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Governing the Capital — Comparing Institutional Reform in Berlin, London, and Paris

by

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Abstract

The paper examines institutional changes in the political and administrative structures governing the cities of Berlin, London and Paris. In doing so, it analyzes the extent to which convergent trends – driven by forces related to increased international competition and European integration – have shaped recent reforms of the governance systems of these European capital cities.

In particular, the analysis focuses on the vertical dimension of centralization vs. decentralization as reflected in the power balance between city-wide authorities and lower-tiers of government (such as *Bezirke*, boroughs or *arrondissements*). In view of the two-tier system of government, there are many clear lines of comparison between the sample cities. Traditionally, however, in each case government reform has followed conspicuously different routes. While Paris represents a classical example of a centralized-unitary city government, London's system of government – despite the recently installed Greater London Authority – illustrates vividly a pluralistic and borough-centered approach. On the spectrum between these polar ends, Berlin's variant of urban governance appears to take a middle position featuring both a well-established city-wide government and a relatively autonomous – and recently strengthened – level of district authorities.

The sample cities also capture and encapsulate three distinct national and urban administrative cultures which are expected to be significant factors in shaping institutional developments by defining a corridor of path-dependent reform trajectories.

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Big City Government: Global Challenges and Institutional Capacity[1]

The inherent tensions between centralizing and decentralizing trends in big city government have been a recurrent issue of the local government literature. Arguably, these problems are as old as the phenomenon of large cities that are home to millions of people and serve as centers of gravity for national and increasingly international functions in politics, culture and the economy. On the one hand, many public services and competencies could be centralized easily because of the manageable territorial size of these cities. On the other hand, the sheer size of their population and in particular the population density requires more decentralized modes of service delivery and politico-administrative responsibilities (Barlow 1993: 132). Present far-reaching changes in European big cities seem to indicate that traditional forms of hierarchical and bureaucratic political control have reached their limits and are now in retreat. At the same time it has become quite obvious (especially in London between 1986 and 2000) that all modes of horizontal self-coordination show severe disadvantages – as long as they do not operate in the shadow of hierarchical decision making procedures as "ultima ratio". Against this background there are some indicators that politico-administrative arrangements in big cities converge towards two-tier-systems which take vertical and horizontal coordination problems in agglomerations into account and which might be able to reconcile potential conflicts between central and decentralized control mechanisms (see also Barlow: 132-134).

In the European context we can identify three ideal-typical models of two-tier-systems as represented by the cities of Berlin, London and Paris. All three cities represent major and fairly distinct European administrative cultures that have been coining their political and administrative models and reform profiles. In that respect Berlin, London, and Paris can be treated as "most dissimilar cases" that mark important points of reference with regard to institutional variance that makes it possible to raise and answer the question on convergent trends of political and administrative structures with some prospect of succeeding. In all three cities there is an ongoing intense debate about the precarious relation between centralized and decentralized control and steering mechanisms. This debate gives the impression that global economic challenges exert an enormous pressure on political decision makers to streamline their institutional arrangements in a similar way ('convergence thesis'). At the same time several scholars never tire of emphasizing country-specific features and trajectories and path-dependencies ('persisting divergence thesis'). In our contribution to this debate, we, first, briefly sketch the theoretical backdrop of those contrasting perspectives, before we examine the history and politics of institutional change in three European capitals. In

[1] The authors are indebted to Todd Bradley for his invaluable help in copy-editing the final manuscript and translating substantial sections from an earlier German draft version.

doing so, we go well beyond the current focus on 'globalization' and seek to shed some light on the impact of earlier 'mega-trends' such as industrialization and sub-urbanization on big city government.

Toward Convergence or Persisting Divergence in Big City Government? Pointers from Institutional Theory

The assertion of global convergence is theoretically underpinned by contributions of Neo-Institutional Economics assuming that more efficient institutional arrangements will over time replace less efficient ones. From this point of view the genesis of institutions is a matter of finding (economically) optimal arrangements (Ebers/Gotsch 2001, Richter/Furubotn 2003, Horn 1995; Williamson 1981 and 1985, Ross 1973, Coase 1937 and 1960, Barzel 1989). It flows from this that decisive criterion for designing politico-administrative institutions is (rationality based) efficiency. The "convergence thesis" gets also support from statements from representatives of the New Political Economy and from contributions to the Economic Theory of Bureaucracy that present top civil servants and politicians as actors driven by cost-benefit-calculations (see Dunleavy 1991). And further support comes from sociological variants of the New Institutionalism, stressing the importance of diffusion and learning across countries in order to explain the widespread proliferation of administrative reform models. This position is strongly influenced by DiMaggio's und Powell's (1983) research work about institutional isomorphism.

It can come as no surprise that the "convergence thesis" has been questioned from other theoretical viewpoints. Especially representatives of the "historical Institutionalism" have been criticizing the ostensible quasi-automatic processes of economic adjustment. In sharp contrast they emphasize the importance of case- and country-specific features and trajectories that reflect national and regional styles of administration (that is what can be called the "persisting divergence" thesis). Starting point of their reflections is the assumption that already when an institution has been founded the path of its further development is predetermined (although not completely) and can only be changed or redefined under certain circumstances (critical junctures or critical institutional events) and with high costs (in financial as well as in social terms). According to this type of institutional theory it is extremely important to look for pivotal turning points and key decisions in the institutional genesis, which help to understand the functioning of institutions and the reasons of present reform debates. Representatives of this approach also emphasize the power of ideas for path dependencies (Krasner 1984, Hall 1986, Immergut 1992, Steinmo/Thelen/Longstreth 1992). Besides of structural characteristics ideas and images of institutional arrangements restrict possible and acceptable changes; and they provide a set of understandings and organizational

blueprints for certain problem areas. Therefore the choice of alternative institutional options is limited to a "reform corridor" that, normally, only allows incremental changes (see March/Olson 1983 and Tolbert/Zucker 1996). Following these theoretical considerations one cannot necessarily expect a cross-national and cross-cultural convergence of politico-administrative institutions (built on purposefully designed reform programs), but a multitude of distinctive models that are shaped by patterns of different political and administrative cultures.

In view of so far available empirical evidence from cross-national and cross-cultural studies, we are on fairly safe ground in suggesting that deeply rooted institutional structures and cultural patterns have an impact on the timing, content and implementation styles of reform programs for public bureaucracies in general. This emphasis on the inertia of existing institutions and their constraining effect on institutional decision-making are well captured in the concept of path-dependency. But despite some face value of persisting diversity in institutional arrangements we must take into consideration that many institutional developments in our city sample show a remarkable resemblance of change – although these cities are embedded in fairly different politico-administrative traditions, cultures and environments.

Comparing Big City Government: Three European Models and their Reform Trajectories

London as a Polycentric and Decentralized Metropolis

From the Metropolitan Board of Works to the London County Council

The British capital stands out of our sample group for the highly decentralized and pluralistic nature of its government structure. This decidedly polycentric approach of metropolitan government can be traced back to the early days of industrialization when a plethora of small-scale local authorities (oftentimes with overlapping jurisdictions) laid claim to administering the fast-growing metropolis. Faced with overwhelming challenges in providing public services and infrastructure to the London population (already counting in millions), this traditional and church-based way of organizing public tasks gave way to a number of joint committees and single-purpose agencies. At the same time, central government – in view of the worsening public health situation as well as the growing need for public works and poor relief - took an increasingly keen interest in the management of the capital city by fostering local cooperation or establishing new government agencies. As a matter of fact, the politically highly sensitive issue of policing the nation's capital propelled the cabinet in Whitehall to bring London's police force altogether under direct central government control (Metropolitan Police 1829). In a major

move towards consolidating the city's government structure, the Metropolitan Board of Works was established in 1855 as London's first city-wide self government. The Board of Works represented some thirty-nine local authorities and was successively entrusted with a multitude of public tasks ranging from the fire service, building control and health services to housing, poor law and technical infrastructure development such as sewerage, bridges, tunnels and tramways. While this new organizational approach enhanced London's administrative capacity, the rampant industrialization and urbanization of Victorian England – hand in hand with slow but steady developments toward more democratically controlled local governments in the UK - called for further political and administrative integration of London's local government structure.

