Governing from Below

URBAN REGIONS AND THE GLOBAL ECONOMY

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Places in the Global Economy

Across the advanced industrial world and beyond, a far-reaching transformation is under way. For decades now, the five-hundred-year-old system of political authority that emerged with the system of European states has been giving way to a new order. Even as policy makers, the media and much of political science remain transfixed by Washington, Paris, London and Bonn, or Brussels or Frankfurt, more and more of the politics that matters most for the lives of citizens is shifting elsewhere. To secure some of the most important goals of advanced industrial society, presidents, prime ministers and elite bureaucrats look increasingly to regional economies, to private markets, to urban partnerships, to citizen activism. Efforts to promote prosperity, to protect the environment and to further equity for the disadvantaged increasingly rely on activities at the regional and local levels. This new reality requires a new realization of the role that localities and regions play in wider political economies and renewed attention to the metropolitan areas where people live. In these places lie principal sources not only of environmental and social successes but also of economic rigidities in Germany; of the mixed successes of recent policy making in France; and of persistent inequities, as well as recurrent dynamism, in policy making in the United States. In developed countries, and more starkly in the developing world, efforts to govern urban regions confront parallel dilemmas between prosperity, equity and the quality of life.

To account for a global transformation of this order requires a search for equally far-reaching causes. For many in the social sciences and public life, the explanation lies in an emerging global economy of transnational finance, mobile firms, information flows and consumer culture. The specter of a creeping dictatorship of imperatives in the

(a) Germany

(b) France

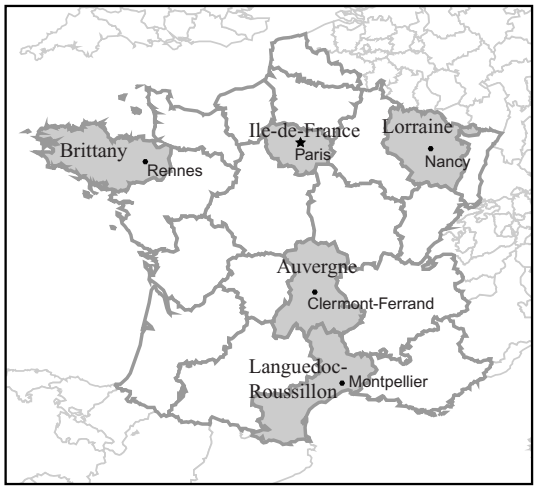

Figure 1 Locations of the City Regions and Intermediate Governments

service of business elites has haunted such accounts.[1] Yet this "global localization" ultimately stretches far beyond the domain of economic decision

[1] See, e.g., the discussion in Suzanne Berger and Ronald Dore (eds.), *National Diversity and Global Capitalism* (Ithaca: Cornell University Press, 1996); Robert Boyer and Daniel Drache (eds.), *States Against Markets* (London: Routledge, 1996). For applications to cities, see Saskia Sassen, *Cities in a World Economy* (Thousand Oaks, CA: Pine Forge Press, 1994); Peter Marcuse and Ronald van Kempen (eds.), *Globalizing Cities: A New Spatial Order?* (London: Blackwell, 2000). Journalistic examples include Thomas Friedman, *The Lexus and*

(c) United States

Figure 1 (*continued*)

making.[2] Much of the expansion of local initiatives has taken place in settings with little expectation of attracting new corporate headquarters. The sources often trace more to actors and interests within urban political economies than to pressures from without. The sheer diversity of the paths that similar urban regions in different advanced industrial countries have followed suggests how much conditions and choices within urban regions matter.

Take a western German city like Freiburg, an educational and administrative center in the Black Forest mostly rebuilt on the ruins of World War II. The spotless Old Town, packed with modern department stores, bookstores and specialty shops, maintains much of the human scale of a medieval urban center. On Saturdays or in the evenings, throngs of foreign

the Olive Tree (New York: Farrar, Straus, Giroux, 1999); William Greider, *One World, Ready or Not* (New York: Touchstone Books, 1997).

[2] Speaking of a similar process, but retaining an economistic focus, Eri Swyngedouw uses the term "glocalisation." See "The Mammon Quest: 'Glocalisation,' Interspatial Competition and the Monetary Order: The Construction of New Scales," in Mick Dunford and Grigoris Kafkalas (eds.), *Cities and Regions in the New Europe* (London: Belhaven Press, 1992), pp. 39–67.

tourists, daytime shoppers, university students and political activists converge on this central area. Outward from it, and beyond the central-city boundary, unmitigated urban sprawl is hard to find. At regular intervals throughout the urban region, a highly developed system of trolleys and buses takes riders past clusters of housing, cafés, bakeries, coffee shops and small grocery stores. Extensive forests and preserved farmland occupy the spaces in between. Social class distinctions continue to mark privileged neighborhoods around the edges of the Black Forest and have increasingly spread to outlying villages like Günsterstal and Merzhausen. But the most disadvantaged citizens rarely reside by themselves. Even industrial zones like Brühl, where the highest proportions of foreigners and unemployed residents concentrate, retain the same local shops, restaurants and bakeries as other areas of the city. Another German city of similar size will generally conform to these patterns. Even smaller, less bustling Old Towns contain many of the same stores and offices. Even in those cities that have done away with trolley systems, the convenience of buses, bicycle routes and pedestrian walkways makes it practical to commute without a car. The pockets of unemployment and ethnic minorities that have emerged in some German cities seldom add up to citywide patterns of spatial exclusion.

