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Title: Local Governance, Decentralization and Participation : Meta-Governance Perspectives - Introduction to the Special Issue

Year: 2013

Version: Published version

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Please cite the original version:

Kettunen, P., & Kull, M. (2013). Local Governance, Decentralization and Participation : Meta-Governance Perspectives - Introduction to the Special Issue. Administrative Culture - Halduskultuur, 14(1), 4-10. http://halduskultuur.eu/journal/index.php/HKAC/article/view/92

Michael Kull and Pekka Kettunen. 2013. "Local Governance, Decentralization and Participation: Meta-Governance Perspectives – Introduction to the Special Issue." *Halduskultuur – Administrative Culture* 14 (1), 4-10.

Local Governance, Decentralization and Participation: Meta-Governance Perspectives – Introduction to the Special Issue

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This special issue features outstanding papers presented at the 14th annual scholarly conference hosted by the Department of Public Administration – now Ragnar Nurkse School of Innovation and Governance – at Tallinn University of Technology and the journal *Halduskultuur – Administrative Culture* on 27-28 April 2012 in Tallinn, Estonia. All contributions look into the state of local governance, particularly by focusing on decentralization and participation.

While some governance scholars see in the emergence of new governance a weakening of the state and of government or even a move from government to governance, the perceptions of the authors contributing to this special issue are quite different.

While the state underwent important transformations because of the emergence of new governance structures, e.g. due to European integration, national governments remain in a very powerful position (see also Bache and Flinders 2005; Kettunen and Kull 2009). Bevir (2010) argued that the state is less a formal unity but a composition of diverse sub-organizations, groups and policy-networks not necessarily working for a common good anymore but for particular interests, an issue that is nicely illustrated in the debates on water as a public good versus its privatization in the European Union (EU).

Meta-governance perspectives are very useful in this context. Whilst there are variations in scholarly perceptions of meta-governance (Jessop 2003; Whitehead 2003; Sørensen 2005; Kooiman and Jentoft 2009; Meuleman 2010; Engberg and Larsen 2010; Glasbergen 2011) key scholars assume that the state (at different scales) and other political authorities beyond the state set the conditions in which governance takes place and the decentralization of tasks is organized. Those authorities define the "ground rules" and the "regulatory order" (Jessop 2003). Some scholars constructed and celebrated new governance as offering solutions to state or market failure. Jessop, again, argues that the obsession with new governance made its proponents also blind for the failure of the new envisaged and realized forms of coordination (Jessop 2011).

In our perception (Christopoulos, Horvath and Kull 2012, 306), meta-governance is the reflexive coordination and organization of the framework conditions under which governance can take place through joint identification of potentials or counterbalancing of observed failures in traditional modes of governance, such as in relation to decision-making, steering or coordination of collective action.

A number of crucial points affect the ability of the public and the third sector to participate in meta-governance. The capacity to contribute to decision-making and the potential to influence decisions made by higher-level actors is often determined by financial and administrative power. In the case of municipalities, the question is whether they participate in negotiating meta-governance issues or whether they are merely addressees and receivers of functions and change imposed from above. In this context Bache (2010) refers to the problem of technocratic efficiency (as an idea and envisaged outcome of some EU policies and projects) versus democratic legitimacy. Efficiency is said to be brought in and fostered by knowledge and skills from outside traditional local governments (experts from various contexts) but escaping political control or even disempowering local political elites. Hall et al. (2009) argue that in the Nordic governance-network analyzes the perspective of democracy has not been very strong. This means that research has emphasized such benefits as innovativeness and cooperation and more or less neglected the crucial question of democratic surveillance. Overall, whilst new actors gain access to new governance arrangements, their status needs to be critically analyzed.

In addition to meta-governance the concepts of local governance and local government reforms are central as a sub-theme of the special issue at hand. The comparative analysis of local governance and government is bound to face the contextual differences between various local government types and also individual countries. Applying suitable concepts, however, makes it possible to discuss common development and common challenges, as the papers in this special issue do. Local governments often have to compete with other municipalities, with enterprises, working places, development programs, and at the same time respond to the needs and expectations of the local citizens. Participation, to take an example, is an important perspective to gain insight into how municipalities deal with new forms of influence and how they, if they do, integrate it with the already existing forms of decision-making. From the emergence of the debate (Burns et al. 1994) to the present, there is still a need to continue identifying and analyzing new forms of participation. Equally important is placing them in relation to the traditional, representative forms of participation. Finally, the focus on forms of municipal organization raises interesting questions about cost-efficiency, democracy and public values. The New Public Management (NPM) paradigm that has been challenged by scholars and many practitioners alike and has vanished in the mid-2000s, shows its face again, although in embryonic forms, by a remunicipalization trend bringing services and utilities back to the municipal reign. An equally important development in local governance is the growth of both numbers and types of actors, which raises questions about the role of networks and similar configurations in relation to the existing structure. The question of whether a successful construction of environments took place, in which different governance actors – including those from the local level – may jointly deliberate on reforms and transformations, is of particular importance.