Intriguingly, however, this reform pressure did not result in the creation of a new consolidated municipal government – as in the case of Berlin – but in the establishment of the London County Council (LCC), thus creating in 1888 an upper level of city-wide administration while safeguarding the politically autonomous status of the lower-tier administrations as full-fledged local authorities. The Local Government Act of 1888 created a new administrative county out of a group of parishes, vestries and other subdivisions with the directly elected London County Council as major decision-making body. As a consequence, this reform step brought London's institutional order – with a time lag of more than fifty years – in line with the local government system in the rest of England. In doing so, it also brought about a more systematic and harmonized structure – both externally and internally – of the lower-level authorities in the London area, thus avoiding criss-crossing territorial boundaries and introducing more standardized political decision-making processes. In accord with the established British local government system, the newly-created city-wide council had also an executive role with direct responsibilities for the management of public services. In this capacity it took over from Metropolitan Board of Works (Young/Garside 1982:52) which had already lost much of its political clout and its practical administrative importance owing to its alleged involvement in a series of corruption scandals (Travers et al. 1991:5, and Glum 1920:20). The LCC followed the footsteps of its predecessor not only in regard to its geographical jurisdiction, but also in view of the inherited catalogue of public tasks and responsibilities consisting mainly of building- and infrastructure-related competencies as well as a number of oversight and control functions. After the turn of the century, substantial new policy responsibilities were added to this list, most notably in the domains of educational policies and land-use planning. While these policy changes undoubtedly strengthened the political and administrative role of the top-tier of London government, the British national government pursued at the same time a reform strategy that was deliberately geared at consolidating and empowering the lower-tier of local administration in an purposeful attempt to create an institutional counter-weight to the beefed-up LCC (see O'Leary 1987a, Sharpe 1995:114). This policy move eventually resulted in the fewer and

stronger boroughs (in total twenty-eight) – which were also granted the status of full-fledged local authorities – as the foundation of London city government. This institutional architecture proved remarkably stable and provided the administrative framework for London politics until the mid-1960s. Throughout its existence, however, the traditional characteristics of London's politico-administrative phenotype remained clearly on display: the (not necessarily peaceful) co-existence of all-purpose local governments and a vast number of joint boards and single-purpose agencies (partly competing over the same turf), a preference for the use of ad-hoc committees and agencies and, finally, the involvement of central government departments in the provision of public services as well as the making of planning decisions.

Rise and Fall of the Greater London Council

The early 1960s witnessed a new phase of comprehensive change of London's institutional landscape. As early as in the 1930s and 1940s, London's dramatic increase in population and galloping economic development provoked political and academic proposals for a thorough redesign of the capital's territorial and institutional contours (see Abercrombie 1945, Robson 1939). Planners, politicians and administrators argued that new planning instruments were needed in order to control London's growth, reduce the political costs of coordination between local authorities in an increasingly complex conurbation, limit the substantial urban sprawl and readjust the boundaries of the built-up area with the administrative confines of the British capital. To be sure, these problems had been simmering in the London body politic for a long time, but it was only in the political and economic climate of the unprecedented post-war growth era (accompanied by a de-densification of London's population and de-concentration of business activities) that earlier master plans for a new "regionalized" government for London came to fruition. By the mid-1950s, the population of the capital's urban area had doubled since 1900 and reached the eight-million mark, the majority of which, however, lived outside the boundaries of the London County Council (Travers et al. 1991:6, Young/Garside 1982:264). This development was further fuelled by the accelerating out-migration of middle-class families and of business corporations. While the bewildering array of administrative units and the less-than-clear delineated areas of competencies in the London metropolitan region had always startled observers from a more theoretical point of view, this growing pressure building up from practical policy problems and frustrated local planners and politicians eventually catapulted the issue of London government reform back to the top of the national reform agenda. In responding to this type of problem load policy-makers of the late-1950s and early 1960s and their professional advisers reverted more and more frequently to organizational principles based on rather technocratic notions of comprehensive rational planning concepts. These ideas – including their inherent centralizing tendencies – also played a major role in the

reshaping of local government nation-wide, which was geared at enhancing the administrative capacity of local authorities and rationalizing of local public service delivery (in view of both its territorial dimension and the scope and quality of public services offered). In this respect, the London reforms can also be seen as a precursor to the radical redrawing of all British local government boundaries in the early 1970s. While being framed in a predominantly technocratic fashion, the reform plans for Greater London – drafted and enacted by the then Conservative national government – were also driven by party-political motives: The consistently Labour-controlled London County Council had been a thorn in the eyes of many Conservatives since its inception, and with the creation of a new representative body with the inclusion of many prosperous suburban local authorities a promising window of opportunity opened up to let the pendulum of power swing back toward the political right.

Against this background, the era of the Greater London Council – which was to last for twenty years – was ushered in by an act of Parliament in 1965. This administrative construct showed all indications of a political compromise. Whereas its boundaries were set far beyond the limits of what used to be the London County Council (now known as 'inner London'), so as to include 'outer London', other significant parts of the Outer Metropolitan Area (OMA) still lay outside its jurisdiction, mainly due to fierce resistance from local authorities against their incorporation into the new London-wide arrangements. In addition, the government plan for the metropolitan administration deviated from the original master plan in that it created new inner-city boroughs of almost twice the size as proposed by a Royal Commission (Herbert Commission) (ending up, by the way, with authorities similar in size to the Berlin districts after the reform of 2001). As a consequence, the now strengthened thirty-two London boroughs (plus the City of London) – with some of the largest and richest localities among them – acted as natural rivals of the upper-tier administration. Moreover, the emerging disparities between inner city boroughs and outer London boroughs led to political tensions and social cleavages within the GLC limits that had been unheard of during the era of the more homogeneous LCC. On top that, the Greater London Council found itself in the uncomfortable position of suffering from a lack of some of the strategic and executive competencies to fulfill its planning and steering function – as originally envisaged by the reform protagonists – (the London Government Act of 1965, as a matter of fact, fell short of what the Herbert commission had originally envisaged) while at the same time being accused of being a monstrous bureaucratic apparatus. All in all, these 'birth defects' of the GLC proved a heavy burden for both its organizational effectiveness and political viability.

In the long run the Greater London Council was not robust enough to stand the inherent tensions of its institutional architecture and the increasing partisan attacks launched mainly from the Conservative government under Margaret Thatcher's

leadership. When the Conservative majority in the House of Commons abolished the Greater London Council (GLC) in 1986, this left a one-tier polycentric administrative structure for fourteen years relying on thirty-three boroughs (as full-fledged local authorities) and ministries of the national government that reserved some direct competences and responsibilities for themselves. A number of city-wide operating single-purpose agencies as well as ad-hoc boards and committees completed the new landscape of London's government structure. According to general lines of institutional development this decision can be qualified as a relapse into the model of an extensive decentralized administrative structure – comparable to the early phase of London's institutional development in the middle of the 19th century. In fact, this bewildering institutional legacy of the GLC already contained the seed for the next round of structural reform in the British capital.