Among the similar-sized urban centers of provincial France, greater variety predominates. Even more than their German counterparts, the downtowns of the most fortunate French cities present showcases of prosperity. With crowds of tourists, café goers and strollers at all hours, a refurbished central square like the Place de la Comédie in Montpellier or the Place Sainte Anne in Rennes is a place to see others and to be seen. New quarters of modern malls, hotels, convention centers and fast-food restaurants surround medieval Old Towns, which have been refurbished as boutiques and offices. But in Clermont-Ferrand, as in the many other French cities that have recently suffered stagnation or decline, the twentieth century still only occasionally intrudes on the ancient facades and quieter rhythms of the old center. Outside the downtowns, the divergences deepen. Around Rennes, the regular alternations between villages and farmland contrast with the sprawl to the east and south of Montpellier, the east of Clermont-Ferrand or the south of Nancy. Disadvantaged residents also live in markedly different relations to more privileged citizens. In some urban regions, like Rennes and Clermont-Ferrand, North Africans and other minorities and the poor seldom reside separately from the rest of the population. But in cities from Paris and Lyon to Nancy and Mont-

pellier, as the downtowns have emerged as bastions of residence for professionals and executives, desolate, high-rise estates of public housing have absorbed growing concentrations of disadvantaged groups.

In comparison with these European urban regions, the diverse urban landscapes of the United States generally share basic commonalities. European visitors often observe that urban regions like New Haven are not cities at all. Whether in fast-growing cities like those of the Sun Belt or in the declining manufacturing centers of the Northeast, downtowns share the same modest public amenities, the same jumble of architectural styles, the same emphasis on roadways over pedestrian areas, the same lack of public transit and the same ramshackle parking lots and deserted blocks. Occasionally, cities like Madison or Portland have maintained an urban center to compare with European Old Towns. In Madison, on the isthmus between Lake Mendota and Lake Monona, offices, universities and residences have helped sustain malls or other commercial centers. But beyond the central areas of most American cities, the roadways, neighborhoods, parks and commercial strips follow the predictably random pattern of urban sprawl. Shopping, offices and commercial activities concentrate in separate zones from housing and other activities. Yet even in Madison, where a drive beyond the city limits still encounters woods or prairies, only a small portion of development within those limits concentrates around the center. As in most U.S. cities, spatial demarcations along ethnic, racial and socioeconomic lines have long pervaded the entire urban region. Madison has its neighborhoods of immense tracts and large houses, its subdivisions of middle- and working-class whites and its concentrations of minorities and the poor.

All politics is local. Coined by the late U.S. House Speaker, Tip O'Neill, the expression grew originally out of the legislative politics of a peculiarly American federalism. Yet throughout the contemporary developed world, a portion of the politics that matters has always centered in the neighborhoods and urban regions where people live, work and play. Expanding local activities of this sort have produced and accentuated these divergences in urban landscapes. Rather than simply reflect mobilization from the top down in either politics or markets, local businesses, institutions, activists, consumers and voters have themselves caused much of the difference. Within states this localization has outstripped what traditional notions of formal devolution from above can encompass and has come about through the expansion as well as the contraction of policy making from above. Within the economy, local coalitions have often done more to spur

integration into widening systems of production, marketing, networks and service provision than have global actors like international firms.

This chapter sets out a framework for analysis of these developments. The next section outlines the considerations that any such analysis must take into account and the issues of policy my analysis will consider. I conclude with an overview of the research design for this study.

The Global, the National and the Local: A Framework and Alternative Models

To analyze the role of local actors and conditions in the pathways of urban regions requires a conceptual framework that also takes into account other influences. Within an urban region, the actions and institutions that comprise *urban governance*, or local efforts to shape local society, need to be separated out from local social and spatial conditions. These local influences can be fully understood only in light of the governments, policies, institutions and organized interests embedded at higher levels of the state, and translocal markets and economic actors.

The simplest and in a sense the most elegant accounts of localized governance have analyzed it as a matter of bargaining and institution building among the property owners or other stakeholders who seek to cooperate in a given setting.[3] In urban political economy, however, patterns of inequality, power and conflict define who can govern urban regions at all. Perhaps the most pervasive question in this field concerns the very possibility of localized governance in such settings. Both neoclassical and neomarxist accounts of urban political economy have frequently insisted on the decisive influence of external capital or markets on policy making within city regions.[4] The growing body of international comparative work on urban political economies, focused mostly on the biggest metropoles of advanced industrial societies, has developed a set of propositions about economic globalization that mirror much of these earlier accounts.

[3] See, e.g., Elinor Ostrom, *Governing the Commons* (New York: Cambridge University Press, 1990); Robert Ellickson, *Order Without Law* (Cambridge, MA: Harvard University Press, 1992).

[4] See, e.g., Manuel Castells, *The Urban Question* (London: Edward Arnold, 1977); David Harvey, *The Urban Experience* (Oxford: Basil Blackwell, 1989); Paul Peterson, *City Limits* (Chicago: University of Chicago Press, 1981).