Municipal governance is, depending on the country, more and more about negotiating and enabling rather than managing a well-ordered internal organization. The above delineated perspectives in local governance are all dealt with in the articles at hand.

Introduction to the articles featured in this special issue

In his contribution to this special issue, Alan Rosenbaum takes us on journey around the globe, a journey through the history of decentralization over the course of the past 30 years. His reflections start in the United States of America, a country with probably "the most highly developed local government system of any country in the world". In Latin America, another area of his reflection, decentralization was supported and promoted by international organizations such as the United Nations (UN). The ultimate aim was the dispersion of political power. One very positive example from the continent, where decentralization culminated in more citizen participation is the Bolivian Participation Law, empowering, above all, local indigenous people.

Service delivery, according to Rosenbaum, was another core aim when the decision was made to decentralize, such as in the field of education, reducing inequalities or the provision of a basic income for families.

China is a very interesting case when it comes to the drivers and results of decentralization. Rosenbaum reminds us of the remarkable economic development in China, where about 80% of the state-owned industries are owned by local governments. Turning them over to the local governments, Rosenbaum highlights, resulted in a "massive flourishing" of the Chinese economy, albeit also in a growing rural-urban divide.

Overall, decentralization was fuelled by a number of different, yet often interlinked motives, such as improving democracy and enabling citizens to participate in decision-making, improving public-service delivery or the promotion of economic development. Improved civic participation and empowerment through decentralization has many faces. Be it through participation in local municipal committees, via non-governmental organizations, or the Porto Alegre type participatory budgeting, an issue further discussed by Krenjova and Raudla in their contribution to the special issue.

The article "Participatory Budgeting at the Local Level: Challenges and Opportunities for New Democracies" by Jelizaveta Krenjova and Ringa Raudla takes as its main goals to examine the existing models of participatory budgeting (PB), to match the various models to different constellations of contextual variables and to investigate the applicability of PB in the new democracies in Central and Eastern Europe (CEE). In light of this theory-building exercise, one can argue that although as a general idea PB could be feasible (and even recommendable) in the CEE context, it is also likely to face a number of challenges. In particular, limited financial autonomy of the local governments and the prevailing political culture, combined with weak civil society, are likely to constitute the main challenges to implementing PB in CEE countries, especially if the implementation of the Porto Alegre model is considered.

In her article "Fiscal Decentralisation in Rural Local Governments in Mexico: Changes in Accountability and Entrepreneurship in the Local Government Structures", Flor Moreno sheds light on the impact of decentralization policies in small rural municipalities in Mexico.

Her focus is on fiscal decentralization, triggered by reforms of the Mexican federal government in 1997. Drawing on municipal longitudinal data (1990-2008), the paper looks into two interrelated issues. The first is the impact of fiscal decentraliza-

tion on the "quality of governance" in terms of basic public services delivered in rural municipalities. The second aim is to explore whether decentralization changed patterns of accountability and entrepreneurship and promoted good governance. Overall, a sound *provision of information* improved the quality of local service delivery. *Municipal cooperation* served to reduce costs. *Steering* in relation to conditional funds contributed to the promotion of accountability and entrepreneurship while, in turn, unconditional funds had, according to Moreno, negative effects on accountability and no effect on entrepreneurship.

Overall "fiscal decentralisation policy has been beneficial" and contributed to the positive changes at the Mexican municipal level, particular in terms of improved governance structures and qualities but also regarding the welfare of the people in rural Mexico.

The article "Inter-Municipal Cooperation: Possibility for Advancing Local Democracy and Subsidiarity in Estonia" by Sulev Mäeltsemees, Mikk Lõhmus and Jüri Ratas focuses on the analysis of issues related to the local self-government responsibilities and management and, in particular, on the points of conflicts in structuring the service-area management models for granting local democracy and subsidiarity in Estonia, as well as their possible solutions. The authors emphasize once more that different forms of cooperation between the entities of local government, including compulsory inter-municipal cooperation, must be organized in such a manner that the users of public services and the residents of the region would have a full awareness of who is performing the given duty, who is the decision-maker and who is in charge of the performed task.