On the Way to a New Two–Tiered Structure: the Greater London Authority

The conditions after the abolishment of the Greater London Council were described in the London debate as "a headless terror", such that the phase from 1986 to 2000 can serve as a particularly apparent example for the inexpediency of a fundamental decentralized single-tier administration regime for conurbation areas of its size.

Although conspicuous qualitative or quantitative changes in public services for London residents were not observable in the direct aftermath of the GLC reforms, in the institutional respect the fears quickly came true that a complex entanglement of organizational bodies – in comparison to the earlier solution – had developed that in the long term couldn't persist without a functional tilt in the city-wide fulfillment of duties. As such, the limits the boroughs faced in terms of cooperation and self-coordination were made quickly clear in the workings of inter-borough working groups. Moreover it was necessary to recognize that for the most of the employees in the various new special agencies a common understanding of issues and work experience was more and more lost, and consequently the centrifugal forces swelled through the momentum of individual committees and agencies. The local political power vacuum upon the abolition of the GLC was therefore also partly filled by central government departments that assumed direct responsibilities for local public services, including rights of borough supervision (see also Nissen 2002, p. 152). This central government intervention prompted growing criticism from the sides both London citizens and their political representatives. These tendril-like points of critique of the increasing Government influence were interwoven with a further main thread of the debate that made the central problem of the democratic deficit and the lack of regional representation for the British capital the central theme. The lacking "voice of London" – with a view to the European regional competition over the attraction of international enterprises and over EU subsidies – was also deplored above all by the representatives of business-oriented interests.

Not until after the 1997 change of government in favor of the Labour Party of Tony Blair and the context of a more comprehensive towards devolution did the mentioned points of critique mount in a new reform project for the city-wide administrative level of London, which was translated into political act with the local government elections of 4 May 2000 (cf. HMSO 1998, Travers 2001 and Ross 2001). The central innovation lies in the elevated figure of the directly-elected and executive authority-vested "London Mayor" (cf. thereto Clarke etc. 1996), who together with the twenty-five members of the new London Assembly builds the Greater London Authority (GLA). In line with the agency concept, a set of hived-off executive agencies is attached to these political institutions, that as self-standing administrative units take over mostly executive but partly also planning responsibilities in the areas of local public transportation, economic advancement and regional development, as well as public security and 'law and order' (police, fire, and civil defense); they are accountable vis-à-vis the mayor's office. This institutional arrangement reminiscent of a holding company breaks in dramatic fashion with the British local government tradition (compare to various local government traditions Wollmann 1999 and 2000) and leans more strongly on a quasi-presidential model. Also, the humble size and limited competencies of the London Assembly bear a striking resemblance with a supervisory board rather than a policy-making body representing millions of registered voters. In stark contrast, the directly-elected mayor assumes the clear-cut political and administrative leadership roles, which particularly on the basis of a far-reaching budgetary authority, sustains a comprehensive power of patronage by the appointment of leadership positions in city-wide institutions and the so-called "strategy function." With respect to the last-named function of the GLA, the Greater London Authority Act of 1999 charges the London mayor with the development of political planning concepts for city-wide transportation policy, economic development, land use planning, culture and environmental protection. What on the one hand looks to be a far-reaching height of planning power reveals on the other hand a clear institutional weakness of the mayor's office, whose organizational resources (with a direct staff of no more than 500) and executive authorities are actually relatively limited. The chances of implementing city-wide plans hinge upon the cooperation of other actors, namely the boroughs, and above all upon the capacities of subordinate executive agencies (compare to these matters the individual contributions in Röber/Schröter/Wollmann 2002).

The Parisian Model: Centralized-Unitary City Government

The French Capital under State Control

In stark distinction to the basic London model of institutional architecture stands the predominant centralist-hierarchical design of organization of the Parisian political and

administrative system (cf. Moreau 1993, Soto 1984, Mairie de Paris, undated). For the greatest part of the modern Parisian city history (for historical development compare Debofle 1979, Seignieur 1983a and b, Mairie de Paris, undated) this leitmotif has shaped above all the city's government system – not only in regard to its internal structure, but even more so in view of the relationships between local politics (*Ville de Paris*) and superior state institutions. The basis of this system at the end of the nineteenth century dates to the Local Government Act of July 18, 1837, "the fundamental ideas of which directly go back to the Napoleonic municipal and state constitutions respectively" (Glum 1920, p. 8). The janus-faced character of this law encapsulated two - potentially conflicting - guiding principles: on the one hand, it placed high emphasis on the hierarchical structure of the state apparatus, of which local representatives (who were appointed rather than elected) were considered to be an integral part; on the other hand, it acknowledged and safeguarded - in the tradition of the French Revolution - the rights and competencies of democratically elected local councils (Walsh 1968: 20).

However, no other municipality in France was as strictly controlled by state representatives as the French capital. Apart from short interludes in the revolutionary years of 1848 and 1870-71, since 1795 the city of Paris had never been represented by its own head of city government until the reform law of 1975 came into effect. While the "strong mayor model" has traditionally been a characteristic feature of local government in the rest of the country (Mabileau 1986), Parisians were deprived of their own elected mayor. Instead, the capital city was held in the tight grip of the prefect of the Seine-*Departement*, who was in his functions as representative of the state and head of the *Departement* administration concurrently the "mayor" of Paris and kept a stern watch on all city affairs. The jurisdiction of a special state-appointed police prefect over security and order underscores in this phase once more the state endeavor to keep the metropolis Paris – as the center of gravity of the nation's economic and political power and simultaneously a potential hotbed of political and social unrest – in the firm grasp of political and administrative supervision.

Dwarfed by two strongly developed prefectoral administrations, the directly elected councils – the *Conseil Municipal* of the city of Paris and the *Conseil Général de la Seine* – were in comparison to the prefects practically reduced to marginal, if not ceremonial, and at best consultative roles. In less important matters they could make decisions under the 'tutelage' system that did not also require prior confirmation by the prefect, but these could only then enter force if the prefect did not annul them within thirty days. In the case of particularly important affairs (for example the determination of the budget) the councils had only the right to express their opinions and wishes.

The already then-existing twenty *Arrondissements* were administered by the mayor (Maires). At the mayor's side were a number of appointed councilors (*adjoints*). Both mayor and councilors were appointed by the French central government. At the

level of the *Arrondissements* were no elected councils. In the National Assembly was rather a series of attempts – moderate and very limited in content – to decentralize the politics and administration of greater Paris (Glum 1920:14) and thereby approach a solution to the political-administrative problems of this densely populated conurbation. These attempts to strengthen the position of the *Arrondissements*, all told, failed.

Change through Regionalization and Democratization

The relatively stable relationship between the city of Paris and the French state found itself by the early 1960s – if not earlier – under increasing pressure to change. The forceful expansion of the metropolitan beltway past the *Intra Muros* borders of the traditional heart of the city, as well as the changing demographic, economic – and thereby also party-political – character of the *Ville de Paris* from a compact industrial city to a more and more post-industrial middle-class or "bourgeois" metropolis together demanded political-administrative reforms. This period of reform was initiated under the lead management of planning specialist and later Parisian Prefect Paul Delouvrier in 1965 with the zoning plan initiated by then-serving President de Gaulle. "With the help of an emphatic state intervention, the plan was to impose a strong structure with the goal of creating a compact and consolidated city that had regulated centers and large-scale public means of transportation" (Damette undated, p. 73).