In what might be called a theory of global urban dualization,[5] this analysis has centered around urban concentrations of financial capital, corporate headquarters and related producer services. From these settings, the theory holds that mobile, externally oriented economic elites have grown to dominate both the world economy and the political economy of urban regions. Under the sway of this influence, local development and related policies serve the interests of the very rich in technologically advanced offices, penthouse apartments, luxury hotels and expensive restaurants and protect the occupants of these privileged sites from unwanted intrusions. At the same time, as skilled blue-collar work in these same cities gives way to jobs that employ unskilled, largely immigrant labor or to unemployment that causes poverty, urban economies suffer from increasing spatial and social polarization. Local choices in favor of global elites preempt social, environmental and other measures to address the needs of disadvantaged groups and wider publics. Although initial accounts of global economic dualism pointed to a small number of "global cities" at the peak of urban hierarchies as the sites of the transformation, other analyses point to similar processes in other large cities and beyond.[6]

Even though much of the literature on this subject has built upon cross-national urban comparisons, it has so far neglected to confront the most direct and obvious challenge to this view of global transformation. Long before political science emerged as a professionalized discipline, the study of comparative politics demonstrated the difference that nation-states make for what goes on within them. In recent analyses of economic, social and even environmental outcomes, the analytic tools and concepts of a "new institutionalism" now fortify these traditional contentions that nations in fact matter.[7] Neoinstitutionalist work leaves little doubt that

[5] Work in this vein includes Robert Reich, *The Work of Nations* (New York: Random House, 1991); Sassen, *World Economy*; John Friedmann, "The World City Hypothesis," *Development and Change 17* (1986): 69–84; H. V. Savitch, "The Emergence of Global Cities," *Urban Affairs Review 31*(1) (1995): 137–142. For a similar characterization, see James W. White, "Old Wine, Cracked Bottles: Paris, Tokyo and the Global City Thesis," *Urban Affairs Review 33*(4) (1998): 492–521.

[6] See, e.g., Marcuse and van Kempen, *Globalizing Cities*; Kenneth A. Gould, Allan Schnaiberg and Adam S. Weinberg, *Local Environmental Struggles* (Cambridge: Cambridge University Press, 1996).

[7] Paul J. DiMaggio and Walter W. Powell (eds.), *The New Institutionalism in Organizational Analysis* (Chicago: University of Chicago Press, 1991), pp. 41–62; Peter Hall and Rosemary Taylor, "Political Science and the Three New Institutionalisms," James G. March and Johan P. Olsen, *Rediscovering Institutions Political Studies 44*(5) (1996): 936–957;

institutional arrangements at national scales help make collective action possible, determine much of the thrust of that action, shape the linkages between elites and the remainder of societies and often resist pressures for subservience to the demands of mobile firms and capital.

Of course, cross-national comparative analysis of institutions at the national level alone remains ill-suited to account for the political trajectories of urban regions. In part, this necessity results from purely methodological considerations. Since varying local social and economic conditions may affect the realization of urban policy, holding these conditions equal through selection of subnational cases enables an analysis to better single out the differences that nation-states themselves make.[8] At the same time, compelling substantive reasons arise from the lasting challenge that studies of urban power, such as Dahl's *Who Governs?*,[9] have presented to elitist accounts of the way national political institutions and economies operate. Mayor Richard Lee of Dahl's New Haven rarely comes across as in thrall to the federal department heads and congressmen higher up in the hierarchy of formal state authorities. Rather, his entrepreneurship is what makes urban renewal work. His initiatives in search of resources take him to the grant programs of the federal and state governments, to the political ties of the national party systems and to the networks of informal contacts that linked Yale University alumni and benefactors. Within the city of New Haven and its suburbs he cultivates lateral connections among a local political coalition, local businesses and neighborhood groups. Even as national urban programs proved indispensable to many of Mayor Lee's efforts, Dahl and his students have sustained a convincing case that the mayor and his executive-centered coalition were crucial to bringing those programs to New Haven.

As a touchstone of the U.S. academic literature on urban politics, the endeavors of Mayor Lee have come to exemplify the specific activities that

(New York: Free Press, 1989); Sven Steinmo, Kathleen Thelen and Frank Longstreth, *Structuring Politics* (New York: Cambridge University Press, 1992).

[8] Phillip Gregg, "Units and Levels of Analysis: A Problem [of] Policy Analysis in Federal Systems," *Publius* (1974): 59–108; Arendt Lipjhart, "The Comparative Method," *American Political Science Review 65*(3) (1973): 682–693; Adam Przeworski and Henry Teune, *The Logic of Comparative Social Inquiry* (New York: Wiley-Interscience, 1970); Juan J. Linz and Amando de Miguel, "Within-Nation Differences and Comparisons: The Eight Spains," in Richard L. Merritt and Rokkan Stein (eds.), *Comparing Nations: The Use of Quantitative Data in Cross-National Research* (New Haven: Yale University Press, 1966), pp. 267–319.

[9] Robert Dahl, *Who Governs? Democracy and Power in an American City* (New Haven: Yale University Press, 1961).

