomy**

The low level of activity on the part of these municipalities can probably be largely explained by the fact that they tend to have fairly well functioning local economies. Their greater involvement with other bodies in the development and implementation of their policies and measures, may be a consequence of their larger size and greater degree of urbanization than the municipalities in the previous category which may facilitate joint working.

There are also similarities with regard to regional location. Municipalities adhering to this type of behaviour are located above all in southern Sweden (Götaland) and the South-East region of England and, to a lesser extent, central Sweden (Svealand) and East Anglia and the West Midlands regions (central regions) in Britain. Again this typical for municipalities within the knowledge or metropolitan region (the K-region) and very unrepresentative of those in the traditional industrial region (the B-region)<sup>8</sup> in Sweden. In Britain it is an approach favoured by the small shire districts.

## **High Local Autonomy**

It is interesting that it is only with regard to the category of local authorities classed as having high local autonomy that the two countries diverge to some extent. The factors they have in common are high unemployment, socialist control and size. In Sweden, these are characterized by the medium-sized, rural municipalities with above average unemployment and a constrained tax base. Their ability to maintain high local autonomy might be explained by the combination of severe problems and rural location. They are forced to take action, but their rural character with sparse population may impede them from cooperating with other organizations, so they are forced "to go it alone". It tends to be a characteristic of municipalities in central Sweden and is most common in the middle and traditional industrial regions (the M and B-regions) and decreasingly so in the knowledge region (the K-region).

In Britain, on the other hand, these are characterized by the medium-sized, more urbanized shire districts and, surprisingly, the inner London Boroughs. These municipalities are above all socialist controlled and suffer from high unemployment. It would have been expected that their more urbanized nature would have facilitated cooperation with other bodies,

---

<sup>8</sup> See Chapter 4 and Appendix I for a definition of the B-Region.

particularly in the case of the London Boroughs. One possible explanation is that in these local authorities the more traditional Labour distrust of the business sector still reigns which leads them to exercise caution in cooperating with other bodies, particularly private business organizations. Their large size would enable them to develop their own organizational capacity for action. Municipalities pursuing the high local autonomy strategy are typically located in the East Midlands, West Midlands, the Northern Region and to a more limited extent the South East.

### **Local Coalition**

Again there are a number of similarities between the municipalities classed as involved in a local coalition in both countries. These local authorities face severe problems in their local economies (e.g. declining economic base, high unemployment) at the same time they are large and can support the differentiated organization required to carry out measures to assist the local economy. They are also fairly urbanized which may facilitate contacts or joint working with other bodies. Here it would seem as if the scale of the problems the municipality has to deal with leads it to cooperate with others as a way to maximize the effectiveness of its own resources. An interesting factor, in both countries, is that these municipalities are predominantly socialist controlled, in contrast to those with low local autonomy where they were overwhelmingly non-socialist.

A further similarity between the countries is that municipalities forming/participating in local coalitions tend to be located in northern Sweden (Norrland) and the peripheral regions in Britain (North, North West, Yorkshire and Humberside, South West and Wales). Whereas they are least characteristic for local authorities in southern Sweden (Götaland) and the South East region in Britain. In Sweden, it is most typical of municipalities in the declining traditional industrial region (the B region). In Britain, it is characteristic, on the one hand, for the more densely populated, old industrialized, shire counties and, on the other, for the metropolitan districts in the traditional industrial areas.

### **The Regional Profiles**

The chapter concludes with a discussion of a specific feature which has appeared during the analysis. This concerns the regional profiles and, in

relation to Sweden, the changes that take place in them over the period of study. The analysis over time for Sweden shows that there appears to be a shift occurring within the regions. In 1985, there was a much greater convergence of municipalities within the regions apart from northern Sweden (Norrländ). For example, municipalities in southern Sweden (Götaland) were concentrated in the "do nothing" category and those in central Sweden (Svealand) in the low local autonomy category. It was only in northern Sweden (Norrländ) that the municipalities were split fairly evenly between two of the categories, the high local autonomy and the local coalition.

However, the picture has become more diffuse by 1988. With the exception of the northern region, the regions have become more divergent. In both southern and central Sweden, the number of municipalities with above average unemployment has increased and this appears to have led to a dichotomization of local authorities into those with increasing economic problems extending their capacity for action and those where unemployment remains low continuing to maintain a low capacity for action. This may be a reflection of the fact that the wider economic changes taking place have uneven spatial effects and that the differences **within** and not just **between** regions are becoming more pronounced.

In northern Sweden, where unemployment has traditionally been higher, local authorities continue to be divided between two main categories. However, the concentration of municipalities in the local coalition category has become increasingly dominant. One possible explanation is the greater tendency for municipalities in this region to cooperate in joint ventures with government bodies. For example, parts of this region have been subject to an intensified labour market policy under the period 1987 - 1989. Whilst this may have had the effect of increasing the possibilities open to municipalities to participate in measures to assist the local economy, it has been at the cost of their policy-making independence, particularly vis-à-vis their vertical networks. This habit of joint working now seems to be spreading to include local social and economic actors and local authorities in northern Sweden are developing their horizontal networks. It would seem as if those municipalities which were previously considered to possess high local autonomy have not been able to continue to maintain their policy-making independence over time. Possession of a higher capacity for action in this region is now associated with greater dependency on other organizations.

A similar process is also apparent when the K-region classification is used. In 1985 municipalities in the Knowledge or Metropolitan Region (K-region) are fairly evenly divided between the "do nothing" and low local autonomy categories. However, by 1988 they have become much more concentrated in the low local autonomy category. The continued low capacity for action exhibited by these municipalities at a time when municipalities elsewhere are increasing their level of activity may partly be explained by that these municipalities use methods other than the traditional ones measured in this survey, and secondly, as a recent econometric study has shown, that locations which enjoy an above average share of knowledge handling workers, as well as good access to fast and efficient transport and communications infrastructure, generally enjoy above average economic prosperity (i.e. growth and development) (see Kobayashi et al 1991) and thus have less need to develop their capacity for action.

Municipalities in the Traditional Industrial Region (the B-region) are likely to have a high capacity for action and in 1985 they fell into either the high local autonomy or the local coalition category. However, by 1988, the local coalition category has become more dominant. It is this region which most typifies the tendency for the development of a high capacity to lead to a lowering of the degree of policy-making independence. In addition to extending their horizontal networks, municipalities in this region have a greater propensity to work with government bodies. During the late 1980s there were special labour market programmes which covered parts of this region (see northern region above), these may have had the effect of both increasing local authorities' capacity and, at the same time, increasing their dependency on other bodies.

It is more difficult to say anything about the municipalities in the Middle Region (the M-region). In 1985 they tended "do nothing". However, by 1988 these municipalities have become slightly more divergent. They have increased their capacity for action, but at the same time appear to have managed to retained their policy-making independence. They now figure in both the "do nothing" and high local autonomy categories. Some of this change may be explained by the fact that this is a bit of a "catch all" region i.e. it includes everything left outside the K and B regions. However, rising unemployment is also making itself felt and the within region differences are becoming stronger. The number of municipalities experiencing high unemployment has increased and, concomitantly, their capacity for action. Most of these have managed to combine a high capacity with considerable

policy-making integrity. Accordingly, in the M-region, local authorities have become dichotomized, those with low unemployment tending to "do nothing" and those with high unemployment achieving high local autonomy.

In Britain, the spatial changes taking place both with regard to manufacturing and service employment during the 1980s have served to widen the North-South divide (see Champion & Green 1988, Jones 1989). A picture also emerges in this study of differences between northern and southern Britain. There is a much greater preponderance of municipalities in either the "do nothing" or, to a lesser extent, the low local autonomy categories in the South. Whereas there is a much higher concentration of municipalities with either high local autonomy or, to a greater extent, involved in local coalitions. This may be, to a large degree, a reflection of the generally lower levels of unemployment in southern Britain compared with the northern part of the country.

However, in Britain previous studies have demonstrated that there are wide variations **within** regions as well as between them (see Champion & Green 1992). Depressed regions have areas of growth and expanding regions have areas of decay. The dualism of the contemporary labour market and of the occupational structure have also been reflected in the shaping of space within as well as between regions (Murray 1991). The major spatial changes in employment patterns have resulted in local economic and social problems of crisis proportions for many local authorities during the 1980s (see Bovaird 1992). These uneven spatial effects are supported by the findings in this study, in that several regions exhibit clear within region divisions. For example, Northern, East Midlands, East Anglia, West Midlands and the North West regions reveal a tendency for their municipalities to split into two main types: those with a high capacity for action and those with a low. This division appears to be closely related to the level of unemployment.

On the other hand, the level of policy-making independence does not seem to be closely associated with unemployment. As was shown in Chapter 5, the degree of cooperation does not appear to be influenced by the level of unemployment, apart from in relation to government bodies. However, there is a regional difference with respect to the level of policy-making independence. Municipalities in the South East and East Midlands tend to have a considerable degree of policy-making independence falling above all into the "do nothing" category, and those in the West Midlands are fairly evenly split between the low local autonomy and high local

autonomy categories. On the other hand, the peripheral regions tend to have low policy-making independence and are very frequently involved in local coalitions. A similar explanation as was put forward for Sweden may perhaps be applicable. The declining regions in Britain have also been subject to extensive regional aid programmes which may have encouraged the growth of a 'dependency culture'. In other words, local authorities in these areas become accustomed to turning to others for solutions to their problems. This is perhaps borne out by the fact that in all regions, except the East Midlands, the South East and the West Midlands, increased capacity for action is more closely associated with low policy-making independence i.e. involvement in local coalitions of interests. These last mentioned regions are or have been the more expansive regions.