Moreover, the country-wide efforts toward a stronger decentralization of the national political and administrative systems brought with itself a reassessment of the Parisian situation. This development subsequently led in 1964 initially to the reorganization of the traditional *Seine Departements* (*Seine, Seine et Marne, Seine et Oise*) whereby the *Ville de Paris* – which had the municipal legal character of a city, but which was practically nothing other than an administrative district – was awarded the status of a *Departement*. In the redrawing of *Departement* borders party-political points of view played a not insignificant role, for in this way a bourgeois majority in the French capital was assured.

The newly created eight *Departements* in the Parisian conurbation (including the *Ville de Paris*) were moreover united in *La Region Parisienne* and constituted the focal point of the 1971-introduced region *Ile de France*, which henceforth represented one of twenty-one such regions country-wide at this newly founded level of administration. In this mesh of local and regional administrations (consisting of 1300 communes and eight *Departements* in the region *Ile de France*) the now more independent City of Paris, with 2.1 million residents (and thereby approximately a quarter of the population of the entire *Ile de France*), remains the central actor in relations with the neighboring administrative units and of the region. The elevated role of the City of Paris is expressed, for example, in the fact that the prefect of the *Departement* of Paris holds at the same time ex officio the position of regional prefect for the *Ile de France*. From a city- and regional planning

perspective the three inner *Departements* directly adjacent to the *Ville de Paris* form the "small crown" (*petite couronne*), which functionally and settlement-wise can be equated with the outmost ring of London city boroughs (the eighteen "outer boroughs"). In contrast, the four outlying *Departements* form the "large crown" (*grande couronne*), the equivalent to the "Outer Metropolitan Area" in the London situation.

In wake of the described administrative structure change followed nation-wide reform measures aimed at shifting competencies in favor of lower-tier public authorities and at a strengthened democratic legitimation of the regional administration. To the latter corresponded in particular the conferment of executive power within the *Departements* from the prefect to the indirectly elected president of the *Departement* council (in Paris corresponding to the mayor elected by the city council), as well as the direct election of the regional councils (on this compare extensively Mabileau, 1996).

Into these lines of development were also blended institutional reforms in the Parisian city (cf. Knapp 1987, Seigneur 1983a and b), which was traditionally divided into 20 city districts (*Arrondissements*) and in terms of its basic form of organization illustrated a prototype of the centralized metropolis (cf. Soto 1984, Haddab 1988). In this way the city districts function as deconcentrated units of the entire city administration and thus have no independent competencies at their command, but rather only competencies derived from the Parisian city council (*Conseil de Paris*). In contrast to the Berlin districts as quasi self-governing units and the London boroughs as full-fledged, autonomous communes, no noteworthy decision-making competencies and only very few tasks requiring independent execution have been assigned the Parisian districts. Taking for example city planning politics, Savitch (1988) could illustrate the Parisian decision-making structures in the form of a pyramid, at the apex of which are members of the national political and technocratic-bureaucratic elite.

The linchpin of these politics of reform was the establishment of a mayor's office for the City of Paris in 1975, the occupant of which first in 1977 was decided by indirect elections through the elected members of the Paris city council for a term of six years (cf. Townshend 1984, Mairie de Paris undated). This had not insignificant consequences for the position of the *Departement* prefect of Paris, for the bulk of his administrative duties from this point on lay in the realm of responsibility of the *Maire de Paris*; next to his supervisory functions, the prefect essentially still had the duty to represent state authority at the local level. At the same time the politics of decentralization rather changed the status of the *Arrondissements* as well. Until 1982 the district mayors were appointed by the President of the Republic at the proposal of the Minister of the Interior; additionally there were until then no directly elected representations of the districts. Since the reorganization the *Arrondissements* mayors are much more strongly anchored in local democracy by means of election by the *conseils d'arrondissments.*

Inherent Tensions between Decentralization and Presidential Power

The developments of the institutional arrangements in Paris must be seen in connection to country-wide efforts at the decentralization of the administrative structures. As a result of the decentralization law of 1982 Paris profited with its status as *Departement* from additional conferred functions (primarily in the domain of welfare state services) and from clearly increased resources. In past years there have been even further efforts with the laws of 1986 and 2002 to strengthen the institutional power of local authorities, including the *Arrondissements*. Firstly with the law of 29 December 1986, some of the police functions were conferred to the mayor of Paris. The actual limited power of these police functions in comparison to Berlin and London, however, illustrates rather well to what degree Paris remains largely under control of the police prefect. To these conferred functions belong, for example, the maintenance of public order at exhibitions as well as at market events and in parks, as well as the regulation of neighborhood conflicts such as noise violations.

After the *Arrondissements* received a restricted number of employees as a result of the law from 1982, their position under the reform law of 27 February 2002 – if only in moderate measure – has been further strengthened. They now have for example limited decision-making competencies in infrastructural investment. The two-tiered structure seems furthermore to have been strengthened particularly in view of local social- and cultural measures (as such count the local youth, social, cultural and sport facilities as part of the so-called les *équipements de proximité*) – although this shift toward the *Arrondissements* is far from calling into question the centralist-hierarchical administrative system of the City of Paris. Finally, there have also been efforts to strengthen local democracy in the districts through the establishment of consultative organs at the *Quartiers* level (*les conseils de quartiers*).

The afore-sketched changes ought not obscure the fact that the maneuverability of local politics is still very limited by the parallel presence of the national government and – in view of regional planning – of the regional councils directly elected since 1986. Since the city must reconcile its development strategies with the representatives of the region *Ile de France*, which is dependent on the resources of the central government in its plans, the fact is Paris remains under strong national state influence. The resulting hierarchical effect of the formal administrative structure is of course in many cases moderated by the accumulation of mandates (*cumul de mandats*) between the levels (particularly between the national level and *Departements.*

Above all, the mayor of Paris and the national President compete over the so-called *grands projets.* The powerful influence of the President of the State over the developments in the capital is apparent in the example of the construction of the *Grande Arche de la Défense*, which was initiated by Francois Mitterand and with which he

wanted to erect an *Arc de Triomphe* of the twentieth century. This is also clearly reflected in the state's influence over subsidies of the Ministry for Culture, which constitute approximately three-fourths of the Parisian cultural budget.

The particular feature of Paris is that city and state – distinct from Berlin and London – are interwoven in particularly close ways (this was particularly evident during the term of Jacques Chirac, who was Mayor of Paris from 1977 until 1995 and during the years 1974 to 1976 (under Giscard d'Estaing) and 1986-1988 (under Francois Mitterand) concomitantly served in the office of Prime Minister). Typically this particularly close relationship between capital city and nation-state is ambivalent. On the one hand Paris profits from state subsidies, such that attempts by the conservative government in the 1990s to pull back from spending on infrastructure ran into intense resistance by the city economy and the Parisian mayor. On the other hand the state trims the maneuverability of local politics by its engagement.

Currently there are two interesting developments to observe. While it seemed in the 1990s for a long time that responsibilities for development planning in the Paris region would not be further decentralized, the most recent constitutional amendments of 17 March 2003 – with which the principles of subsidiarity, of financial autonomy, of financial equalization between state and regional bodies as well as the strengthening of local democracy were anchored in the constitution (to this see also Crevel/Wagner 2003, p. 59) – could necessarily cause a surge of decentralization for the *Ville de Paris* as well. However, the national government reacted to the challenges of globalization with a policy that aims at making Paris as competitive as possible in the club of global cities, whereby the state's influence on policy and administration in Paris is escalated. The future job will be to harmonize in an acceptable way the strengthening of the local self-government targeted by the constitutional amendments with the demands that arise from the international competition of the metropolises.