I will call urban governance. I use this term to single out the actions and institutions within an urban region that regulate or impose conditions for its political economy. In light of the growing number of uses to which the term has been put,[10] it is important to distinguish clearly what urban governance is and is not. It often includes or even relies on governmental participation, but it could just as well depend on business and labor groups, parapublic companies or neighborhood associations alone. It could rely on either informal coordination or formal organization and on initiatives from below in the state or in private organizations as well as on decisions handed down from above. Activities of this sort within the urban region comprise part of this governance; what occurs outside does not. Although a local territorial official or a local office of a national firm can participate directly in urban governance, a ministry official or an international corporate executive with no personal connection to the city cannot. Although the control, regulation and transformation that define this governance revolve mainly around the specialized initiatives of elites and activists, these are not the only relevant local actors. The citizen who votes and the consumer who buys a home also exercise more limited choices within the range of alternatives offered them. At the same time, their anticipated choices also figure in the calculations of developers, political officials and activists.

To understand how this governance varies among countries necessitates a kind of *multilevel* comparison that has all too rarely been attempted. Either urban governance itself or the wider institutions and other practices within which those actions nest can have the more decisive effect on policy. Only comparison that considers influences from various levels, and that takes into account other local influences beyond urban governance itself, can furnish a full assessment of which influences are most important. The existing literature identifies several general categories of influences to be taken into account.

First, as the preceding has already suggested, *translocal markets and market actors* need to be assigned a crucial place. Analyses focused on the largest metropoles have developed a broad account of how the far-reaching economic changes of recent decades in advanced capitalist countries have also transformed the political economies of cities. But the ultimate implications

[10] For a discussion, see the essays in Jon Pierre (ed.), *Governance* (Oxford: Oxford University Press, 1999).

of these changes extend beyond the economic domains that have preoccupied these analyses and far beyond the cities generally recognized as "global" or "world cities."

Several types of changes linked to the emerging global economy entail especially important implications for the urban regions of advanced industrial society. First, technological innovation has helped make growing mobility possible among firms, people, information and capital. Although the international dimension of these flows most easily accords with the term "globalization," mobility among places within countries or even within city regions themselves belongs to the same global shift.[11] Most analyses of this emerging political economy have focused on the increasing global reach of financial networks and the consolidation of firms and markets. But consumers also now face more global (if not always more varied) choices among products and services. City residents commute more. Tourists travel more. Second, especially in advanced industrial societies, technology and innovation have increasingly determined the possibilities for prosperity.[12] Since the human capital that grows out of education and high levels of skill comprises an essential element in research, development and applications of technology, this element has also emerged as an increasingly crucial prerequisite for the economies of nations as well as urban regions. With these transformations in the most developed countries, globalizing firms have found it increasingly efficient to shift manufacturing production to sites with lower wages and other costs in the developing world. As a result of both processes, advanced industrial countries have become service economies.

The thesis of global urban dualization looks to these developments to explain urban transformations.[13] Focused on the biggest cities, and above all on centers of international finance like London, New York and Tokyo, this theory points to how communication, coordination and travel have strengthened global networks among business, financial and professional elites. Since this group dominates the politics and service industries of the city, postindustrial reconstruction centers around elite demands for ser-

[11] For the broadest, most ambitious account of these developments, see Manuel Castells, *The Information Age*, 3 vols. (Malden, MA: Blackwell, 1997).

[12] Reich, *The Work of Nations*; Susan E. Clarke and Gary Gaile, *The Work of Cities* (Minneapolis: University of Minnesota Press, 1998).

[13] See Marcuse and van Kempen, *Globalizing Cities*; Sassen, *World Economy*; Janet L. Abu-Lughod, *New York, Chicago, Los Angeles: America's Global Cities* (Minneapolis: University of Minnesota Press, 1999).

vices, infrastructure and amenities in urban economies. Even the concentrations of immigrants and minorities in these centers grow partly out of the need for cheap labor to be employed in these activities. Alongside social polarization, increasing spatial polarization separates out elite enclaves and poor ghettos.

Accounts like that of Gould, Schnaiberg, and Weinberg suggest that much of this model can be extended throughout the economies of developed countries.[14] Indeed, only the unproven assumption that financial and business elites in the biggest cities have accumulated growing control over the rest of the global economy limits the applicability to these metropoles. Such an assumption not only flies in the face of substantial evidence of decentralization in business organization,[15] but neglects two fundamental economic transformations that also have major implications for urban regions. First, technology and applied innovation have proven at least as pivotal for developed economies as systems of finance.[16] The activities that serve these ends extend far beyond the summits of corporate and professional hierarchies. The institutions and companies that pursue research and development have increasingly emerged as crucial. Organizations like hospitals and universities, as well as milieux of other private professionals and firms, serve the critical function of applying innovation. Systems of education prepare future workers and citizens to participate in these activities.[17]

Second, as national job statistics in advanced industrial societies attest, a diverse array of services has replaced manufacturing production as the main source of employment (Figure 1.1). Rooted partly in the growth of disposable wealth among large portions of the population, these activities extend far beyond matters of technological innovation. As a proportion of business activities, such sectors as hotels and restaurants have often grown as fast as financial and business services. Among social and personal

[14] Gould, Schnaiberg and Weinberg, *Local Environmental Struggles*; see also the essays in Marcuse and van Kempen, *Globalizing Cities*.