## Conclusions

The analysis of the relationship between capacity for action and policy-making independence with regard to local authority measures to assist the local economy, has resulted in a number of conclusions. To summarize: firstly, it is possible to see a number of changes taking place over time in the patterns of horizontal autonomy in this policy area in Sweden. The trend has been for local authorities to move from a position where they had high policy-making independence, but low capacity for action, i.e. "doing nothing", to one where they have high capacity for action, but low policy-making independence, i.e. they are engaged in local coalitions. Secondly, there are a number of striking similarities between Britain and Sweden with regards to horizontal autonomy. In particular, despite differences between the countries with regard to their general vertical autonomy, greater cooperation between the public and private sectors at the local level is becoming increasingly prevalent in both countries in the local economic development policy area. The dominant pattern of autonomy displayed by both British and Swedish local authorities in this policy area is the one termed local coalition. In other words, the movement towards some form of "local" or "municipal" corporatism appears to be a common development in both countries.

Thirdly, local authorities in the two countries display a similar tendency with regard to the different local authority roles in the local economy. In both Britain and Sweden, the more interventionist local authorities become

(i.e. pursue roles 3 and 4), the more they become involved in cooperation with other local social and economic actors (i.e. the more dominant becomes the local coalition pattern of autonomy). This suggests that, in the local economic policy area, the development of one aspect of local autonomy, capacity for action, has a tendency to lead to an impingement of the other aspect, policy-making independence. However, there was a difference in the extent to which the most interventionist role (role 4) was pursued, being more common in the case of Swedish local authorities than British. This can, perhaps, best be understood through recourse to the argument put forward in Chapter 2 that the fundamental differences underlying the intergovernmental relationship in the two countries would lead to variations in the degree of interventionism in the local economy.

Fourthly, similar regional tendencies were found for both countries, with both growing within and between regional differences. This can be seen both as a reflection of the uneven effects of the broader process of restructuring taking place in the world economy and that there may develop particular "local cultures" concerning the role of local government in the local economy. Finally, many of the characteristics of the local authorities exhibiting the different patterns of autonomy were similar for both countries. This would seem to indicate that similarities in the local context in terms of the force of local social and economic constraints and how these are mediated both by local political actors and socio-spatial conditions may play a significant role in understanding the patterns of autonomy in a particular policy area. This can be related to local government's position as a democratically elected unit of government, with its own political legitimacy, and charged with the responsibility for the well-being of a particular territory.



# **LOCAL GOVERNMENT AUTONOMY - JUST ANOTHER FAIRY-TALE?**

## **Introduction**

There are a number of interlocking strands running through this thesis. Firstly, the conceptualization of local government as occupying two contexts, a national and a local, is seen as necessitating local government autonomy being considered in terms of two dimensions, a vertical and a horizontal. On the one hand, local government cannot be studied in isolation from the broader societal context of which it is a part, for it shapes what it is and does. On the other, broader processes do not explain fully what happens in particular places. Each locality has its own history and there may be specific local configurations of social and economic forces which mediate the wider processes, i.e. a local authority is also part of a particular local context. The approach adopted in this study underlines the importance of understanding the tradition of local government in a country, its place in society and how this can lead to fundamental differences in local government autonomy vis-à-vis national government (vertical autonomy) between countries. At the same time, local government is a democratically elected body in its own right with a responsibility to meet the needs and problems of its particular area. This points to the need to take into account local social and economic conditions, political patterns, and spatial factors, their enabling or constraining effect, and how they may work towards similarities between countries in terms of local government autonomy vis-à-vis local economic and social actors (horizontal autonomy). For example, in this study a "northern" or "peripheral" region factor (a dependency culture) appeared in both Britain and Sweden which had implications for local authorities' autonomy.

A second strand is the idea that local government autonomy should be

considered in terms of policy areas. Such a view suggests that the strength of, and the balance between, the factors influencing local government autonomy both vertically, i.e. in relation to national government, and horizontally, i.e. with respect to local social and economic forces, may be modified by the particular characteristics of the policy area. This more disaggregated approach provides a better reflection of the complex reality of intergovernmental relationships. The particular policy area studied here, local economic development, was characterized not only as a grey zone with regard to the relationship between national and local government in terms of who should do what, but also as a "mixed economy" in terms of the relationship between the public and private sectors. These characteristics were seen as mediating the factors influencing local government autonomy. Thus, during the period studied, they weakened to some extent the vertical constraints, but reinforced the horizontal.

A third strand is that two aspects of autonomy can be distinguished. It has been argued that freedom from external constraints alone is not a sufficient definition of autonomy, it must also encompass the ability to take action (see, for example, Lindley 1986, Lundquist 1987). However, the relationship between these two aspects has generally not been elaborated. This study has made a tentative attempt to fill this gap by exploring this view of autonomy in relation to the particular local government policy field of economic development. In terms of local government autonomy the two aspects have been translated into the amount of choice or scope for decision-making available to the local authority, its policy-making independence; and its possession of a variety of resources necessary for it to be able to take action, its capacity for action. In the case of the particular area studied, capacity for action was interpreted in terms of four roles based on local authority measures to assist the local economy and policy-making independence was considered in terms of local authority contacts with other actors in the development and pursuit of these measures. The two aspects were related to each other in order to see what patterns of autonomy might appear in the case of the local economic policy area. It was found that the dominant trend, in both Britain and Sweden, was that local authorities' attempts to extend their capacity for action tended to lead to a restriction of their policy-making independence. I.e. the more local authorities attempted to intervene in the local economy, the greater their tendency to cooperate with other actors.

A forth strand is the value of a comparative perspective. This underlies

the whole structure of this thesis. The benefit of a comparative study is that it can help to distinguish between what are features that are unique to a particular country and what are features that may be common to local government with regard to its position as a democratically elected tier of government. The availability of similar data covering the local economic development policy area in both Britain and Sweden provides a rare opportunity to compare local government in two countries at such a detailed level and on such a broad scale. The method utilized here of defining local economic policy roles based on the underlying nature of the activities involved and the degree of intervention they imply in the local economy, facilitates comparisons between countries. For example, it enables the plethora of measures to be reduced to more manageable levels and it lessens the impact of differences in population size between municipalities. Further, the use of a comparative approach permits greater consideration to be given to the influence of the nature of the particular policy area on local government autonomy. It allows a more nuanced picture to be drawn of the way the vertical and horizontal constraints may be mediated (either reinforcing or weakening their effects) by the characteristics of the particular policy area.

## **Local Government Economic Development Policies**

The thesis has focused on two main objects of study, local economic development policies and local government autonomy. An approach to local government autonomy was developed which took account of its autonomy both with regard to superior levels of government (vertical autonomy) and to local social and economic forces (horizontal autonomy). This was used to study local government autonomy in the local economic development policy area. It started by examining the relationship between national and local government and how variations in factors such as the political culture surrounding local government, its legal and constitutional position, and its system of finance can lead to differences in local government autonomy vis-à-vis national government (vertical autonomy) between countries. It then considered how the general relationship might be modified by characteristics relating to the particular policy area.

One characteristic of the local economic development policy area is that it is a grey zone in terms of the division of responsibility between national

and local government. At the time this study was undertaken, local government in neither country had a formally defined role in relation to local economic development. However, the findings from both Britain and Sweden indicate that it has been possible for local authorities to develop a role for themselves with regard to the local economy despite the constraints imposed by national government. British local authorities, whilst lacking the general competence possessed by their Swedish counterparts, were nevertheless able to make creative use of permissive legislation to enable them to pursue measures aimed at assisting the local economy.<sup>1</sup> Indeed, it could even be suggested that local authorities have used local economic policies as a way to extend their domain with respect to national government. Local government can be of use to national government in this area as a mediator of some national employment and industrial policies adjusting them to meet the particular local situation. Accordingly, it is not in national government's interest to attempt to ban local government's involvement completely, but rather to try to steer it in a direction that complies with its policies. Although, this is not an easy area for national government to direct. It cannot lay down standards of service provision of the type possible in many other policy areas (such as x amount of service per y head of population).

However, even if local authorities use local economic development policies as a way to expand the limits of what they may do, they eventually come up against the hard reality of economic constraints. Local authorities do not possess unlimited funds. This raises the question of how they obtain the resources necessary to develop and pursue these activities in a time of economic stringency. On the one hand, national government may not be increasing or even cutting back its own transfers to local government and, on the other, local government's own ability to raise taxes may be restricted by national government and/or by a declining local economic base. Few local authorities can mobilize the finances required for major investments on their own and must turn in other directions to obtain funding. As Cox & Mair (1991) have pointed out, the mechanisms of growing competition among localities for capital flows and for roles in new spacial divisions of

---

<sup>1</sup> In the mid-eighties, British local authorities spent as much on local economic, industrial and employment policies as on the arts. As Vielba (1986) points out, this level of engagement was remarkable at a time when national government was promoting disengagement and a hands-off approach to the economy.

labour and their accompanying new broad local alliances eventually tend towards renewed erosion of some citizenship rights at the local level, because these can no longer be 'afforded' in the face of potential capital flight to other localities. This dilemma, they suggest, pushes local authorities (particularly progressive ones) into the arms of the local business coalition.

This leads into the next characteristic of this policy area, its "mixed economy" nature. It is not only a grey-zone in terms of central-local government relations, but also with regard to the relationship between the public and private sectors at the local level. Thus this policy area can be seen as corresponding to the mixed public-private administration model developed by Hernes (1978). This is characterized by the involvement of both organizations and private firms in the shaping and preparation of public policies. These actors participate in the administration of public services and are given responsibility for political-administrative tasks. This is a functional alternative for national government to the expansion of the state apparatus and its personnel. In both Britain and Sweden there has developed a climate encouraging greater corporate responsibility on the part of the private sector and its role in the formation and implementation of public policy. Wider ideological changes taking place about the role of government in the economy and the relationship between the public and private sectors are leading to the boundaries between these sectors becoming less clear cut. This is particularly evident in the local economic development policy area.