Berlin's Unitary but Decentralized City Government

From the 'Zweckverband' *to the Greater-Berlin Law*

Shortly after the founding of Imperial Germany in 1871, the problem in Berlin of coordinating the political and administrative relations between local governments in the Berlin conurbation necessitated regulation. The situation was particularly difficult because Berlin – which then consisted essentially of the present-day central districts Mitte, Friedrichshain, Prenzlauer Berg, Tiergarten, Wedding and Kreuzberg – was in terms of its dynamic economic and social development, as well as its related population growth, no longer comparable with other counties in the region, but was nonetheless treated as such and subordinated to government authorities of the province of Brandenburg (cf. Erbe 1987, p. 745). In 1881 Berlin was made its own administrative

district with more local rights; the administrative power lay largely, however, with the head of police, who was directly answerable to the Prussian Ministry of the Interior and who effectively carried out the function of a prefect-style authority (on that score, the parallels to the Parisian situation are conspicuous).

The discussion concerning questions of the government of the Greater Berlin area, which are still instructive for the present administrative-political debate, set in at the end of the 19th century. Toward the solution of problems arising from rapid industrialization and urbanization reaching beyond the old city borders in this densely populated conurbation, officials fell back in 1911 on the organizational model of a single-purpose agency (*Zweckverband*) – jointly organized by the then City of Berlin and a number of neighboring local authorities - in order to be able to tackle responsibilities for traffic-, infrastructure- and spatial-planning in the region. This newly-established *Zweckverband* was to regulate public transportation, determine zoning plans, and the acquisition and preservation of larger undeveloped spaces (e.g. forests, parks, meadows, lakes, playgrounds, sports facilities). Despite some successes it was quickly clear that entertained hopes of finding an effective and long-lasting administrative structure for the built-up area had not been fulfilled (cf. Engeli 1986, p.38). At the end of the First World War discussion of an institutional architecture that took account of the demands of the conurbation flared quickly again. In contradistinction to the London situation, the discussion in Berlin ran along lines of a unified city government, which was achieved in 1920 with the Greater-Berlin Act legislated by the Prussian state assembly. This piece of legislation can still be viewed as the basis of the present-day Berlin administrative model (for historical development compare Röber 2002, Zivier 1998). It comprised a compromise reached between the varied political camps that took account of the fears of the bourgeois parties of a social democratic dominance in a unified body as well as the hopes of the worker parties attached to a consequent incorporation.

At the same time a comprehensive territorial reorganization was subsequently bound with the Greater-Berlin Act, which mainly affected the great number of incorporated rural communities and introduced twenty new districts. The fact that some of the formerly richest Prussian cities found themselves hereunder determined from the beginning the strained relationship between the newly-created district administration and the then city-wide administration or present-day senate administration, respectively. The protracted conflicts and struggles over competency, particularly under the precarious conditions of the 1920s, led to attempts toward the end of the Weimar Republic to pare down the influence of the districts and to strengthen the position of the mayor as central political and administrative authority before the dictatorial *Führer* principle brought a temporary end to the democratic institutional development after 1933.

Suburbanization on the Political Island "West-Berlin"

After the end of the Second World War and with the subsequent advent of the Cold War and the partition of Germany, for Berlin – as the new frontline city – an urban development set in that was not even roughly comparable with other European metropolises. While in East Berlin emphasis was placed on new construction in the outer districts under the framework of a centralized-state housing policy and (smaller) living units in the surrounding environs of the city remained absolute exceptions, in West Berlin suburbanization processes – as was characteristic at this time for all large West European cities – were hindered on account of its political position as an island, which found its most visible expression with the construction of the Berlin Wall. Inasmuch, the development of the political-administrative system in (West) Berlin, to which we solely refer in the following, cannot be attributed only to those factors of influence that were of central importance for London and Paris. Nevertheless, there are some elements in the changes to the institutional fabric that have similarities with the patterns of development of the other two European metropolises. This indicates common ideas of organization that found their expression in all three cities in this era.

Tied to the administrative traditions of the Weimar Republic, the (West) Berlin constitution of 1950 adopted the principle of the two-tiered administrative structure (cf. Kreutzer 1956, Kreutzer 1959), but added as well the special feature of Berlin concomitantly as a city and federal state (Zivier, 1998, Pfennig/Neumann, 2000). The underlying notion of (now: West) Berlin as a single administrative entity ("*Einheitsgemeinde*") further hindered the districts' emergence as individual legal entities. In distinction to the Parisian situation, the Berlin districts however retained the right – in accordance with the principles of local self-government – to engage in local administrative functions; this included a far-reaching jurisdiction over organizational matters, personnel management, and small-scale local issues (cf. Machalet 1973, Edel et al. 1982, Sendler 1985). And yet, the upgrading of the city-wide administration to a state government, the particular challenges in the reconstruction of the city, and the exposed geopolitical position all favored a centralizing trend in city government in the ensuing period at the expense of the districts. Expression of this development was not least the (first codified) catalog of powers that stipulated extensive spheres of responsibility at the senate-level and far-reaching rights of supervision. The immense – and predominantly federally-financed – expansion of the public sector led however at the lower administrative level also to a growth of capacity and temporarily concealed the impression of relative loss of power on the part of the districts. In reality however, the district competencies were gradually hollowed out such that the "*Bezirke*" tended to become emptied organizational structures deprived of their substantive role in urban politics.

By and large, the city development was decidedly shaped in this phase by Berlin's geopolitical status of an enclave. The political will to ensure the viability of (West) Berlin had obvious political priority. At the same time there were several trends that, under the particular conditions of the city, can be understood as functional equivalents to what – in terms of suburbanization – was to observe in London and Paris. Drastically increased demand for living space, fueled in part by redevelopment measures in the inner-city area, could in no way be satisfied by traditional small-scale housing projects or private developments. This triggered large public housing projects in the outer regions of the city, which in turn could only be coped with at the city-wide level of planning. Here it was a question of a – in the truest sense of the word – *Intra-Muros* form of suburbanization corresponding to West Berlin circumstances that favored a further centralization of public planning and infrastructure responsibilities and that stood in unison with the role model of larger and seemingly stronger units ("big is beautiful"). This also corresponded with attempts to model politics as a rational planning process (in the sense of the Mintzberg planning school, in which strategy development is interpreted as a formal process – cf. Mintzberg 1999, p. 63ff). The expression of this philosophy of planning in the beginning of the 1970s was the model of comprehensive planning approaches at the level of the main administration (see also Röber 1981), where city-wide development plans were drafted. Local politics were thereby integrated into a far-reaching urban development plan, so that the freedom of maneuverability for individual districts was further narrowed.

In the course of time the downside of this centralizing tilt had become more and more apparent. Criticism was aimed above all at apparatuses that were becoming larger and more sluggish, which were less and less in the position to solve pressing community problems, and which were less accepted by the population. These signals were picked up by the Berlin state assembly in 1982, and a blue ribbon commission examining administrative reform was set up that pursued, among others, the question of a new balance between centralization and decentralization of city administration. The work of the commission was furthered in the beginning of the 1980s by the presence of a CDU-led government in (West) Berlin which ended decades of social democratic reign and which sought from the beginning to distance itself from the bureaucratic flavor associated with its social democratic predecessor. At the same time the SPD now exiled to the opposition had a strong interest in freeing itself from its image as "career party of a centralized civil service." The parties' political orientations (in addition to the academic arguments against a bureaucratic centralism) – combined with the waning of the Keynesian-inspired 'planning enthusiasm' – were therefore a strong mainspring for greater decentralization of the political-administrative system of the city.