[15] Following the logic of transaction costs analysis (see, e.g., Oliver Williamson, *The Economic Institutions of Capitalism* [New York: Free Press, 1985]), much of the case for global integration in the literature on business management rests on the growing possibilities for more decentralized, diffuse forms of organization. See Elizabeth Moss Kanter, *World Class* (New York: Simon and Schuster, 1995), pp. 46–48.

[16] See Robert J. Barro and Xavier Sala-i-Martin, *Economic Growth* (New York: McGraw-Hill, 1995); Gene M. Grossman and Elhanan Helpman, *Innovation and Growth in the Global Economy* (Cambridge, MA: MIT Press, 1991).

[17] Clarke and Gaile, *The Work of Cities*.

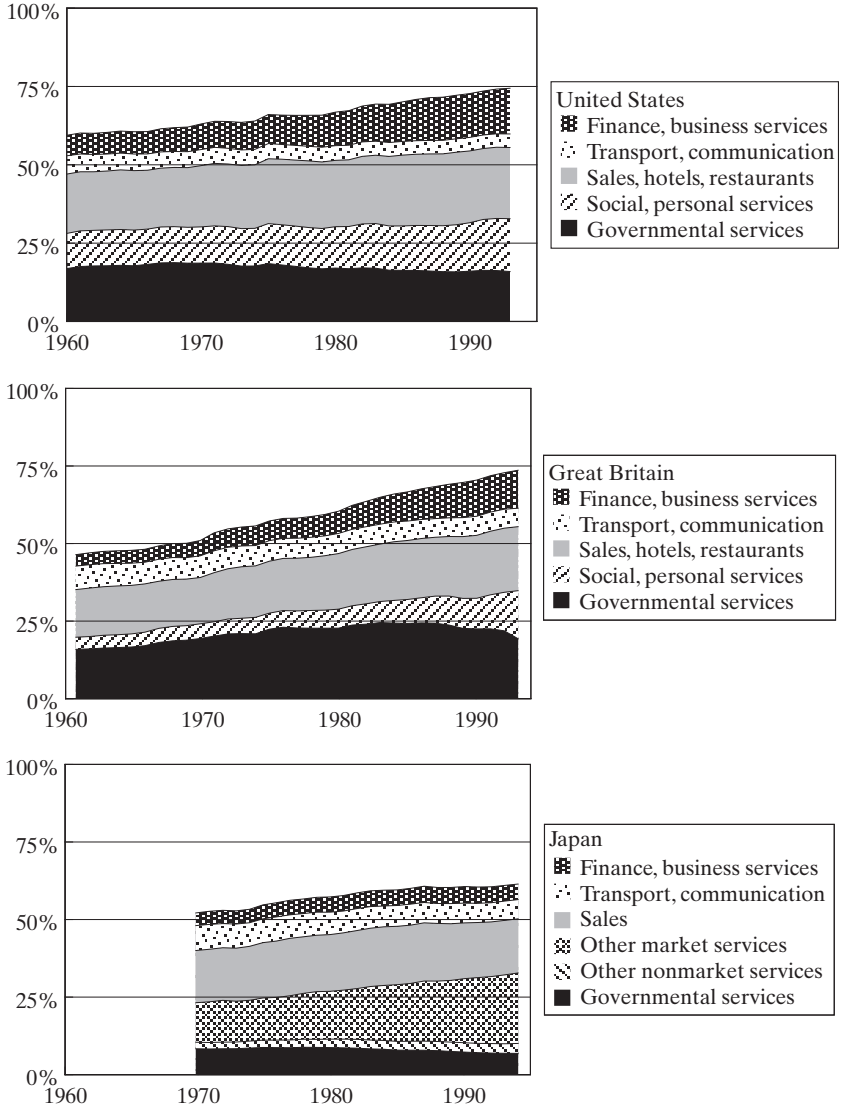

Figure 1.1 The Rise of Services to Predominance in Advanced Industrial Economies, 1960–1995 (Proportion of Total Employment in Service Industries)
Source: OECD, *International Sectoral Data Base, 1960–1995*, Disk files.