Partnerships<sup>2</sup> and other kinds of cooperation with private sector interests have become increasingly a feature of local economic policy. As the analysis in Chapter 6 showed, increasing activity with regard to the local economy tends to lead to greater cooperation with other actors. Local authorities work with and attempt to influence the private sector. However, this is causing the boundaries between the two sectors to become more blurred. This has obviously implications for local government autonomy (in terms of its policy-making independence), as local economic actors are being given an institutionalized access to local policies.

This close involvement between the sectors is not just a recent event, but

---

<sup>2</sup> Some work has been carried out on partnerships see, for example, Moore & Richardson (1989), and this would seem to be an area meriting further exploration and could be an interesting subject for future research.

rather it would appear to be a feature of the local economic development policy area. Magnusson (1986) has demonstrated the close links between local government and industry in the previous century in Britain. He argues that the municipal corporations were established by and for businessmen and concentrated on the provision of basic services and infrastructure necessary for economic development. This, he argues worked to the advantage of local government autonomy with respect to national government:

Municipal autonomy, like the autonomy of individuals and private corporations, had to be maintained against the state. In the 19th century, this worked in favour of local self-government, for municipalities were protected by the doctrine of *laissez-faire*. Although individual, private action might be preferred to municipal enterprise, the latter nonetheless could be conceived as a part of civil society, to be defended against state intervention (Magnusson 1986:5).

Whilst, this may have been advantageous for local government in terms of its autonomy vis-à-vis national government, it obviously had serious implications for local government's ability to maintain its autonomy vis-à-vis dominant local social and economic forces. However, this close identity of interests apparently disappeared as a consequence of wider changes in society and the economy, such as, for example, the spread of universal franchise, the removal of the business vote, the growth of party politics (see Vielba 1986) and the development of the national economy (see Collinge 1992).

However, the increasing globalization of the economy and national government's withdrawal from involvement in the economic sphere, have led to responsibility for economic, industrial and employment policies being pushed downwards to the local level. This study shows that during the 1980s, faced with the consequences of economic restructuring, local authorities in both countries sought to assume the mantle of responsibility. However, in neither country was it granted larger resources to meet this increased responsibility and, particularly in the British case, faced tighter restrictions on its finance. Local authorities sought other means of funding their economic development activities and this led to a growing cooperation with other actors. However, such a move opens up local government, at least in this policy area, to local social and economic interests which may seek to impose their interests on the policy-making process. Thus even if

local government is given or assumes more responsibility for labour market and other economic policies and, thereby, possibly greater policy-making independence in this area vis-à-vis national government, its autonomy as a whole is not necessarily increased. Indeed it may be reduced if, for example, its capacity for action is restricted through the absence of a concomitant growth or even a cut in its financial resources and if its policy-making independence vis-à-vis local social and economic actors is weakened.

## **Local Government Autonomy**

The concept of autonomy in relation to local government was considered to comprise two aspects, capacity for action and policy-making independence. These were then applied to the economic development policy area. Capacity for action was treated in terms of four roles concerning local authority measures to assist the local economy; and policy-making independence was interpreted in terms of local government cooperation with other actors to develop and carry out these roles. Despite the differences between Britain and Sweden in terms of local government autonomy vis-à-vis national government, similarities were found between the countries in terms of both capacity for action and policy-making independence in the local economic development policy area. Local economic development policies were widely pursued by local authorities and this was accompanied by extensive cooperation with other actors.

In addition to the similarities between Britain and Sweden, in general, with regard to local authorities' capacity for action and policy-making independence, there were certain resemblances between them in terms of within country differences. This led to a consideration of the local context and how local social and economic conditions and political patterns might matter with regard to both capacity for action and policy-making independence. In both countries a number of common factors were identified as being associated with the pursuit of economic development policies. These included unemployment, political control and regional location. Thus a picture emerged of local economic development policies being shaped by a combination of economic constraints mediated through the actors involved and influenced by regional variations in the local political culture concerning the role of local government in the local

economy. There appear to be a number of forces pertaining to the local context which have a converging effect on local economic development policies, leading to similarities between countries in terms of their capacity for action, despite divergencies in local government autonomy vis-à-vis national government.

In the case of policy-making independence, a further commonality revealed in the study was the widespread nature of local government cooperation with other actors, particularly from the private business sector at the end of the 1980s. Starting with vertical cooperation with national government bodies active at the regional and local levels. It was found that, similar factors in the local context, such as high unemployment, weak tax base, labour/social democratic political control and a northern regional location, were closely associated with collaboration with government bodies in both countries. Interestingly, in the case of horizontal cooperation, a similar lack of congruency was found between factors in the local context and the growth in collaboration with private sector organizations. In both countries it would seem to have been part of a wider ideological change taking place concerning the role of government in the economy and the relationship between the public and private sectors at the local level and transmitted, at least partly, through the intergovernmental relationship. Thus there had been a common opening up of local government to other actors in this policy area with concomitant implications for local policy-making independence in both Britain and Sweden. One danger of this increasing involvement of business interests is that other local interests may be neglected. It may mean that public resources are concentrated on measures that are priorities for the business sector rather than for the unemployed, low-paid etc. It is sometimes argued that the benefits from market led regeneration of the local economy will eventually be felt by the community in general. However, such "trickle-down" effects have yet to be shown.

Turning to the patterns of autonomy found in the policy area, when the two aspects of local authority autonomy, capacity for action and policy-making independence were brought together, yet another similarity was found between the two countries. In both Britain and Sweden it appeared that the more active and interventionist local authorities became, the more likely they were to enter into cooperation with other actors i.e. exhibit a "local coalition" pattern of autonomy. Some form of "municipal" or "local corporatism" seemed to have been developing in both countries. These findings imply that, in the case of local economic development policies, the

extension of one aspect of local autonomy, here the capacity for action, impinges on the other aspect, policy-making independence. It would seem that a growth in one has a tendency to lead to a reduction in the other.

A particularly interesting finding, from the comparative point of view, was the discovery of a "northern" or "peripheral" region effect which appeared to work in a similar way. In both countries there was a stronger tendency for local authorities in the northern or peripheral regions to be involved in economic development policies and to work with others in the pursuit of these (local coalition pattern of autonomy), regardless of the level of unemployment or type of political control. Part of the explanation for this may lie in the fact that, in both Britain and Sweden, these areas have suffered heavily from the process of economic restructuring with declining industries and high levels of unemployment and have been the subject of national government programmes of regional assistance. This combination of the need to take action to combat problems, such as unemployment, with a reliance on others for help seems to have fostered the development of a "dependency culture" which has implications for local government autonomy.

## Postscript

The empirical analysis in this study showed that at the end of the 1980s there was a convergence in local economic development policies in Britain and Sweden, despite variations in the extent of local government's autonomy vis-à-vis national government in the respective countries. The British political culture, the legal/constitutional system and the system of financing local government and other factors relating to the national context, give national government a far greater dominance over political, legislative and financial resources than in Sweden. Nevertheless it was found that there were factors associated with the particular policy area during the period studied which modified the general intergovernmental relationship and ameliorated the effect of some of the differences in vertical autonomy bring the two countries closer to each other. Thus in both countries local authorities were pursuing local economic development policies on a broad scale. However, the fundamental differences underlying the intergovernmental relationship made themselves felt in terms of the degree of interventionism of local economic development policies, with

Swedish municipalities tending to pursue interventionist policies to a greater extent than their British counterparts.

In short, in the field of local economic development policy, even if local government may be able to circumvent many of the constraints it faces from national government, in doing so it appears to increase its openness to local social and economic actors who seek to impose their interests on the policy-making process. Thus it would seem that the **odds are against** local government being able to expand its activity in this field without affecting its autonomy.

However, this policy area, like any other, is dynamic, i.e. there is no once and for all fixed and stable domain. It is shaped by a combination of vertical and horizontal bonds of influence. Changes in factors in the local context may push a local authority to try to extend its domain in relation to a particular policy area. However, there is likely to be a time lag before national government becomes aware of the extent of local government's encroachment into new territory. It is suggested that the fundamental principles underlying the intergovernmental relationship in a country will influence how far national government will attempt and/or be able to repulse that encroachment if it conflicts with national policies or interests.

The early 1990s appear to mark a parting of the ways with regard to the local economy policy area in Britain and Sweden. The differences in vertical autonomy between the two countries have made themselves felt. In Britain, national government has been increasingly by-passing local government and establishing, non-elected, quasi-governmental local agencies<sup>3</sup> combining both public and private resources, to be responsible for local economic regeneration (see Goldsmith, 1990, Moore, 1990). Further, although local government's role in local economic policy has been legitimized in the 1989 Local Government and Housing Act, this has in effect restricted it. The Act has made it much harder for local authorities to spend large sums of money on economic development without national government approval. Indeed, Coulson (1993) argues that constraints on local authority budgets and the increasing directing of national government resources to pliant councils who implement national government policies is leading to a narrow set of safe and harmless economic development policies which do not challenge national policies. The effect of this has been to turn

---

<sup>3</sup> Such as Training and Enterprise Councils (TECs), task forces, the Urban Development Corporations (UDCs), the new Urban Regeneration Agency etc.

local government economic development policies from the fastest growing service during the 1980s, reaching a peak in 1989-1990, to a service in decline by 1993.

The 1991 Swedish Local Government Act did not change the powers of local government with respect to local economic development. Nevertheless, in contrast to the situation in Britain, Swedish local authorities involvement in economic development policies continues to grow in the 1990s. Whilst formally local government's role in local economic development remains unclear, in practice it has increased and the national state's decreased. This matches trends apparent in the paradigm shift in Sweden in the 1990s: from an emphasis on the central state to the municipal, from an emphasis on the public to the private business sector (see Hjern, 1992). He argues that local government will, in the future, have a greater responsibility for Sweden's industrial and employment policies. It will be the municipalities' initiatives, not the State's, in collaboration with the business sector, that will be an increasingly established fact in international economic competition. All development is local even when the resources are international.