Contrasts of Post-Wall Berlin: Return of National Functions and Strengthening of the Districts

After the public sector of West Berlin had already at the beginning of the 1980s been made the object of political, though widely inconsequential, debates over reform (cf. Enquete-Kommission 1984, Sendler 1987, Stadtstaaten-Kommission 1989), the watershed of reunification of the city with its dramatic political, economic and financial challenges marked the start of a renewed reform and modernization phase. While a first reform package[2] – rooted in the dominant cutback strategy in the public sector – joined varied measures toward managerial modernization of Berlin's public bureaucracies in the mid-1990s (cf. Engelniederhammer etc. 1999), a second reform package attempted at the end of the 1990s to newly balance the relationship between upper and lower tiers of government. Isolated changes to political institutions and decision-making processes (polity- and process reform) served this goal, and above all, the redrawing of district boundaries (territorial reform) and the downshifting of administrative competencies in favor of the districts (functional reform) were central to this second reform wave (cf. Röber/Schröter 2002).

The new regulations gave the districts among other things more areas of competency (e.g. zoning and local planning), a freer hand in organizing their administrations, and broader scope to shape their expenditures (in terms of global budgets). Moreover, the political visibility of the individual districts – if only in modest scope – was thereby increased, such that the district mayors (though not all of their executive cohorts) became more politicized through their elections by a coalition with a simple majority in the district assembly. This political reform measure departs from the traditional model of an inclusive all-party coalition and – although initially designed as a temporary measure to exclude the post-Communist PDS from the district mayor's office – has become a permanent feature strengthening the local political element of Berlin's district administration.

The sharpest break in the developed structures of Berlin's two-tier system of government shaped the reorganization of the city at the beginning of 2001 in – instead of twenty-three – twelve districts that assumed the approximate size of the London boroughs. Although this far-reaching territorial reform was also implemented to streamline coordination between the districts, as well as to reduce overall administrative costs, its central aspect rests in its potential to strengthen the positions of the districts and to thereby rebalance the relationship between central and decentralized steering of urban politics.

[2] The constituent measures were in part reminiscent of several recommendations of the 1982 commission report on the reform of Berlin administration.

This concern also inspired the simultaneously initiated devolution of policy responsibilities and decision-making competencies to the districts. This reform considerably strengthened the decentralized element of Berlin's city government without fundamentally challenging the notion of Berlin as a single administrative entity. Admittedly, the Senate administration retained a selective, superceding right of interventionist supervision that can be exercised in those cases in which the general interests of the whole of the city are encroached upon.

Seen from this angle, more indications seem to be recognizable that on the one hand the (potential) role of the districts as local self-administrating bodies is more strongly visible while on the other hand the organizational model of the unified city government remained preserved. Since the return to national functions however, the power balance between the city-wide administration and the districts has also been influenced by relations between the Berlin Senate and the federal government. With a view to these central capital city functions, the lower administrative levels of Berlin may increasingly be seen as losers in the negotiations between the federal government and the city-state of Berlin (cf. Röber/Schulz to Wiesch 2003). In such, the district planning competencies in the inner city region is largely suspended, and city-wide authorities frequently take on major projects and events in the downtown area by claiming city-wide interests are at stake to justify their right of intervention.

In consideration of all institutional changes in the three capital cities, Berlin – as the following figure shows – occupies now as then a middle position on the centralization-decentralization scale.

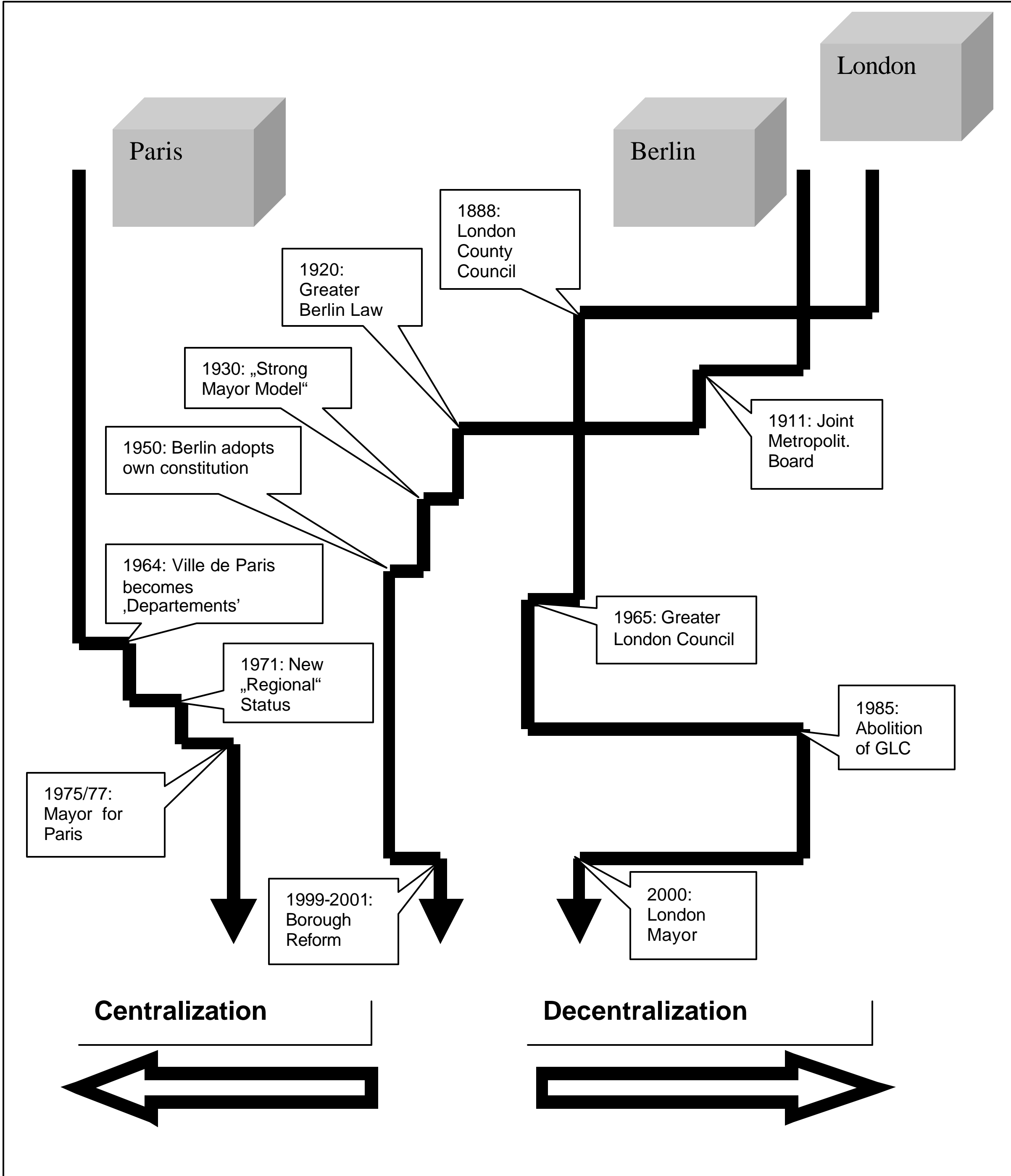

Figure 1: Institutional Trajectories in Berlin, London and Paris

Making Sense of Institutional Variety – Convergent Trends and Persistent Divergence in Light of Global Mega–Trends

As the genealogy of the institutional architecture of our three European capitals has clearly shown, each city started this century-long trajectory from a distinct position on the decentralization-centralization scale which has left its decisive marks on the contemporary design of each city's political and administrative structure. And yet, the discernible patterns of institutional developments in Berlin, London and Paris render at the same time further support for the hypothesis that – as a result of a series of convergent institutional shifts – the predominant model of big city government in Europe has gravitated over time towards a more centrist position on the decentralization spectrum, a position that can be best described as a robust two-tier system with a leaning towards a lean upper level of city government. As a matter of fact, the institutional trajectories of all three cities – despite the still existing and significant differences in their structural lay-outs – appear to be relatively in sync with one another as measured by the timing, sequence, and content of major waves of reform activity. This finding gives rise to the questions, first, to what extent major global trends (or 'mega trends') may have been shaping this moderate convergent tendency in big city government and, second, which other factors – with more centrifugal effects – may have been at work in favor of a persisting divergence. What follows in light of these questions – is a discussion of 'mega trends' such as industrialization, suburbanization and globalization as potentially powerful driving forces of institutional reform in European capital cities.