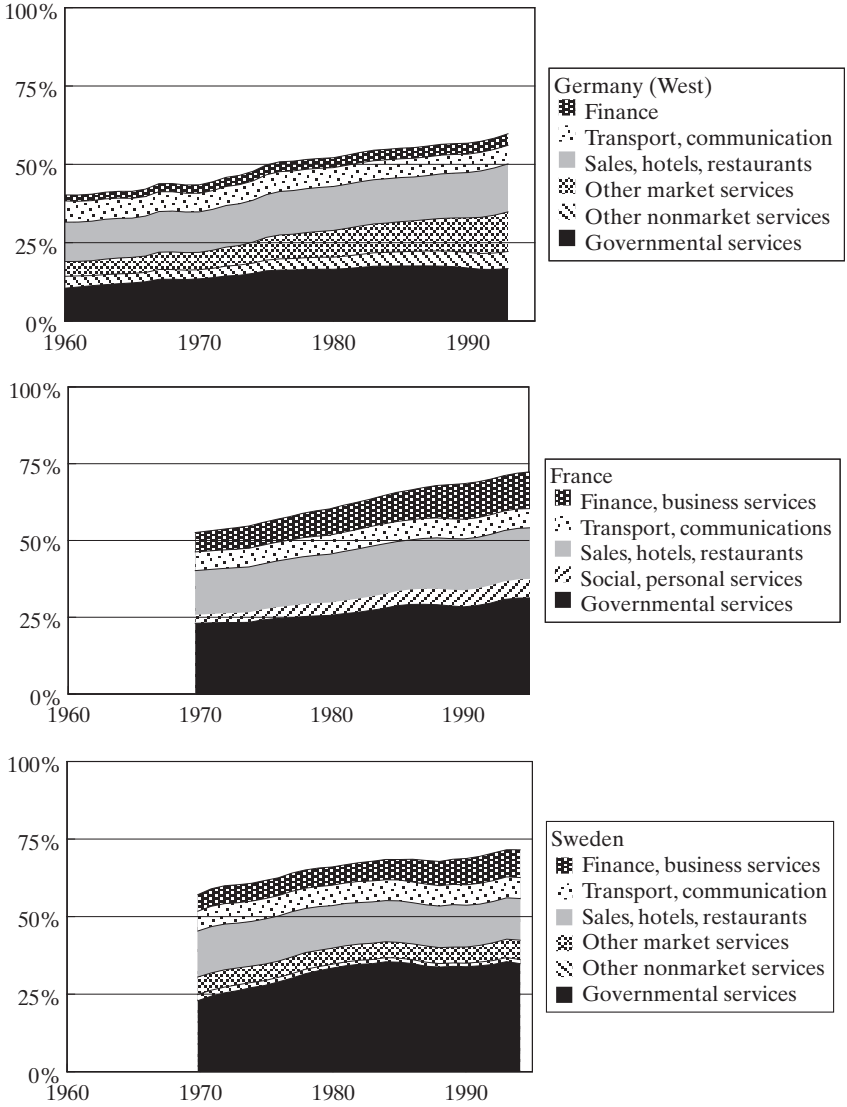

Figure 1.1 *(cont.)*

services, activities like recreation and tourism have expanded into booming worldwide industries. Often nonprofit services have grown as fast as or faster than for-profit services as proportions of jobs. Although government has declined as a source of service employment in the United States and Britain, it has grown in France and Sweden.

Since both applied innovation and services take place predominantly outside the largest cities, an analysis of how the transformations in the global economy relate to urban political economies requires research that is more encompassing than studies of these settings have so far attempted. Throughout advanced industrial societies, urban service centers under 500,000 in population occupy the largest proportion of the urban population as well as the largest number of all cities (Table 1.1). The largest proportion of such specialized services as research and development, higher education and applied innovation take place in these settings. Other services also play at least as prominent a role in the economies of these settings as in those of the biggest cities. Service centers furnish major portions of governmental, health, administrative, recreational and other services for surrounding regions. At the same time, these cities have often specialized as destinations for tourists, convention goers and opera buffs for even wider areas. Global economic shifts have thus exerted at least as much effect on the parallel settings of this sort as on the biggest cities.

Despite the comparative absence of cross-national studies of these other urban regions, there is no lack of hypotheses to test. According to Gould, Schnaiberg and Weinberg, among many others, the global economy locks even those urban political economies that rely on services and technological innovation into a "treadmill of production" that fosters economic development over other ends.[18] Still others, emphasizing the comparative insulation of these settings from economic pressures linked to corporate headquarters and global finance, have pointed to "free spaces" for local citizens to pursue such ends as social justice and environmental quality.[19] Both of these perspectives hold a generally uniform view of business and institutional interests throughout advanced capitalist economies. An alternative approach, adopted in this book, considers whether sectors of technological innovation and services might in fact give rise to distinctive

[18] Gould, Schnaiberg and Weinberg, *Local Environmental Struggles*.

[19] Sarah M. Evans and Harry C. Boyte, *Free Spaces: The Sources of Democratic Change in America* (New York: Harper and Row, 1986).

Table 1.1 *Metropolitan Centers, Service Centers and Other Urban Centers in the Urban Systems of Advanced Industrial Countries, 1980s–1990s*

	Metropolitan Centers (Over 500,000)		Mid-sized Urban Service Centers (50,000–500,000 and over 50 percent of employed in tertiary occupations)		Mid-sized Urban Centers of Manufacturing and Other Activities (50,000–500,000 and under 50 percent employed in tertiary occupations)	
	All Cities (%) (number)	National Urban Population (%)	All Cities (%) (number)	National Urban Population (%)	All Cities (%) (number)	National Urban Population (%)
Germany (1987)	7.2 (11)	37.6	70.4 (107)	51.4	15.8 (24)	11.0
France* (1990)	5.0 (2)	33.1	75.0 (30)	55.2	20.0 (8)	11.6
United States (1990)	5.5 (24)	38.9	77.3 (338)	52.4	17.4 (76)	9.4
Japan (1989)	5.3 (23)	29.7	70.3 (300)	58.0	26.9 (115)	12.4
Sweden (1986)	2.9 (1)	16.7	82.9 (29)	74.6	17.1 (6)	8.7

* French data only for cities with populations over 100,000.