Thus in Sweden, local authorities continue to expand their role in local economic development. Local government autonomy vis-à-vis national government would still seem to be alive and kicking, although it may run the risk of being eaten away at the edges, through, for example, restrictions on local government finances imposed by national government. On the other hand in Britain, the State struck back and not only greatly increased its controls on local government finances, but also effectively castrated local government's economic development policies whilst at the same time apparently legitimizing them. There seems to be a very real risk that local government autonomy with respect to national government in Britain is in danger of becoming just another fairy-tale, at least in the case of local economic development policies. However, past evidence would suggest that it is not in the nature of local government in Britain to simply accept the dictates of national government. When it has been thwarted in one direction, it often appears to find new approaches and other ways of tackling local problems.



## **REFERENCES**

### Unpublished Sources

Questionnaires on local economic development policies sent to Swedish local authorities in 1982, 1985 and 1988.

Questionnaires on local economic development policies sent to British local authorities in 1989.

### Published Sources

#### **Official Documents**

CSO 1986 *UK National Accounts*, Central Statistical Office, HMSO: London  
Ds A 1986:02 *Arbetsmarknadspolitikens roll, inriktning och omfattning*,  
Arbetsmarknadsdepartement. Allmänna förlaget: Stockholm.

Ds C 1986:16 *Kommunal näringlivspolitik - samverkan med staten och  
näringslivet*. Delbetänkande av stat-kommunberedningen. Allmänna förlaget:  
Stockholm.

ERU-rapport Nr 24 (1983) *Näringsspolitik på kommunalt vis*, Industri-  
departement, Allmänna förlaget: Stockholm.

HMSO *Local Government and Housing Act 1989*, HMSO: London

SIND 1982:7 *Lokal Samverkan - fördelar för näringsslivet och kommun?*  
Allmänna förlaget: Stockholm

SIND 1984:8 *Kommunal Näringspolitik: Omfattning och Erfarenheter*,  
Huvudrapport. Allmänna förlaget: Stockholm

SOU 1947:53 *Kommunallagskommitténs betänkande 1. Med förslag angående  
ändringar i kommunallagarnas bestämmelser om borgerlig primärkommuns  
kompetens och om kvalificerad majoritet*, Liber: Stockholm.

SOU 1951:06 *Näringsslivets lokalisering*. Liber: Stockholm.

SOU 1971:84 *Kommunal kompetens*. Liber: Stockholm.

SOU 1982:20 *Kommunerna och näringsslivet*. Liber: Stockholm.

SOU 1985:07 *Arbetsmarknadsverkets ansvarsområde*. Liber: Stockholm.

SOU 1989:68 *Storstadens partier och valdeltagande 1948-1988*. Liber:

Stockholm.

SOU 1990:24 *Ny kommunallag*, Betänkande av 1988 års kommunallags-  
kommitté. Liber: Stockholm.

SCB (Statistiska Centralbyrån) 1988 *National Accounts*, Norstedt: Stockholm.  
Proposition 1989/90:150 om tillfällig begränsning av kommuners rätt att ta ut  
skatt.

## Books and Articles

- Alsén, G & Nilsson, A (1984a) 'Kommunens möjlighet att påverka strukturförändringar', Ch 5 in Melin, L et al. (eds.) *Strukturförändringar, företagsstrategier och lokala aktörer*. Ekonomiska Institutionen, Universitetet i Linköping: Linköping.
- Alsén, G & Nilsson, A (1984b) 'Staten, kommunerna och det lokala näringslivet', Ch 6 in Melin, L et al. (eds.) *Strukturförändringar, företagsstrategier och lokala aktörer*. Ekonomiska Institutionen, Universitetet i Linköping: Linköping.
- Alt, J E (1971) 'Some Social and Political Correlations of County Borough Expenditures', *British Journal of Political Science*, Vol.1.
- Andersson, I (1949) 'Äldre demokratisk tradition i Norden och dess fortsatta utformning i Sverige' in Koch, H & Ross, A (eds.) *Nordisk demokrati*. Westermanns förlag: Copenhagen.
- Andersson, I & Weibull, J (1985) *Swedish History in Brief*. The Swedish Institute: Stockholm.
- Andersson, J A & Lundell, B (1991) *Kommunernas kontakter i utlandet*. Svenska Kommunförbundet: Stockholm.
- Andersson, Å E (1985) *Kreativitet: Storstadens Framtid*. Prisma: Stockholm.
- Andersson, Å E (1988) *Universitet: Regioners Framtid*. Regionsplanekontoret: Stockholm.
- Andersson, Å E & Strömquist, U (1988) *K - Samhällets Framtid*. Prisma: Stockholm.
- Ashford, D E (1989) 'British Dogmatism and French Pragmatism Revisited' in Crouch, C & Marquand, D (eds.) *The New Centralism Britain Out of Step in Europe?* Basil Blackwell: Oxford.
- Ashford, P (1975) 'Theories of Local Government: Some Comparative Considerations', *Comparative Political Studies*, Vol.8, No.1, 90-107.
- Bailey, S J (1991) 'Fiscal Stress: the New System of Local Government Finance in England', *Urban Studies*, Vol.28, No 6, 889-907.
- Ball, M (1992) 'Twinning and the Enabling Authority', *Local Government Studies*, Vol.18, No.3, 226-239.
- Banekov, T, Boyle, R & Rich, D (1989) *Privatism and Urban Policy in Britain and the United States*. Oxford University Press: Oxford, New York, Toronto.
- Barnes, H E (1920) 'Durkheim's Contribution to the Reconstruction of Political Theory', *Political Science Quarterly*, Vol.35.
- Barrett, S & Bobby, M (1981) *Local Authority/Private Sector Industrial Development Partnerships*. W.P. 18, SAUS: Bristol.

- Batley, R (1991) 'Comparisons and Lessons', in Batley, R & Stocker, J, (eds.) *Local Government in Europe*. Macmillan: London.
- Beetham, D (1993) *The Democratic Audit of the United Kingdom*. The Charter 88 Trust: London.
- Benson, J K (1975) 'The Interorganizational Network as a Political Economy', *Administrative Science Quarterly*, Vol.20, 229-249.
- Benson, J K (1981) 'Networks and Policy Sectors: A Framework for Extending Interorganizational Analysis' in Rogers, D & Whetton, D (eds.), *Interorganizational Coordination*. Iowa State University Press: Ames, Iowa.
- Bennett, R J (1990) 'Decentralization, Local Government, and Markets: is there a Post-Welfare Agenda in Planned and Market Economies?', *Policy Studies Journal*, Vol.18, No.3, Spring, 683-701.
- Bennett, R J & Krebs, G (1991) *Local Economic Development, Public-Private Partnership Initiation in Britain and Germany*. Belhaven Press: London & New York.
- Birgersson, B O & Westerståhl, J (1987) *Den svenska folkstyrelsen*. Liber: Stockholm.
- Blackaby, D H & Manning, D N (1990) *The North-South divide: earnings, unemployment and cost of living differences in Great Britain*, Papers of the Regional Science Association, 69, 43-65.
- Blair, P (1991) 'Trends in Local Autonomy and Democracy: Reflections from a European Perspective', in Batley, R & Stocker, G (eds.) *Local Government in Europe*. Macmillan: London.
- Blakely, E J (1989) *Planning Local Economic Development, Theory and Practice*. Sage: Newbury Park, California.
- Blalock, H M (1979) *Social Statistics*. McGraw-Hill Kogakusha Ltd.: Japan.
- Blau, P M (1970) 'A Formal Theory of Differentiation in Organizations', *American Sociological Review*, Vol.35, No.2, 201-218.
- Boddy, M (1983) 'Central-local government relations: theory and practice.' *Political Geography Quarterly*, Vol.2, No.2, 119-38.
- Boddy, M (1984) 'Local Economic and Employment Strategies', in Boddy, M & Fudge, C (eds.) *Local Socialism?* Macmillan: London.
- Boddy, M & Barrett, S (1980) *Local Government and the Industrial Development Process*. Working Paper 6, SAUS, University of Bristol: Bristol.
- Bovaird, T (1992) 'Local Economic Development and the City' *Urban Studies*, Vol.29, Nos.3/4, 343-368.
- Bowman, M & Hampton, W (1983) *Local Democracies: a case study in comparative local government*. Longman Cheshire: Melbourne.
- Bulpitt, J (1983) *Territory and Power in the United Kingdom*. Manchester University Press: Manchester.
- Bulpitt, J (1989) 'Walking Back to Happiness? Conservative Party Governments and Elected Local Authorities' in Crouch & Marquand (eds.) *The New Centralism Britain Out of Step in Europe?* Basil Blackwell:

Oxford.