The Rise of Big City Government in the Era of Industrialization and Urbanization

Toward the end of 19th century, the local government systems for the metropolitan areas of London and, albeit to a much lesser extent, of Berlin were mainly characterized by a relatively high degree of political and administrative fragmentation with a multitude of small-scale authorities, oftentimes with geographically and functionally overlapping jurisdictions. While the city of Paris, which had been governed since the early 18th century in the strictly centralist and hierarchical fashion of the Napoleonic state and local government reform, was the notable exception to the rule, the reorganization of city governments in London and Berlin placed particularly high emphasis on increasing the administrative capacity of local authorities, thus adding a distinctly centralizing, if not bureaucratic flavor to the management of urban affairs. In part, this was achieved by establishing larger administrative units with more systematically delineated areas of responsibility and, eventually, by introducing a multi-purpose authority for the whole built-up area of the metropolis. This process of bureaucratization in the Weberian sense was underpinned by the trend towards political representation which manifested itself in

the creation of directly-elected representative bodies both at the upper and lower tiers of city governments.

This rather centralizing tilt in big city government was compelled by a set of new challenges to the traditional forms of local management that proved increasingly inadequate in times of galloping industrialization and urbanization. This major stage in societal and economic development, which had already been underway in England since the early 19th century when it finally made its inroads in Germany and France during the second half of that century, was most closely associated with a completely new (Tayloristic) model of organizing the production process, which rendered time-honored craftsmanship and artisan production techniques largely obsolete. The standardization of work processes and production techniques, the systematic use of new, capital-intensive technologies, and the establishment of large bureaucratic apparatuses in private and public institutions became hallmarks of the new era. While these features allowed for the mass production of consumer goods and provision of standardized mass services, they also brought about the advent of joint stock companies as the most important players in the new market. This came at the expense of small, owner-operated enterprises and helped banks to gain their indispensable and powerful positions as major financiers of these industrial developments.

As a consequence of industrialization, the rural population flocked in large parts to the urban centers which experienced dramatic growth rates and were ill-equipped to accommodate the needs of the new arrivals. Increased urbanization went alongside with the separation of working and living places which – in combination with the break-up of the traditional family structure – resulted in a number of new social problems of an unprecedented magnitude both in terms of their qualitative and quantitative dimensions. On top of that, the use of new technologies in the production process as well as the logistical and infrastructure problems caused by the vast growth of the major cities created an increased need for public oversight and control of hazardous goods, food safety, health and sanitary services, sewerage systems and mass public transportation. At the same time, the surge in the technical and logistical complexity of most production processes and infrastructure needs called for an equivalent increase in professional skills and formal qualifications that required higher standards of schooling. This tendency, in turn, propelled – particularly in countries like France and Germany - the development (mainly under state control) of educational and vocational training systems with highly regulated standards and formal exams.

Against this background, it became only too obvious that traditionally fragmented and small-scale local authorities were overwhelmed by the new functions and public tasks they had to take on as a corollary of the underlying social and economic changes. While the newly-established single-purpose agencies serving a larger metropolitan area were a helpful first step in developing and improving certain infrastructure networks for a

transition period, in the long-run the quest for political representation and increased administrative capacity at the city-wide level could not be denied. This shift towards some form of consolidated administration for the whole of the built-up area of the metropolis can also be seen as a move to counterbalance the more and more powerful industrial corporations and to establish functionally equivalent ways of organizing administrative tasks. Just as Taylorism in regard to industrial management seeks to exploit the efficiency gains from standardized production processes, so aims the principle of bureaucratic organization - as ideal-typically described by Max Weber - at the highest measure of calculability and reliability of organizational performance. The creation of a city-wide administration for a larger conurbation while maintaining a lower-tier local government also sparked off an ongoing debate over the pros and cons of having a two-tier system of government which seems to dominate the administrative reform agenda in our sample cities – and particularly in London and Berlin – to the present day.

Capitals and their Regions: Suburbanization and the Post–War 'Planning Mood'

The administrative and political structure as it emerged around the turn of the century in London and – with a little time lag – also in Berlin, had proven to be relatively impervious for a long span of time against a series of attempts to rearrange allocation of competencies and responsibilities. Of course, this holds also true for the city of Paris; however, there seem to be very different factors at work. Most significantly, the shape of Parisian city government had been effectively molded by the centralist tendencies of the French unitary state. On the one hand, this political dependency on state actors curtailed the city administration's room for maneuver vis-à-vis the central government. On the other hand, it also flows from this that the French capital city could rely on strongly developed state institutions to assist the local authorities in coping with the new social and economic challenges in the wake of urbanization and to provide the necessary resources for tackling the new problems.

The economic and social changes in the aftermath of World War II provided fertile ground for a new round of major metropolitan reform activities to flourish. For obvious geo-political reasons, the then divided city of Berlin – overshadowed by the East-West confrontation as it was – proved to be the odd one out of our sample group and was – at least partly – sidetracked from the mainstream of institutional and spatial developments in European big city government. In London and Paris, however, in the course of the 1950s and early 1960s the debates over administrative reform had been receiving increasingly high currency with a view to creating even larger and more effective authorities for the whole of the still vastly growing metropolitan regions. These debates were also well embedded and nurtured by more far-reaching conceptual and political discourses that placed high emphasis on comprehensive and supposedly rational planning mechanisms as a means to control and fine-tune long-term economic and social

developments. To be sure, this 'planning enthusiasm' was also embraced by a wide range of other local, regional and national governments; certainly, it was no stranger to the policy-makers in the city-state of (West) Berlin.

This proactive and planning-oriented policy approach owed much of its theoretical legitimacy to J. M. Keynes' economic theory which appeared to provide the toolkit for governments to safeguard not only continued economic growth, but also the benefits of having a full-fledged system of welfare state services. In fact, the unprecedented growth rates during the *trente glorieuse* allowed for constantly raising living standards and increasing supplies of consumer goods for wider strata of society. In particular, the upsurge in private transport accelerated the growth of suburban sprawl which reached its peak in the 1960s and brought a host of new challenges for land-use planners in its wake.

This trend towards sub-urbanization resulted for the core cities of the metropolitan regions mainly in dramatic losses in the number of the middle-class population as well as an outward movement of many service businesses and manufacturing industries (cf. ARL 1975, Lichtenberger 1976 and Friedrichs 1995). It flows from this that the budgetary situation of many core cities was beginning to deteriorate rapidly with an ever-widening gap between the revenue and expenditure sides of the budget. While tax income from businesses and the upper income or property tax brackets was decreasing, the core cities continued to fulfill their wider functions as providers of many - and often cost-intensive - services and infrastructure networks for the whole of the surrounding regions, if not beyond. Not surprisingly, transaction costs for intergovernmental cooperation and bargaining processes were escalating. At the same time, the central areas of the built-up regions also had to shoulder extra social costs as a consequence of the intensified processes of social segregation and polarization. It goes without saying that this growing disparity between inner-city and suburban areas also left its mark on the problem perception and political response patterns of local representatives.