Source: Fiscal Austerity and Urban Innovation Project data.

economic interests within these urban political economies.[20] The local and regional economic interests in a service center, for instance, should have more reason to follow a logic of serving and maintaining consumer demands than one of producing goods. To survive and prosper in inter-local markets for services, high-tech activities, local firms and institutions should have to attract higher-status workers, well-to-do consumers and mobile clienteles. These collective interests at the core of an urban political economy can furnish economic rationales for the pursuit of other aims besides economic development.

Even recent analyses of the biggest cities have pointed to less uniform, more ambiguous influence from the emerging global economy on urban regions than earlier, simpler models of globalization suggested.[21] Closer examination of urban contexts beyond metropolitan centers will ultimately generate new insights into the local significance of global economic transformations in the biggest cities.

Governmental and political influences encompass a range of policies and institutions usually imbedded at higher levels of government. Alongside familiar classifications of territorial structures like federalism and unitary government at higher levels of states, more recently established typologies of local government and politics furnish part of the basis for understanding how these influences vary. A full analysis requires attention to the state-society relations of urban regions and to lateral relations among municipalities.

Recent comparative classifications of local government and politics in advanced industrial societies have retained a traditional focus on formal governmental institutions.[22] These analyses have set out largely similar

[20] For a rare analysis of economic sectoral influences on urban governance, see Cynthia Horan, "Beyond Governing Coalitions: Analyzing Urban Regimes in the 1990s," *Journal of Urban Affairs 13*(2) (1991): 119–135.

[21] See the arguments in White, "Old Wine," 1998 and the qualifications in Marcuse and von Kempen, *Globalizing Cities*.

[22] Robert J. Bennett, "European Local Government Systems," in Robert J. Bennett (ed.), *Local Government in the New Europe* (London: Belhaven Press, 1993); Arthur Gunlicks, *Local Government in the Federal Republic of Germany* (Durham: Duke University Press, 1986); Edward Page and Michael J. Goldsmith (eds.), *Central and Local Government Relations: A Comparative Analysis of West European Unitary States* (London: Sage, 1987); Mike Goldsmith, "Autonomy and City Limits," in David Judge, Gerry Stoker and Harold Wolman (eds.), *Theories of Urban Politics* (London: Sage, 1995), pp. 228–252; J. J. Hesse and L. J. Sharpe, "Conclusions," in J. J. Hesse (ed.), *Local Government and Urban Affairs in International Perspective* (Baden-Baden: Nomos, 1991), pp. 603–621.

Table 1.2 *National Infrastructures of Local Government and Politics: The Three Main Systems*

	Northern Europe	Southern Europe	(Anglo-)American
Administration	*(Local)*	*(Supralocal)*	*(Local)*
Governmental organization, finance	Standardized but decentralized	Centralized (prefectoral system)	Decentralized, unstandardized
Legal supply	Extensive local authorities	Administrative regulation	Limited, functional authority
Politics	*(Supralocal)*	*(Local)*	*(Local)*
Supralocal representation of municipal interests	Weak	Strong	Moderate
Political parties, organized interests	Strong	Moderate	Weak

typologies of the principal cross-national variations in local governmental organization, public finance and political representation. Derived from cumulative histories, each type rests on distinctive, interrelated logics of political representation on the one hand and policy making on the other. In northern European areas like Scandinavia and the Germanic countries, systems of law and administration assign local governments a major role in the implementation of national programs (Table 1.2). At the same time national systems of rules, finance and public administration standardize much of what local officials can do and how they can do it. As strong national political parties and highly organized national economic interests dominate policy making, the system of central-local relations allows representatives of municipalities little opportunity for influence.

In the southern European countries where Napoleonic reforms introduced the prefectoral system, as well as in Japan and those parts of eastern Europe and Latin America that adopted similar systems, territorial officials at the local level have traditionally administered rules. Conversely, municipal officials have lacked much of the legal authority or independent administrative capacity of their northern European counterparts. At the same time, mayors and other local territorial representatives have wielded greater influence over policy making at higher levels as well as

implementation of those policies. Political parties and organized interests have remained weaker at the local level and have less dominated intergovernmental representation of local interests.

Hesse and Sharpe assign the United States along with most other former English colonies to a third category. Although legal authorizations and sometimes local finance often limit local authority in these settings, processes of policy making and administration also assign much of what the state undertakes to local discretion. In many U.S. states, this choice extends to forms of local government. Supralocal rules impose less standardization on these decisions from above than in northern Europe. In the presence of weaker political parties and less hierarchically organized economic interests, representatives of cities have often asserted interests in policy at various supralocal levels.[23] Much of local politics remains subject to purely local decisions.

Such typologies cannot be subsumed into the distinct tradition of analyses based on state structures at higher levels. Vertical organizational integration of this last sort, embodied largely in differences between centralized, unitary structures and decentralized, federal ones, often coexists with more than one type of local government and politics. The northern European infrastructure pertains as much to a federal state like Germany as to centralized, unitary ones like Sweden and Austria. The southern European infrastructure has persisted in more decentralized countries like Italy and Spain as well as in the centralized France of the Gaullist state. Only occasionally, as in the United States, do the organizational patterns of the infrastructure for local government and politics mirror patterns at higher levels. At both levels, the globalization of corporate and financial activity and the global diffusion of ideas about such policies as privatization threaten inroads into national divergences.