- Burns, W C (1980) *Review of Local authority Assistance to Industry and Commerce*. Report of the Joint Group of Officials of local Authority Associations and Government Departments (under the chairmanship of W. Burns) D.O.E.: London.
- Burrell, G & Morgan, G (1979) *Sociological Paradigms and Organisational Theory*. Heinemann Educational Books Ltd: London.
- Butcher, H, Law, G, Leach, R & Mullard, M (1990) *Local Government and Thatcherism*. Routledge: London.
- Byrne, T (1986) *Local Government in Britain*. 4th edition, Penguin: Harmondsworth.
- Camina, M M (1974) 'Local Authorities and the Attraction of Industry', *Progress in Planning*, Vol.3, Part 2, Pergamon Press: Oxford.
- Castells, M (1979) *City, Class and Power*. Macmillan: London.
- Cawson, A (1985) 'Corporatism and Local Politics' in Grant, W (ed.) *The Political Economy of Corporatism*. Macmillan: London.
- Champion, A G & Green, A E (1988) *Local prosperity and the North-South divide: a report on winners and losers in 1980s Britain*. Booming Towns: Newcastle-upon-Tyne.
- Champion, A G & Green, A E (1992) 'Local economic performance in Britain during the late 1980s: the results of the third Booming Towns study', *Environment and Planning A*, Vol.24, 243-272.
- Chandler, J A (1988) *Public Policy Making for Local Government*. Croom Helm: London.
- Chandler, J A (1991) *Local Government Today*. Manchester University Press: Manchester.
- Chandler, J A & Lawless, P (1985) *Local Authorities and the Creation of Employment*. Gower: Aldershot.
- Clark, T N (1974) 'Community Autonomy in the national System: Federalism, Localism and Decentralization' in Clark, T N (ed.) *Comparative Community Politics*. Sage: New York.
- Cochrane, A (1980) Economic Policy Making by Local Authorities in Britain and the Federal Republic of Germany: A Comparative Study. Paper presented at the Political Studies Association Conference (Mimeo).
- Cochrane, A (1983) 'Local Economic Policies: Trying to Drain an Ocean with a Teaspoon', in Anderson, J et al. (eds.) *Redundant Spaces in Cities and Regions*. Academic Press: London.
- Cochrane, A (1986) 'Local Employment Initiatives: Towards a New Municipal socialism?' in Lawless, P & Raban, C (eds.) *The Contemporary British City*. Harper & Row: London.
- Cochrane, A (1988) 'In and against the market? The development of socialist economic strategies in Britain, 1981-1986', *Policy and Politics*, Vol.16, No.3, 159-68.
- Cochrane, A (1989) 'Restructuring the state: the case of local government', in

- Cochrane, A & Anderson, J (eds.) *Restructuring Britain: Politics in Transition*. Sage: London.
- Cochrane, A (1991) 'The changing state of local government', *Public Administration*, Vol.69, No.3, 281-302.
- Cockburn, C (1977) *The Local State*. Pluto Press:London.
- Collinge, C (1992) 'The Dynamics of Local Intervention: Economic Development and the Theory of Local Government', *Urban Studies*, Vol.29, No.1, 57-75.
- Cooke, P (1987) 'Britain's new spatial paradigm: technology, locality and society in transition', *Environment and Planning A*, Vol.19, 1289-1301.
- Cooke, P (ed.) (1989) *Localities: the Changing Face of Urban Britain*. ESRC, Unwin Hyman Ltd.: London.
- Coulson, A (1990) 'Research Project into the Role and Functions of Local Government Mapping Paper: Economic Development and Tourism', INLOGOV, Birmingham University: Birmingham.
- Coulson, A (1993) 'Economic Development: The Use of Discretion in Local Government'. Work in progress (Mimeo).
- Cox, K R & Mair, A (1991) 'From localized social structures to localities as agents', *Environment and Planning A*, Vol.23, 197-213.
- Crouch, C & Marquand, D (eds.) (1989) *The New Centralism Britain Out of Step in Europe?* Basil Blackwell: Oxford.
- Dahl, R A (1961) *Who Governs?* Yale University Press: New Haven, Cam.
- Danziger, J N (1978) *Making Budgets*. Sage: London.
- Davey, K J (1971) 'Local Autonomy & Independent Revenues', *Public Administration*, Vol.49, No.45.
- Dear, M (1981) 'A theory of the local state' Ch 9 in Burnett, A D & Taylor, P J (eds.) *Political Studies from Spacial Perspectives*. John Wiley & Sons: Chichester.
- Dearlove, J (1973) *The Politics of Policy in Local Government*. Cambridge University Press: Cambridge.
- Dell, E (1960) 'Labour and Local Government', *The Political Quarterly*, Vol. 31, 333-347.
- Duncan, S (1989) 'Central-Local Relations and the Future of Local Government' in Reade, E (ed.) *Britain & Sweden Current Issues in Local Government*. The National Swedish Institute for Building Research, Research Report SB:18: Gävle.
- Duncan, S & Goodwin, M (1982) 'The local state: functionalism, autonomy and class relations in Cockburn and Saunders', *Political Geography Quarterly*, Vol.1, No.1, 77-96.
- Duncan, S & Goodwin, M (1985) *The Local Government Crisis in Britain: 1979-84*. Geography Discussion Papers, LSE 13-15. London School of Economics: London.
- Duncan, S & Goodwin, M (1988) *The Local State and Uneven Development*. Polity Press: Cambridge.

- Duncan, S & Savage, M (1991) 'Commentary. New perspectives on the locality debate', *Environment and Planning A*, Vol.23, 155-164.
- Dunleavy, P (1977) 'The Politics of Collective Consumption: Urban Political Analysis in a Nationalized Society' paper given at the Annual Conference of the Political Studies association, Liverpool University.
- Dunleavy, P (1978) Theories of the State and Society and the Study of Central-Local Relations. Paper commissioned by the SSRC Panel on Central/Local Government Research (Mimeo).
- Dunleavy, P (1980a) *Urban Political Analysis*. Macmillan: London.
- Dunleavy, P (1980b) 'Social and Political Theory and Issues in Central-Local Relations' in Jones, G W (ed.) *New Approaches to the Study of Central-Local Government Relations*. SSRC: London.
- Dunleavy, P (1984) 'The Limits to Local Government', Ch 3 in Boddy, M & Fudge, C (eds.) *Local Socialism*. Macmillan: London.
- Dunleavy, P & Rhodes, R A W (1984) 'Beyond Whitehall', Ch 5 in Drucker, H et al. (eds.) *Developments in British Politics*. MacMillan: London.
- Durkheim, E (1984) *The Division of Labour in Society*. MacMillan: London.
- Dye, T R (1966) *Politics, Economics, and the Public*. Rand McNally: Chicago.
- Edge, G (1986) 'An interventionist approach', Ch 7 in Wilmers, P & Bourdillion, B (eds.) *Managing the Local Economy*. Geo Books: Norwich.
- Elander, I (1989) 'Notes on Central-Local Government Relations in Sweden' in Reade, E (ed.) op. cit.
- Elander, I (1991) 'Analysing Central-Local Government Relations in Different Systems: A Conceptual Framework and Some Empirical Illustrations', *Scandinavian Political Studies*, Vol.14, No.1, 31-58.
- Elander, I & Montin, S (1990) 'Decentralisation and Control: central-local government relations in Sweden', *Policy & Politics*, Vol. 18, No.3, 165-180.
- Elliott, M (1983) 'Constitutional Continuity and the Position of Local Government', Ch 3 in Young, K (ed.), *National Interests and Local Government*. Heinemann: London.
- Evers, A & Wollmann, H (1986) 'Big City Politics - New Pattern and Orientations at the Local Level of the Welfare State', in Ewers H-J et al. (eds.) *The Future of the Metropolis*. de Gruyter: Berlin.
- Eversley, D (1974) 'Britain and Germany: Local Government in Perspective' in Rose, R (ed.) *The Management of Urban Change in Britain and Germany*. Sage: London.
- Floderus, Å (1989) 'The decentralization of physical planning in Sweden' in Reade, E (ed.) Op. Cit.
- Foster, C (1981) 'How to Arrest the Decline of Local Government', *Public Money*, Vol.1, No.1 June.
- Foster, C D, Jackman, R A & Perlman, M (1980) *Local Government Finance in a Unitary State*. Allen & Unwin: London.
- Fried, R C (1972) *Comparative Urban Performance*, European Working Paper No 1, University of California: Los Angeles.

- Fox Przeworski, J (1986) 'Changing intergovernmental relations and urban economic development', *Environment & Planning C: Government & Policy*, Vol. 4, 423-438.
- Furåker, B (1984) *Vad gör kommunerna i näringslivet?* Research Reports from the Department of Sociology, University of Umeå, RR NO 77, Umeå.
- Fölhämmer, S & Lind, J (1983) *Så Klarar Kommunerna Jobben.* Byggforskningsrådet: Gävle
- Gidlund, J, Gustafsson, G, Strömberg, L (1990) 'Centralmaktens vapendragare' in *Dagens Nyheter* 8/3/1990.
- Goldsmith, M J (1986a) *New Research in Central-Local Relations.* Gower: Aldershot.
- Goldsmith, M J (ed.) (1986b) *Essays on the Future of Local Government.* West Yorkshire Metropolitan County Council: Wakefield.
- Goldsmith, M J (1990) 'Local Autonomy: Theory and Practice' Ch 1 in King, D S & Pierre J (eds.) *Challenges to Local Government.* Sage: London.
- Goldsmith, M J (1991) Beyond the blue banana. Paper presented to ECPR Workshop on Political Integration and Institutional Change in the EC, Essex, April (Mimeo).
- Goldsmith, M J (1992) 'Local Government', *Urban Studies*, Vol.29, Nos.3/4, 393-410.
- Goldsmith, M J & Jones, B (1989) 'Types of local government: a comparative perspective'. Paper presented to APSA Annual Meeting; Atlanta, September.
- Goldsmith, M J & Page, E (1987) 'Britain' in Page, E & Goldsmith, M J (eds.) *Central and Local Government Relations A Comparative Analysis of West European Unitary States.* Sage: London.
- Gottdiener, M (1987) *The Decline of Urban Politics.* Vol.162, Sage Library of Social Research. Sage: London
- Greenwood, R (1979) 'Relations between Central and Local Government in Sweden: the Control of Local Government Expenditure' *Public Administration* Vol. 57, 457-470.
- Greenwood, R (1980) 'Relations between Central and Local Government in Sweden: the Control of Local Government Expenditure' in Jones, G (ed.) *New Approaches to the Study of Central-Local Government Relationships.* SSRC, Gower: Westmead.
- Greenwood, R & Stewart, J D (1986) 'The Institutional and Organizational Capabilities of Local Government', *Public Administration*, Vol. 64, Spring, 35-50.
- Gurr, T & King, D (1987) *The State and the City.* Macmillan: London.
- Gustafsson, A (1988a) *Kommunal självstyrelse.* Liber: Stockholm.
- Gustafsson, A (1988b) *Local Government in Sweden.* The Swedish Institute: Stockholm.
- Gustafsson, A (1991) The Changing Local Government and Politics of Sweden in Batley, R & Stoker, G (eds.) Op.cit.
- Gustafsson, G (1980) *Local Government Reform in Sweden.* CWK Gleerup:

Lund.