Policy-makers in Berlin, London, and Paris responded to these challenges in a remarkably similar way, although each individual reform program had a distinct local and country-specific flavor to it. Conceptually driven and inspired by a widely-shared belief system that had high hopes in the steering capacity of politico-administrative institutions and a lot of (with hindsight, largely unjustified) trust in the feasibility and appropriateness of long-term 'social engineering', they sought to expand the planning powers and problem-solving capacities of regional and local authorities. The continuing enlargement of the built-up areas of the London and Paris regions well beyond the boundaries of the existing city government structures propelled planners and law-makers into action directed at the creation of large-scale authorities. Consequently, the substantial recasting of metropolitan government structures during the 1960s and early 1970s in London and

Paris with the establishment of the Greater London Council and introduction the *Ile de France* (composed of eight *Departements*, including the *Ville de Paris*) showed a striking family resemblance both in the spirit and the political practice of the reform measures. Nevertheless, a closer look at the underlying rationales of the new institutional fabrics also reveals significant differences in policy content which reflect the well-established paths of institutional development in each city. While reform policies in London took great care to safeguard the political status of London boroughs as independent local authorities by applying the deeply-entrenched organizing principle of a decentralized two-tier system of metropolitan government to a larger area, French reformers were more concerned with changes to the nation-wide planning system (by introducing a new regional level) and concurrent shifts toward less hierarchically structured relations between state, regional and local authorities. In a similar vein, the national decentralization program – in what can be best described as a 'catch-up modernization process' – gave a boost to the democratic legitimacy and accountability of local and regional authorities in the Parisian conurbation.

Intriguingly, decision-making processes in both cities had been informed and heavily influenced by party political considerations, chiefly with a view of establishing or maintaining structural majorities for the respective right-of-center party. Again, party political tactics and gerrymandering in Paris and London followed a different logic. Whereas the then Gaullist elite of the French state tried to defend the national capital with its predominantly bourgeois inner-city neighborhoods as a bastion of conservative voters, British Conservatives in the executive and legislative branches of national government were aiming at a stable majority for their own party in the new London-wide council by adding more residential and affluent suburban boroughs to the traditionally socialist-leaning constituencies of the Inner London boroughs.

While Berlin's institutional development during that period of time should be best treated as an exceptional case due the city's precarious geo-political status, we can still observe a number of important currents and trends that fit neatly into the mosaic of findings laid out above. In line with the international drive toward comprehensive planning approaches, Berlin's state administration developed its own complex system of inter- and intra-departmental planning units and procedures designed as a means to cope with pressing social and economic problems. This concept was underpinned by the notion of integrated program budgeting and worked on the assumption that larger planning units would be necessary to reach its full effect. Not only did this planning-oriented policy work to the disadvantage of lower-level authorities, it also served – among other reasons – for many years as a further justification for the infamously inflated public sector of the city-state of Berlin.

Capital Cities on the International Market Place: Increased Globalization

In stark contrast to the 'planning era' of the early 1970s, the models and instruments of comprehensive, planning-oriented and potentially interventionist socio-economic policies have come under severe pressure since the 1980s by critics who question the wisdom of relying on monolithic bureaucratic institutions as well as their rather uniform and standardized range of services and delivery modes. Initially led by politicians such as Ronald Reagan or Margaret Thatcher, the protagonists of the 'neo-liberal' revolution seem to put every public sector institution under the suspicion of being grossly ineffective and, even more important from their point of view, hopelessly inefficient. This sea change in the perception of bureaucracy as the problem rather than the solution, however, was not only induced by a swing of the party political pendulum toward the Right, but also facilitated and reinforced by substantial changes of the political and economic environment in which public institutions operate. These changes are usually encapsulated in the concept of globalization – an elusive and diffuse term, to be sure. Despite the often indiscriminate usage of the term, however, there appears to be widespread agreement that the accelerated speed of data exchange and transactions, the upturn of the service sector at the expense of the manufacturing industries as well as the multinational organization of production processes are among the major attributes of the current phase of globalization. It has also been shown that a relatively small group of selected cities serve as home bases for many multinational headquarters (Friedman 1986: 322, Sassen 2001: 122) with important ramifications for the local and regional economies of those 'global cities'. It has been argued, for example, that many corporate headquarters have tended increasingly to contract-out auxiliary functions and to buy additional services (such as legal services, marketing experts etc.) rather than to provide them in-house. Hand in hand with usual personnel fluctuations within and between multinational corporations, this creates a new market for highly mobile, well-qualified professionals who are inclined to be very demanding in regard to public service quality at their new location and – as high-income earners and consumers of basic home services – contribute to the emergence and sustainability of a low-paid service sector. Finally, the combined effects of efficient communication systems spanning the globe and the emergence of an internationally mobile community of professionals work towards 'cultural globalization' in the sense that work-related role-understandings as well as social and political attitudes among this small but highly influential group of actors seem to converge (cf. König 2001: 476).

These unleashed forces of globalization are crucial drivers in the intensified competition between regions and even more so between big cities (cf. Lever/Turok 1999, Porter 2002) which are vying for the best talents and high potentials in the workforce, tourists, grant money from national or international organizations and seek to attract (or

at least retain) business corporations or mega events in sports or popular culture. For the public sector, the pressure has been such that 'preferred clients', most notably large business corporations, can claim 'special treatment' in the way of lowered transaction costs by 'one-shop' agencies at the central level and project managers who navigate clients through the process of multi-level and interdepartmental decision-making processes. At the same time, however, big city governments are also being confronted by the spread of less secure employment situations and the widening gap between 'winners' and 'losers' of the socio-economic changes associated with globalization. Both developments are potential sources of social and political tensions rooted in the increasingly polarized social structure of the urban population as well as the socio-demographic segregation of city dwellers (cf. Sassen 2001: 199; see also King 1990: 28 and Simmie 1994: 158 for the case of London).

Although the precise nature and magnitude of future consequences of global competition for big city governments still remain to be seen, we seem to be on fairly safe ground to suggest that institutional reform strategies that rely exclusively on either the 'decentralization' or 'centralization' trump card will be ill-equipped to cope adequately with the current challenges. Against this background, it did not come as a surprise that the reform of regional government for London in 2000 (re-)introduced a city-wide administration in the form of the Greater London Authority consisting of a directly-elected Mayor and an Assembly. By the same token, the city of Paris appears to be approaching a more robust two-tier system of government from the other end of the spectrum by modifying, however cautiously, its centralist government structure. In all likelihood, the most recent amendments to the French constitution in regard to the devolution of additional competences to lower levels of government – including an explicit statement of the principle of subsidiarity and direct references to the strengthening of local democracy and financial autonomy of regional and municipal administrations – will provide a further impetus for further decentralization measures (see Crevel/Wagner 2003: 59). Turning to the case of Berlin, there are also a number of pointers from more recent and still ongoing reform discourses indicating that the time-honored two-tier system of government has been remodeled so as to strengthen the role of lower-level authorities in principle, while an increasingly leaner central administration in terms of organizational size and service delivery functions reserves most strategic and steering responsibilities for themselves.

All in all, these empirical findings lend further support to our hypothesis that during the past century the institutional settings of our sample cities have been shaped by shock waves of worldwide mega trends which have eventually contributed to a moderate convergent trend.

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