Neither divergences nor any such convergence can be fully understood without analyses that take account of national institutional influences beyond government and politics. In part, as this book will show, this necessity stems from the importance of lateral relations among municipal governments. At the same time that cooperation among localities plays a direct role in efforts to address such problems as urban sprawl and social segre-

[23] On this specific point, which plays less of a role in their typology than in that of Page and Goldsmith, see Stephen Erie, *Rainbow's End* (Berkeley: University of California Press, 1988); Nancy Burns and Gerald Gamm, "Creatures of the State," *Urban Affairs Review 33* (1997): 59–97.

gation,[24] work on fiscal federalism highlights direct correspondences between the territorial allocation of governmental functions and finance and the dynamics of interlocal markets.[25]

A generation of scholarly work on the organization and incorporation of economic interests like business, labor and farmers into governance at multiple levels also points to the significance of formalized or corporatist systems of economic-interest representation in places like Sweden, Germany and Austria. Rarely have the influences of these systems on urban political economies been compared with that of less-organized or pluralist systems such as the United States. Yet at the higher levels of aggregation, of which urban regions comprise a dominant part, such institutions appear to have influenced not just social equity but environmental policy and economic dynamism.[26]

Besides organized interests, the potentially relevant local and translocal influences extend to regulatory instruments, parapublic organization and other means that tie local officials to the urban economy and local business to officials. Beyond the domain of business and institutional interests alone, procedural mechanisms, public subsidies and market encouragements have also contributed to the growing but diverse role of neighborhood, social and environmental movements in urban political economies.

Closer attention to these areas will ultimately point to the role that urban political economies play in national patterns of governance and the need to reconceptualize the difference that nation-states make for the governance of urban regions. As policy initiatives from above have dictated less and less of the actual governance pursued from below, national infrastructures for government and politics within urban regions have grown

[24] See Gregg, "Units and Levels of Analysis," George Frederickson, "The Repositioning of American Public Administration," *PS: Political Science and Politics 32*(4) (1999): 701–711.

[25] See, e.g., Paul Peterson, *The Price of Federalism* (Washington, DC: Brookings, 1995); David Wildasn (ed.), *Fiscal Aspects of Evolving Federations* (Cambridge: Cambridge University Press, 1997).

[26] See, e.g., Geoffrey Garrett, *Partisan Politics and the Global Economy* (New York: Cambridge University Press 1998); Lyle Scruggs, "Institutions and Environmental Performance in Seventeen Western Democracies," *British Journal of Political Science 29* (1999): 11–31; David R. Cameron, "Politics, Public Policy, and Distributional Inequality: A Comparative Analysis," in Grant Reeher and Ian Shapiro (eds.), *Essays in Honor of Robert Dahl* (New Haven: Yale University Press, 1989), pp. 219–259; David Soskice, "Innovation Strategies of Companies: A Comparative Institutional Approach of Some Cross-Country Differences," in Wolfgang Zapf and Meinolf Dierkes (eds.), *Institutionenvergleich und Institutionendynamik* (Berlin: Edition Sigma, 1994), pp. 271–289.

in significance for local outcomes. Only research that encompasses state-society relations within and among cities as well as government and politics can furnish the proper basis to analyze these infrastructures. As this book will ultimately demonstrate, these wider relations also follow distinctive patterns.

No sharp line delineates the translocal influences of governments, firms and markets on cities from the strictly *internal components of an urban political economy*. Yet even a model of urban political economy that denies the importance of agency within city regions must take account of the geography and the socioeconomic structures particular to an urban region.

Geographers emphasize the *spatial structures* of an urban political economy.[27] Like the policies and institutions of the wider state, the natural and built environments fix conditions that politics and markets can rarely avoid and must often draw upon. Transportation arteries, residential and business construction, property rights to specific land and corridors of new development all embody elements of spatial structure. Though often linked to national urban traditions,[28] these spatial influences are fundamentally local. Although U.S. cities generally lack the medieval built inheritances of European Old Towns, for instance, older, preserved urban cores exist in the United States as well as in Europe. Distinct types of spatial arrangements also grow out of the economic history of a city region. Manufacturing from the industrial age, for instance, leaves factories to be converted or torn down and pollution to be remedied. Specialized service centers that escaped the industrial revolution can derive advantages from the lack of such legacies.

The *social structures* of everyday life among households, workers and citizens also help to determine the character of an urban political economy. Occupational status and ethnic formations define much of the identities

[27] See, e.g., Kevin Cox, "Governance, Urban Regime Analysis, and the Politics of Local Economic Development," in Mickey Lauria (ed.), *Reconstructing Urban Regime Theory* (Thousand Oaks, CA: Sage, 1997), pp. 99–121; Michael Dear, *The Postmodern Urban Condition* (Oxford: Blackwell, 2000).

[28] Arnaldo Bagnasco and Patrick Le Galès, "Les villes européennes comme société et comme acteur," in Arnaldo Bagnasco and Patrick Le Galès (eds.), *Villes en Europe* (Paris: La Découverte, 1997), pp. 7–46; Norman I. Fainstein and Susan S. Fainstein, "Restructuring the American City: A Comparative Perspective," in Norman I. Fainstein and Susan S. Fainstein (eds.), *Urban Policy Under Capitalism* (Berverly Hills, CA: Sage, 1982), pp. 161–190.