The objective of the article "Unpacking Administrative Capacity for the Management of EU Structural Funds in Small and Large Municipalities: The Estonian Case" by Kerli Lorvi is to analyze the administrative capacity of the municipalities in Estonia for the management of the EU Structural Funds (SF). One of the conclusions she draws is that small municipalities in Estonia have not been able to use the EU SF support as effectively as large municipalities because their administrative capacity has been weaker and their co-financing possibilities have not been sufficient. Thus, she argues, the government should involve the county level more in the programming process of the Structural Funds and delegate more financing decision-making of the EU SF to the county level because at the regional level people are more aware of the development priorities of the region.

In her article "Rural Policy in Estonia: The Leader Approach and the Concentration of Power", Vivia Aunapuu-Lents addresses major issues and problems in current rural policy in Estonia. She discusses the mechanisms of how new governance in the form of public-private partnerships in the "Leader method" as one important element in EU rural policy, contributes to the accumulation and concentration of power at the local level in Estonia. This article provides the research community engaged in the study of rural issues with very valuable new findings from Estonia, insights this community clearly lacks. A good case in point is whether local governments have the ability to dominate rural policy within the "Leader" framework. According to Aunapuu-Lents, and in contrast to other EU member states, this is not the case. As far as the relations between local governments and potential new elites in the form of a new project class are concerned, the author identifies compet-

ing parallel power structures between new and old elites. Overall, Aunapuu-Lents, through her empirical study, contributes to theorizing about public-policy-making in the EU by a useful combination of multi-level governance, structural constructivism and multifunctionality.

Gunnar Schwarting argues in his article "Public Corporate Governance Codes: Necessary but Successful too?" that the formulation of Public Corporate Governance Codes has become popular in the last few years. But there are some shortcomings. First the variety of codes makes comparisons difficult or even impossible. Secondly, many codes state the necessity of steering by the government as the owner of Government Owned Enterprises (GOE) but do not mention the steering process explicitly. In the last few years it has become quite popular in many countries to publish a Public Corporate Governance Code (PCGC). In doing so, the government shows its awareness that the sector of Government-Owned Enterprises needs more attention than in past years. Does the implementation of a PCGC improve the results of GOEs and lead to more transparency, he asks.

In his essay "Coercive Municipal Amalgamation Today" Wolfgang Drechsler discusses coercive amalgamations as "one of the greatest threats to municipal autonomy, the principle of local self-governance" and as a threat to democracy and individual autonomy.

After broader and useful introductory reflections about coercive municipal amalgamation, such as via a synthesis of a number of studies that show that adherents to the pro-amalgamation discourse are wrong and that there are no automatic efficiency gains through amalgamation (often quite the contrary can happen) Drechsler takes us to Estonia. He has studied this particular issue of administrative reform for many years and uses his deep knowledge to carefully take up the arguments brought forward by the adherents of coercive amalgamation (arguments often backed by proponents of the re-emerging NPM). Drechsler dissects those arguments in a refreshing and highly thought-provoking way and convincingly demonstrates that many of the underlying concepts employed to back arguments are either old-fashioned – micro-efficiency vs. macro-efficiency and the actual effectiveness and service delivery – or are simply wrong as they are taken out of very different contexts, such as coercive amalgamists arguing with benefits from voluntary mergers.

His observations are also on the limits of the expert and his knowledge in the local and municipal context. This is a context of the interest of individual citizen where expert knowledge used to back municipal amalgamation coerced and imposed from the above poses a threat to democracy and autonomy. Municipalities are the basic unit where individuals live together. By curtailing their autonomy, individuals, too, are deprived of their right to decide about the forms of living together. This is highly problematic and wrong since, as Drechsler put it, to "have a say in this community and about that community can easily be called the most basic idea of autonomy at all."

What are options on the menu then? Drechsler refers to e-governance, forms of municipal cooperations, options that provide space for much more academic inquiry. It is, however, important to note that the options and the need to be found should be ultimately citizen-driven as the expert "does not know the final truth, as there are no final truths in public arrangement, but just choices to be made by the citizens" (Drechsler referring to his teacher Hans-Georg Gadamer).

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