- Gustafsson, G (1987a) Deregulation as Decentralization or Privatization - Changes in Swedish Central-Local Relationships. Paper presented at ECPR in Amsterdam 11-15 1987 (Mimeo).
- Gustafsson, G (1987b) *Decentralisering av politisk makt*. Carlssons: Stockholm.
- Gustafsson, G (1988) Swedish Local Government. Paper presented at the Speyer Seminar on Local Urban Affairs in International Perspective, April 27-29 (Mimeo).
- Gustafsson, H (1987) *Kommunal frihet för nationell samling*. Stadshistoriska Institutet, Studier i stads- och kommunhistoria 2: Stockholm.
- Gustafsson, L (1987) 'Renewal of the Public sector in Sweden', *Public Administration*, Vol.65, Summer, 179-191.
- Hampton, W (1987) *Local Government and Urban Politics*. Longman: London.
- Hansen, T (1981) 'Transferring Needs into Expenditure Decisions' in Newton, K (ed.) *Urban Political Economy*. Francis Pinter: London.
- Hansen, T & Kjellberg, F (1976) 'Municipal Expenditures in Norway: Autonomy and Constraints in Local Government Activity', *Policy and Politics*, No.4, 25-50.
- Hanson, A H & Walles, M (1970) *Governing Britain*. Fountana: London
- Harding, A (1989) 'Central Control in British Urban Economic Development Programmes' in Crouch, C & Marquand, D (eds.) op.cit.
- Harding, A (1990) 'Local Autonomy and Urban Economic Policies: The Recent UK Experience in Perspective' Ch 4 in King, D S & Pierre, J (eds.) *Challenges to Local Government*. Sage: London..
- Hartley, O A (1971) 'The Relationship between Central and Local Authorities', *Public Administration*, Vol.49, 439-456.
- Hays, W L (1974) *Statistics for the Social Sciences*. Holt, Reinhart & Winston, Inc: London. 2nd Edition.
- Herington, J (1989) 'The Centralization of Physical Planning in Britain' in Reade (ed.) op.cit..
- Herlitz, N (1921) 'Ett och annat om självstyrelsens betydelse i svensk förvaltningshistoria', *Statsvetenskaplig Tidskrift*, No.24, 65-83 & 137-158.
- Herlitz, N (1924) *Svensk stadsförvaltning på 1830-talet*. Norstedt & Söner: Stockholm.
- Hernes, G (1978) *Forhandlingsøkonomi og blandingsadministration*. Universitetsforlaget: Bergen.
- Hernes, G & Selvik, A (1981) 'Local Corporatism', Ch 4 in Berger S (ed.) *Organizing Interests in Western Europe*. Cambridge University Press: New York.
- Heydebrand, W (1977) 'Organisational Contradictions in Public Bureaucracies: Toward a Marxian Theory of Organisations', *The Sociological Quarterly*, Vol.18, 83-107.
- Hill, D M (1974) *Democratic Theory and Local Government*. Allen & Unwin:

London.

- Hill, R (1984) 'Economic Crisis and Political Response in the Motor City', in Sawers, L & Tabb, W K (eds.) *Sunbelt/Snowbelt: Urban Development and Regional Restructuring*. Oxford University Press: New York and Oxford.
- Hjern, B (1986a) *Kommunerna, näringslivet och sysselsättning Kommunförbundets enkäter 1985 och 1982* (with Hudson, C). Svenska Kommunförbundet: Stockholm.
- Hjern, B (1986b) 'Offentlig politik för näringslivsförnyelse', University of Umeå: Umeå (Mimeo).
- Hjern, B (1989) 'Swedish Industrial Policy: The Demise of The Centralizing State Model' Paper prepared for the workshop on 'Research on Decentralization and Regional Transformation' Vilvorde center, Copenhagen, August 17-18, 1989 (Mimeo).
- Hjern, B (1992) *Kommunal näringspolitik 1982-1991: utbyggnad och professionalisering*, Department of Political Science, Umeå University: Umeå.
- Hjern, B & Bergendahl, U (1987) *Näringspolitik - ansvar och kompetens*. Kommunförbundet: Stockholm.
- Howl, D (1986) 'Towards a people-based approach to local economic Planning', Ch 4 in Wilmers, P & Bourdillon, B (eds.) *Managing the Local Economy*. Geo Books: Norwich.
- Hudson, C (1992) 'The Role of Swedish Local Government In the Local Economy' *Local Government Studies*, Vol.18, No.3, 191-207.
- Hudson, C & Lane, J-E (1984) Review: Does Politics Matter? in *Scandinavian Political Studies*, Vol.7, No 3.
- Isaac-Henry, K (1975) 'Local Authority Associations and Local Government Reform', *Local Government Studies*, New Series, Vol.1, No.3, 1-12.
- Isaac-Henry, K (1980) 'The English Local Authority Associations', *Public Administration Bulletin*, No. 33 (August).
- Johansson, H (1966) 'Den kommunala verksamhetens expansion', in Wallin et al. (eds.) *Kommunerna i förvandling*. Almqvist & Wiksell: Stockholm.
- Jones, B & Kavanagh, D (1987) *British Politics Today*, Manchester University Press: Manchester.
- Jones, D (1989) *The North-South Divide*. Penguin Books: Harmondsworth.
- Jones, G (1991) 'Local Government in Great Britain, 1988/89', in Hesse, J J (ed.), *Local Government and Urban Affairs in International Perspective*. Baden-Baden: Nomos Verslagsgesellschaft.
- Jørgensen, H & Lind, J (1987) 'Decentralized Welfare Capitalism: The Case of Employment and Industrial Policies', *Acta Sociologica*, Vol. 30, No.3/4, 313-337.
- Kaijser, F & Riberdahl, C (1983) *Kommunallagarna 11*. Kommunförbundets Förlag: Stockholm.
- Karlsson, C (1983) 'Kommunernas rol i den ekonomiska politiken' Ch 2 in ERU-rapport Nr 24.

- Keith-Lucas, B & Richards, P (1978) *A History of Local Government in the Twentieth Century*. Allen & Unwin: London
- King, D S (1990) 'The New Urban Left and Local Economic Initiatives: The Greater London Enterprise Board' in King, D S & Pierre, J (eds.) *Challenges to Local Government*. Sage: London.
- King, D S & Pierre, J (eds.) (1990) *Challenges to Local Government*. Sage: London.
- King, R (1985) 'Corporatism and the Local Economy' in Grant, W (ed.) *The Political Economy of Corporatism*. Macmillan: London.
- Kingdom, J (1991) *Local Government and Politics in Britain*. Phillip Allan: New York, London.
- Kirby, A (1982) The external relations of the local state in Britain: some empirical examples. Ch 5 in Cox, K R & Johnston, R J (eds.) *Conflict, Politics & the Urban Scene*. Longman: London.
- Kobayashi, K, Batten, D F & Andersson, Å E (1991), *The Sequential Location of Knowledge-Orientated Firms Over Time and Space*, UES 251, Umeå University: Umeå.
- Laffin, M (1986) 'Professional Communities and Policy Communities in Central-Local Relations' in Goldsmith, M J (ed.) (1986a) Op.cit.
- Lagroye, J & Wright, V (1979) *Local Government in Britain and France*. Allen & Unwin: London.
- Lawless, P (1980) 'New Approaches to Local Authority Economic Intervention' in *Local Government Studies*, Jan/Feb.
- Leitner, H (1990) 'Cities in pursuit of economic growth. The local state as entrepreneur', *Political Geography Quarterly*, Vol.9, No.2, 146-170.
- Lever, W (1986) 'Economic Development Policy in London', Section 16 in Ewers, H-J et al. (eds.) *The Future of the Metropolis*. De Gruyter: Berlin.
- Lewin, L (1992) *Samhället och de organiserade intressena*. Norstedts: Stockholm.
- Lidström, A (1991) *Discretion - An Art of the Possible*, Research Report 1991:5, Department of Political Science, Umeå University, Sweden.
- Lindley, R (1986) *Autonomy*. Macmillan: London.
- Loughlin, M (1986a) 'Constitutional arguments and constitutional values in the debate over central-local government relations', Ch 8 in Goldsmith, M J (ed.) (1986a) Op.cit.
- Loughlin, M (1986b) 'The Constitutional Role of Local Government' in Goldsmith, M J (ed.) (1986b) Op.cit.
- Loughlin, M, Gelfand, M D, & Young, K (1985) *Half a Century of Municipal Decline 1935-1985*. Allen & Unwin: London.
- Lovering, J (1988) 'The Local Economy and Local Economic Strategies', *Policy & Politics* Vol.16, No.3, 145-157.
- Lundquist, L (1972) *Means and Goals of Political Decentralization*. Studentlitteratur: Malmö.
- Lundquist, L (1987) *Implementation Steering. An Actor-Structure Approach*.

- Studentlitteratur: Lund.
- Lyons, M (1983) 'The 2p Rate and Powers for Economic Development', *The Planner*, Vol.69, No.5, 163-164.
- Macridis, R E & Brown, B E (1964) *Comparative Politics, Notes & Readings*. The Dorsey Press: Illinois.
- Magnusson, W (1986) 'Bourgeois Theories of Local Government', *Political Studies*, Vol.34, No.1, 1-18.
- Mellor, J R (1977) *Urban Sociology in an Urbanized Society*. Routledge & Kegan Paul Ltd: London.
- Miliband, R (1969) *The State in Capitalist Society*. Weidenfeld & Nicolson: London
- Mills, L & Young, K (1986) 'Local Authorities and Economic Development: A Preliminary Analysis', Ch. 4 in Hauser, V A op.cit.
- Mills, L, Coulson, A & Young, K (1989) *Local authorities and economic development 1988/89*, Preliminary Report No.1 (Revised), Institute of Local Government Studies, Birmingham University: Birmingham.
- Minns, R & Thornley, J (1978) *Local Government Economic Planning and the Provision of Risk Capital for Small Firms*. CES Policy Series 6, CES: London.
- Molotch, A (1976) 'The city as a growth machine', *American Journal of Sociology* 82, 309-332.
- Montin, S (1987) 'Att öka den kommunala självstyrelsen - en kritisk granskning av det svenska frikommunförsöket' Paper presented at the VIII Nordic Political Science Conference, Copenhagen, August 1987 (Mimeo).
- Moore, C (1990) 'Displacement, Partnership and Privatization: Local Government and Urban Economic Regeneration in the 1980s' in King, D S & Pierre, J (eds.) Op.cit.
- Moore, C (1991) 'Reflections on the New Local Political Economy: resignation, resistance and reform', *Policy and Politics*, Vol.19, No.2, 73-85.
- Moore, C & Pierre, J (1988) 'Partnership or Privatization? The Political Economy of Local Economic Restructuring', *Policy and Politics*, Vol.16, 169-178.
- Moore, C & Richardson, J J (1989) *Local Partnership and the Unemployment Crisis in Britain*. Unwin Hymen: London.
- Moser, C A & Kalton, G (1975) *Survey Methods in Social Investigation*. H.E.B.: London.
- Murray, R (1991) *Local Space Europe and the new regionalism*. CLES: Manchester & SEEDS: Stevenage.
- Newton, K (1976) *Second City Politics*. Oxford University Press: Oxford.
- Newton, K (1980) *Balancing the Books Financial Problems of Local Governments in Western Europe*. Sage: London
- O'Connor, J (1973) *The Fiscal Crisis of the State*. St Martin's Press: New York.
- Olofsson, C (1984) *Kommunala bolag med industri-utvecklingsuppgifter - en*

- kartläggning och analys.* SIND 1984:1, Allmänna förlaget: Stockholm.
- Paasi, A (1991) 'Deconstructing regions: notes on the scales of spacial life', *Environment and Planning A*, Vol.23, 239-256.
- Page, E & Goldsmith, M (1987) *Central and Local Government Relations A Comparative Analysis of West European Unitary States*. Sage: London.
- Page, E with Goldsmith, M & Kousgaard, P (1990) 'Time, Parties and Budgetary Change: Fiscal Decisions in English Cities, 1974-88', *British Journal of Political Studies*, Vol.20, 43-61.
- Peterson, P (1981) *City Limits*. University of Chicago Press: Chicago.
- Pickvance, C (1986) 'The Crisis of Local Government in Britain: An Interpretation' in Gottdiener, M (ed.) *Cities in Stress*. Sage: Beverley Hills.
- Pickvance, C (1990) 'Introduction: the institutional context of local economic development. Central controls, spatial policies and local economic policies' in Harloe, M, Pickvance, C & Urry, J, (eds.) *Place, Policy and Politics, Do Localities Matter?* Unwin & Hyman: London.
- Pickvance, C & Preteceille, E (eds.) (1991) *State Restructuring and Local Power*. Pinter Publishers: London & New York.
- Pierre, J (1990) 'Assessing Local Autonomy' in King, D S & Pierre, J (eds.) Op.cit.
- Pierre, J (ed.) (1991) *Självstyrelse och omvärlsberoende*. Studentlitteratur: Lund.
- Pierre, J (1992) *Kommunerna, näringslivet och näringspolitiken*. SNS Förlag: Stockholm.
- Przeworski, A (1987) 'Methods of cross-national research, 1970-83: an overview', Ch 3 in Dierkes, M et al. (eds) *Comparative Policy Research: Learning from Experience*. St Martin's Press: New York.
- Reade, R (ed.) (1989) *Britain & Sweden Current Issues in Local Government*. The National Swedish Institute for Building Research, Research Report SB:18. Exellan Grafiska: Gävle.
- Redcliffe-Maud, Lord & Wood, B (1974) *English Local Government Reformed*. Oxford University Press: Oxford.
- Redlich, J & Hirst, F (1903) *Local Government in England*, Vol.1, Macmillan: London
- Rhodes, R A W (1979) *Research into central-local relations in Britain: a framework for analysis*. Central-Local Government Relations, Appendix I of SSRC Panel report of SSRC Research Initiatives Board. SSRC: London.
- Rhodes, R A W (1980a) 'Analysing Intergovernmental Relations', *European Journal of Political Research* Vol.8, No.3, 289-322.
- Rhodes, R A W (1980b) 'Developed Countries', Ch 46 in D.C. Rowat (ed.) *The International Handbook on Local Government Reorganisation: Contemporary Developments*. Aldwych Press: London.
- Rhodes, R A W (1981) *Control and Power in Central-Local Relations*. Gower: Aldershot.
- Rhodes, R A W (1985) 'A Squalid & Politically Corrupt Process?

- Rhodes, R A W (1986) 'Power dependence' Theories of central-local relations: a critical assessment' in Goldsmith, M J (1986a) (ed.) op.cit.
- Rhodes, R A W (1988) *Beyond Westminster and Whitehall: The sub-central government of Britain*. Allen & Unwin: London.
- Robinson, F (1979) *Local Authority Economic Initiatives: A Review*. CES Occassional Paper 10. CES: London.
- Robson, W A (1933) 'The Central Domination of Local Government', *Political Quarterly*, Vol.4, No.1, 85-104.
- Robson, W A (1966) *Local Government in Crisis*. Allen & Unwin: London.
- Rose, L E (1989) 'Nordic experiments with liberated local government: increased autonomy or continued central control?' Paper presented at the workshop on 'Local self government: economic and political challenges to local autonomy', ECPR, Joint Workshop, Paris, 10-15 April 1989 (mimeo).
- Rudebeck, K (1986) *Ansvar utan makt - arbetslöshet och kommunerna*. Forskningsrådsnämnden - Framtidsstudier: Stockholm.
- Saunders, P (1978) Urban Managers, Community Power and the 'Local State'. Paper given at the Institute of Local Government Policy Studies Conference, University of Birmingham, 7-9 June (Mimeo).
- Saunders, P (1979) *Urban Politics: A Sociological Interpretation*. Hutchinson: London
- Saunders, P (1981) *Social Theory and the Urban Question*. Hutchinson: London.
- Saunders, P (1984) 'Rethinking Local Politics' Ch 2 in Boddy, M & Fudge, C (eds.) *Local Socialism*. Macmillan: London.
- Schmidt, S (1986) *Pionjärer, Efterföljare och Avvaktare*. Studentlitteratur: Lund.
- Schmitter, P C & Lanzalaco, L (1989) 'Regions and the Organization of Business interests' in Coleman, W D & Jacek, H J (eds.) *Regionalism, Business Interests and Public Policy*. Sage: London.
- Sharpe, L J (1970) 'Theories and Values of Local Government', *Political Studies*, Vol.18, No.2, 153-174.
- Sharpe, L J (1981) 'Does Politics Matter? An Interim Summary with Findings' in Newton, K (ed.) *Urban Political Economy*. Francis Pinter: London.
- Sharpe, L J & Newton, K (1984) *Does Politics Matter? The Determinants of Public Policy*. Clarendon Press: Oxford.
- Smith, B C & Stanyer, J (1976) *Administering Britain*. Martin Roberts: London.
- Stahre, B (1983) 'Kommunala referensramar' Ch 3 in ERU-rapport 24 op.cit.
- Stewart, J (1983) *Local Government: The Conditions of Local Choice*, George Allen & Unwin: London, Boston, Sydney.
- Stewart, J & Stoker, G (1989) 'The 'Free Local Government' Experiments and the Programme of Public Service reform in Scandinavia' in Crouch, C &

- Marquand, D (eds.) Op.Cit.
- Stjernquist, N & Magnusson, H (1988) *Den kommunala självstyrelsen, jämlikheten och variationerna mellan kommunerna*. Civildepartementets forskningsdelegation, Ds 1988:36. Allmänna förlaget: Stockholm.
- Stoker, J (1988) *The Politics of Local Government*. Macmillan: London.
- Stoker, J (1991) 'Introduction: Trends in Western European Local Government' in Batley, R & Stoker, J (eds.), *Local Government in Europe*. Macmillan: London.
- Stone, C N (1987) 'The Study of the Politics of Urban Development' in Stone, C N & Sanders, H T (eds.) *The Politics of Urban Development*. University Press of Kansas: Kansas.
- Söderlind, D & Petersson, O (1988) *Svensk förvaltningspolitik*. Diskurs: Uppsala. Andra upplagan.
- Therborn, G., Visser, W & Wijnhaven, R (1986) 'Unemployment, its political determination, definition, structuring and ambiguous importance', Paper presented to the European Consortium of Political Research Workshop on the Politics of Unemployment, Gothenburg, April 1986 (Mimeo).
- Thrasher, M (1981) 'The Concept of Central-Local Government Partnership: Issues obscured by ideas', *Policy & Politics*, Vol.9, No.4, 455-470.
- Tiebout, C (1956) 'A pure theory of local expenditure', *Journal of Political Economy*, Vol.64, 416-24.
- Vielba, C (1986) 'Government and Industry: The Local Dimension', *Policy and Politics*, Vol.14, No.4, 507-518.
- Ward, S V (1983) 'Interwar Britain: A Study of Government Spending, Planning and Uneven Economic Development', *Built Environment*, Vol.7, No.2, 96-107.
- Ward, S V (1984) 'Local authorities and industrial promotion 1900-1939: rediscovering a lost tradition', in S V Ward (ed.) *Planning and economic change: an historial perspective*. Working Paper No. 78, Department of Town Planning, Oxford Polytechnic.
- Ward, S (1985) 'British Boosterism: An Area of Interest for Planning Historians', *Planning History Bulletin*, Vol.7, No.2.
- Westerståhl, J (1970) *Den kommunala självstyrelsen* 1, Almqvist & Wiksell: Uppsala.
- Widdicombe, D (1986) *The Conduct of Local Authority Business*. Report of the Committee of Enquiry into the Conduct of Local Authority Business, Cmnd 9797. HMSO: London.
- Williams, O & Adrian, C (1963) *Four Cities*. University of Pennsylvania Press: Philadelphia.
- Wirt, F M (1985) 'The Dependent City? External Influences upon Local Control', *The Journal of Politics*, Vol.47, 83-112.
- Wiseman, J (1966) 'Local Government in the 20th Century', *Lloyds Bank Review*, January.
- Wolman, H (1982) 'Local autonomy and Intergovernmental Finance in Britain

- and the United States' Ch 7 in Rose, R & Page, E (eds.) *Fiscal Stress in Cities*, Cambridge University Press: Cambridge.
- Wolman, H (1986) Urban economic development and intergovernmental relations', *Environment & Planning C: Government & Policy*, Vol.4, 419-422.
- Wolman, H (1988) 'Understanding recent trends in central-local relations: centralisation in Great Britain and decentralization in the United States', *European Journal of Political Research* 16, 425-435.
- Wolman, H & Goldsmith, M (1989) 'Local Government Autonomy - an attempt to recast political rhetoric into a meaningful analytical concept' Paper presented at Urban Affairs Association, Annual Meetings, Baltimore, March 1989 (Mimeo).
- Wolman, H & Goldsmith, M (1992) *Urban Politics & Policy - A Comparative Approach*, Blackwell: Oxford.
- Wong, K W (1988) 'Economic Constraint and Political Choice in Urban Policymaking' in *American Journal of Political Science*, Vol.32, No.1, 1-18.
- Yates, D (1977) *The Ungovernable City*. MIT Press: Cambridge, Mass.
- Young, K (ed.) (1983) *National Interests and Local Government*. Heinemann: London
- Young, K (1986) 'Economic development in Britain: a vacuum in central-local government relations', *Environment and Planning C: Government and Policy*, Vol.4, 439-450.
- Young, K & Mason, C (eds.) (1983) *Urban Economic Development*. Macmillan: London.



## **APPENDIX 1: MEASURING THE INDEPENDENT VARIABLES**

### **1. Sweden**

#### **Unemployment**

Figures are taken from AMS statistics (Swedish Labour Market Board) concerning those actively seeking employment (total unemployment), by municipality, average for 1982, 1985 and 1988.

#### **Local Tax Base**

This is based on the tax base (*skatteunderlag*) which is the sum of *skattekronor*. One *skattekrona* equals one hundred kronor of taxable income. The tax capacity (*skattekraft*) is the tax based divided by the number of inhabitants. This is taken from the Swedish Municipal Yearbook for 1982, 1985 and 1988.

#### **Degree of Urbanization**

This is the population density defined as the proportion of the population living in villages or towns with at least 200 inhabitants, where the distance between the houses does not normally exceed 200 meters. This is taken from the Swedish Municipal Yearbook for 1982, 1985 and 1988.

#### **Population Size**

A variable was created which grouped municipalities into four categories: under 10,000, 10,000-15,000, 15,000-30,000, and over 30,000 using population figures for the 1st January 1982, 1985 and 1988 respectively. These figures were obtained from the Swedish Municipal Yearbook.

#### **Political Control**

The distribution of seats by party in the municipal councils was taken from the General Elections, Part 2: Elections to the Municipal Councils 1982, 1985, and 1988 published by the Swedish Central Bureau of Statistics.

#### **Strength of the Majority**

A variable relating to the strength of the political majority was created with 4 categories: the difference between the size of the majority and the minority, irrespective of whether it is socialist/non-socialist, is less than 3%; greater than 3% but less than 8%; greater than 8% but less than 14%; and greater than 14%.

## Regional Classification

- i) Traditional
  - Götaland
  - Svealand
  - Norrland
- ii) Knowledge Regions

K region:

Stockholm-Uppsala region  
Gothenburg region  
Malmö-Lund region  
Linköping region  
Umeå region

M region:

Södermanlands County  
Östergötlands County excluding Linköping  
Jönköpings County  
Gotland  
Kristianstads County  
Malmöhus County excluding Malmö-Lund  
Hallands County excluding Kungsbacka  
Älvborgs County excluding Ale and Partille  
Skaraborgs County

B region:

Norrland  
Bergslagen  
South East Götaland

## 2. Britain

### Unemployment

Based on the number of unemployed people November 1988 divided by population aged 16-64. Source Department of Employment.

### Rateable Value

Rateable value per head of population. Source Finance and General Statistics, CIPFA.

### Political Parties

The political composition of the district and county councils were taken from the

**Strength of the Political Majority**

A similar variable as that created for Sweden, relating to the strength of the majority regardless of party.

**Population Size**

Local authorities were divided into four categories: under 75,000; 75,000-150,000; 150,000-200,000; over 200,000 using the mid-year population of the local authority as estimated by the Registrar General, taken from the Population Estimates 1988 - Office of Population Censuses and Surveys Series.

**Regional classification**

i) Standard Regional Classification

Britain divided into 9 regions:

Northern

Yorkshire and Humberside

East Midlands

East Anglia

South East

South West

West Midlands

North West

Wales

ii) Authority Type

Local authorities in England and Wales are divided into 4 types:

Shire Counties

Shire Districts

Metropolitan Districts

London Boroughs

## **APPENDIX 2: MEASURE OF ASSOCIATION**

The indices representing the dependent variable are ordinal scales and this has to be borne in mind when selecting the measure of association. Both the dependent and independent variables are represented in ordinal terms. The rank-order statistics are sometimes called "correlations" but, for example in the case of Tau it is not a correlation coefficient so it is better to think of them as showing "concordance" or "agreement", the tendency for two rank-orders to be similar.

A number of measures of association were tested, these included Spearman's rank correlation, Kendall's Tau and Gamma. The big argument in favour of using Kendall's Tau in the test of the hypothesis of independence is the fairly rapid convergence of its sampling distribution to a normal form, as opposed to the somewhat slower convergence and other peculiarities of the distribution of Spearman Rank Correlation (see Hays 1974). Another advantage of Tau over  $r_s$  is that it can be readily used when there are a large number of ties which is likely when both variables have been grouped into several rather crude categories (see Blalock 1979). A further advantage is that Tau can be given a very simple interpretation as a descriptive statistic. The disadvantage with gamma is that as the number of categories is reduced, gamma *increases* in value, i.e. it becomes inflated as precision is decreased.

Kendall's Tau varies between -1.0 and +1.0. Its value will be +1.0 whenever the rankings are in perfect agreement, -1.0 when they are in perfect disagreement and zero if there is no relationship at all.

### **APPENDIX 3: CHARACTERISTICS OF MUNICIPALITIES ACCORDING TO AUTONOMY PATTERN**

**Table 6.1 Characteristics of Municipalities within the Squares: Sweden 1985**  
**Horizontal autonomy**

	Policy-Making Integrity		Policy-Making Integrity		Average	
	Low		High			
	Capacity for Action	Capacity for Action	Low	High		
Population	33,694	29,020	21,126	23,281	25,209	
Degree of Urbanization	79%	73%	71%	71%	73%	
Unemployment	2.9%	3.6%	2.7%	3.7%	3.1%	
Socialist	52%	54%	48%	53%	51%	
Region						
Götaland	33%	39%	60%	48%	49%	
Svealand	56%	36%	22%	30%	32%	
Norrland	11%	25%	18%	22%	20%	
B	42%	57%	33%	54%	44%	
M	37%	29%	46%	36%	38%	
K	21%	14%	22%	11%	17%	

**Table 6.2 Characteristics of Municipalities within the Squares: Sweden 1988 Horizontal Autonomy**

	Policy-Making Integrity Low		Policy-Making Integrity High		Average	
	Capacity for Action		Capacity for Action			
	Low	High	Low	High		
Population	24,313	27,397	22,698	24,436	25,641	
Degree of Urbanization	75%	74%	72%	68%	73%	
Unemployment	1.0%	1.7%	1.1%	1.7%	1.5%	
Socialist	45%	50%	49%	47%	48%	
Region						
Götaland	58%	43%	65%	46%	49%	
Svealand	36%	31%	28%	36%	32%	
Norrland	6%	26%	7%	18%	19%	
B	16%	56%	22%	46%	44%	
M	36%	35%	52%	41%	39%	
K	48%	9%	26%	13%	17%	

**Table 6.3 Characteristics of Municipalities within the Squares: Britain 1989  
Horizontal Autonomy**

	Policy-Making Integrity		Policy-Making Integrity		Average	
	Low		High			
	Capacity for Action	Capacity for Action	Capacity for Action	Capacity for Action		
Population	Low	High	Low	High		
Population	163,762	209,022	143,312	173,426	192,654	
Unemployment	8%	16%	6%	6%	16%	
Socialist	23%	33%	8%	35%	30%	
Non-Socialist	50%	36%	83%	40%	42%	
No overall	27%	33%	9%	25%	28%	
Region						
North	8%	8%	0%	9%	7%	
York & Humber	3%	8%	0%	6%	6%	
East Mid	5%	9%	13%	20%	11%	
East Anglia	10%	7%	4%	2%	6%	
South East	43%	24%	63%	30%	30%	
South West	10%	13%	4%	7%	11%	
West Midland	15%	9%	4%	13%	10%	
North West	5%	10%	8%	4%	8%	
Wales	3%	12%	4%	9%	10%	
LA Type						
Shire County	5%	14%	4%	9%	12%	
Shire Dist	82%	69%	83%	74%	73%	
Met Dist	3%	13%	0%	2%	9%	
London B	10%	4%	13%	15%	7%	









